



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY

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COMMISSIONER OF ADMINISTRATION

October 18, 2001

MEMORANDUM OSRAP 02-09

TO: Fiscal Officers
All State Agencies

FROM: F. Howard Karlton, CPA
Director

SUBJECT: 1099-Misc Reporting

The Internal Revenue Service (IRS) has recently released the **Instructions for Forms 1099, 1098, 5498, and W-2G...** that detail the reporting requirements for the calendar year ending 2001. Agencies should obtain a copy of these instructions from the Internal Revenue Service by either calling 1-(800) 829-3676 or through the Internet at "www.irs.gov".

When the 1099 table creation process is run during the December monthly close (1/4/02), it looks at the vendor's 1099 indicator and the object code used on the payment voucher to determine if a payment will be reported. Therefore, even though the vendor's 1099 indicator was "N" when the payments were issued, all payments for that vendor record issued using 1099 reportable objects will create an AFS 1099 table entry as long as the indicator is changed to "Y" on or before 1/4/02. The 1099 print process will be run during the nightly cycle of 1/18/02. Changes to the vendor's 1099 indicator alone between 1/5/02 and 1/18/02 will not result in a 1099 being produced. The agency will have to manually enter 1099 information on the AFS 1099 and 99TX tables in order for a 1099 to be generated.

New for this year, in November OSRAP will add object code 3652 Miscellaneous Charges – Governmental Payments. Payments made using this object code to 1099 reportable vendors will generate a 1099-G with income in box 6 and any related backup withholding in box 4. Do not use this object code for any other purpose. If you need to report payments in any other box on form 1099-G, contact our office. If you have made payments using another object code that should be reported on form 1099-G in box 6, you will need to correct them. This may be done by either journal vouchering those payments or manual entry to the 1099/99TX tables. Using a journal voucher, in addition to completing the other required fields, you will code the old object and this new object referencing 'V' and the vendor code in the code/vendor fields of each journal voucher line. This must be done before the 1099 table generation process is run on 1/4/02. To make corrections using the 1099/99TX tables, you will have to manually correct/add the entries for each return and income type between 1/4/02 and 1/18/02. If you fail to do either of these methods correctly, your agency will be responsible for generating and reporting corrected 1099-G and/or 1099-MISC forms to the recipients and the IRS.

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Agencies issuing 1099 reportable payments through their own internal subsystems must report 1099 information themselves. If your agency has 250 or more 1098's or 1099's, you must transmit the returns using magnetic media or electronically. Magnetic media and electronic reporting are still optional for forms 1098-E and 1098-T. Failure to properly report this information can result in large fines (i.e. – maximum penalty of \$250,000 per year for failure to report by due date, \$100 per return with no maximum for intentional disregard of filing and/or correct information requirements). IRS publication 1220, Specifications for Filing Forms 1098, 1099, 5498, and W-2G magnetically or electronically (Rev. 7/01) provides the necessary information for magnetic reporting.

Should you have questions concerning 1099- MISC or 1099-G Reporting, please contact the OSRAP Help Desk at (225) 342-1097. Remember all OSRAP SA memorandums and forms may be accessed through our home page at <http://www.state.la.us/OSRAP/INDEX.HTM>.

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