

**ESTABLISHED BY: ACCOUNTING
PHONE NUMBER: 913.239.4223**



**BLUE VALLEY SCHOOLS
BUSINESS & FINANCE
ACCOUNTS PAYABLE**

1099 VENDOR TAX REPORTING PROCEDURES

The following are the ongoing and annual procedures for accurate accounting and reporting of vendor payments subject to taxation.

Vendor Management

Before we make any payments to a vendor, they must be set up in the vendor database within the district's accounting software, BVApps. A vendor must provide a current W9 before they can be setup as an active vendor. When there is a need for a new vendor, a vendor request form is completed in BVApps by one of several designated district employees involved in the purchase order process. The vendor W-9 is to be attached to this request form and then submitted for approval.

Once the designated vendor approver has received the request, they confirm several items before activating the new vendor. These items include the following:

- A current W9 is attached
- No duplicate vendor is already in the vendor database
- The vendor record reflects the correct spelling of the business name, address, and TIN/SSN according to the W-9.

If accurate, the vendor is approved and an email will be sent to the requestor with the new vendor I.D. number. If not, the request is rejected with an explanation to the requestor.

Additionally, the designated vendor approver also reviews the vendor's W-9 for the federal tax classification of the person or business and if any exemption codes are denoted. Then, using the IRS instructions for the Form 1099-MISC noting the type of payments that are to be reported on the form, the vendor record is designated in BVApps as either Yes or No for generating a Form 1099-MISC at year-end.

Year-End 1099-MISC Preparation

The process for preparing and reporting vendor payments to the IRS via the form 1099-MISC begins after December 31st each year. First, you must update the BVApps common codes (see Appendix A). In order to update the common code pertaining to the combination filing definitions for each state, you must reference the IRS Publication 1220, Part A, Sec. 12 to identify the states that participate in the combined filing program.

Next, run the 1099 system report (BK99CB) in BVApps to provide a listing of all vendors that were designated during setup in the vendor database as qualifying vendors to receive a Form 1099-MISC. The report only includes those vendors with payments totaling \$600 or more during the tax year. You will use this report for three things. First, the report includes the name and Taxpayer Identification Number (TIN) for each vendor and it should be used to TIN Match using the IRS eServices website included in Appendix A. Appendix B details the steps to prepare this report for upload to IRS eServices. Second, you must review the report for reasonableness to ensure vendors are properly included or excluded and that the payments are designated for the correct box on the Form 1099-MISC (most are reported in Box 7, but not all). Lastly, you review the tail sheet of the report for duplicate vendors you will need to merge. See Appendix A for instructions on how to merge vendors.

After receiving the TIN matching results, you review and investigate exceptions and take action accordingly. The most common exceptions are due to missing or transposed TIN numbers on the W-9 or the vendor name on the W-9 does not exactly match the vendor name filed with the IRS. If necessary, you must contact the vendor to confirm the correct W-9 information and update their vendor record accordingly.

To identify foreign entities that may need to receive a Form 1042 instead of Form 1099-MISC, you must search in the vendor database for any active vendors with a TIN starting with 98. You must then review these vendors for those that received payments from the district during the tax year. For those that received payment, the W-8 or W-9 on file should be reviewed to ensure we provide them the correct information return.

Vendors paid through the third party ArbiterPay are referees hired to officiate student athletic events. These individuals must receive a Form 1099-MISC, furnished by either ArbiterPay or the district. If the district will furnish the Form 1099-MISC, you must follow the instructions in Appendix C to obtain data from ArbiterPay and import it into BVApps to be included in the Form 1099-MISC issuance process.

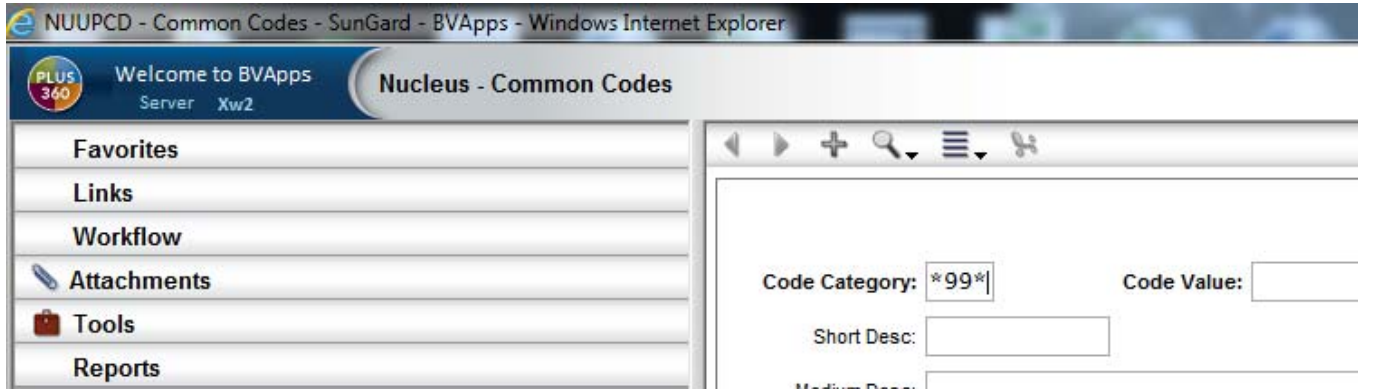
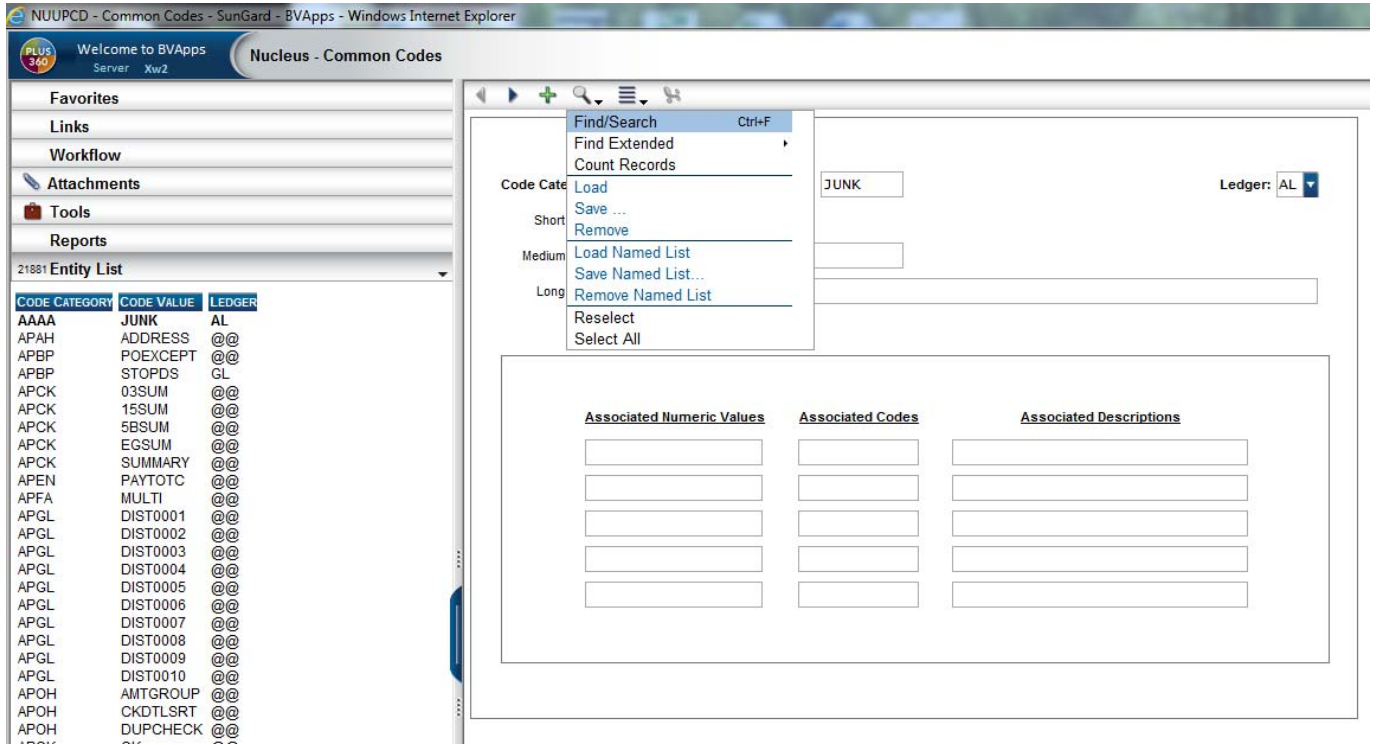
The next step is to begin printing the Form 1099-MISC for vendors. First, you should do a test print on plain white paper. You should review these printed versions for proper alignment and errors. Next, you should begin printing each version of the Form 1099-MISC, including Copies 2 and B that you send to the vendors and Copy C that the district keeps. The vendor copies must be postmarked no later than January 31st.

Lastly, you must upload the submission file to the IRS via the FIRE system. There is a test FIRE site to use first to ensure all the information, such as vendor name and TIN, match the IRS records. See Appendix A for further instructions.

Appendix A

1099 Processing:

1. NUUPCD – This is where all of the common codes related to 1099 processing can be found. To identify all of the codes, enable “Find” mode (click magnifying glass and choose Find/Search). In the Code Category box, type “*99*”. There are codes controlling multiple processes in this location.



Code Category: Code Value: Ledger:

Short Desc:

Medium Desc:

Long Desc:

Associated Numeric Values	Associated Codes	Associated Descriptions
<input type="text" value="2,014.00000"/>	<input type="text" value="TBARROWS"/>	<input type="text"/>
<input type="text"/>	<input type="text" value="03465883"/>	<input type="text"/>
<input type="text"/>	<input type="text" value="20150105"/>	<input type="text"/>
<input type="text"/>	<input type="text" value="100330"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

- a. BK99-RUNONCE – This is a one-time only update. This code will update automatically when you run BK99BP with a “BKDB only” criteria. This has to happen after the year-end tax update is installed, but needs to be run before any current year 1099 processing can occur.

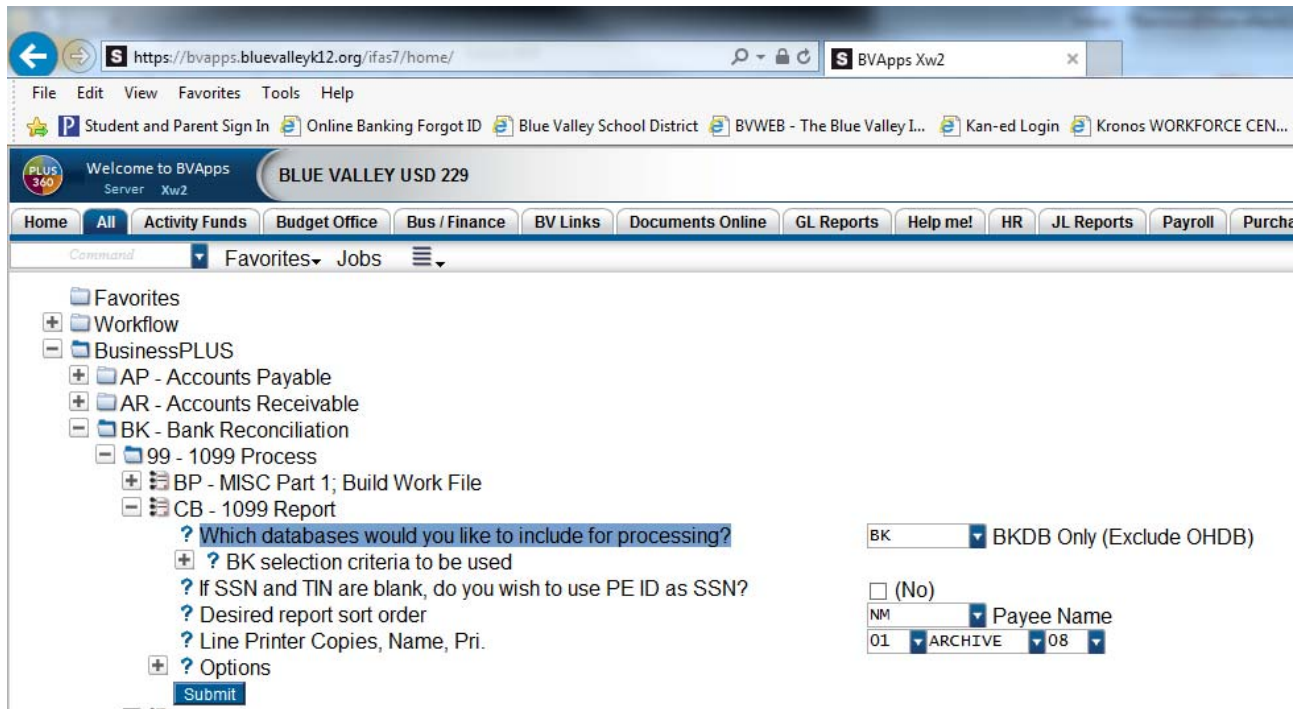
Which databases would you like to include for processing? BKDB Only (Exclude OHDB)

BK selection criteria to be used

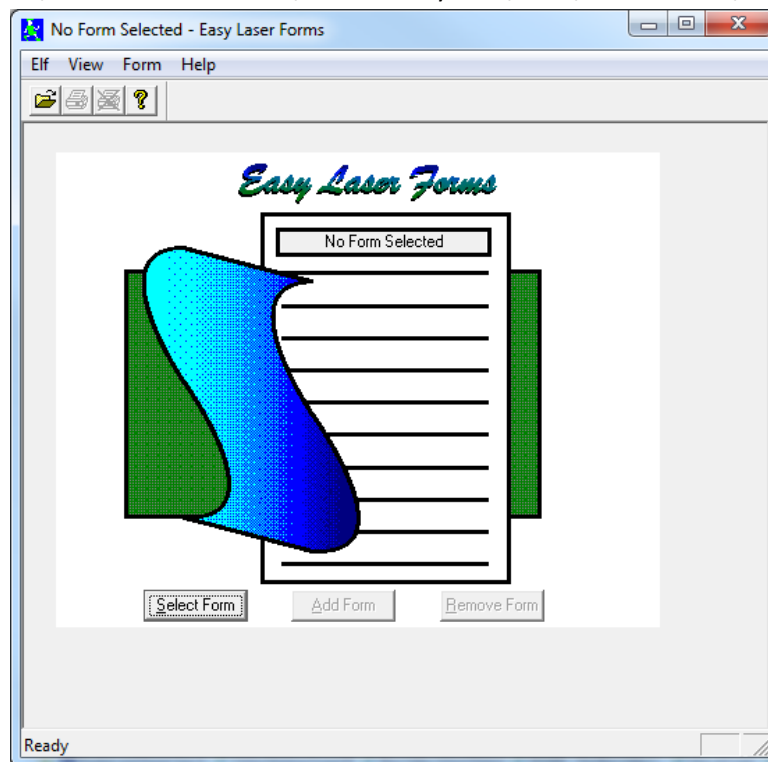
If SSN and TIN are blank, do you wish to use PE ID as SSN? (No)

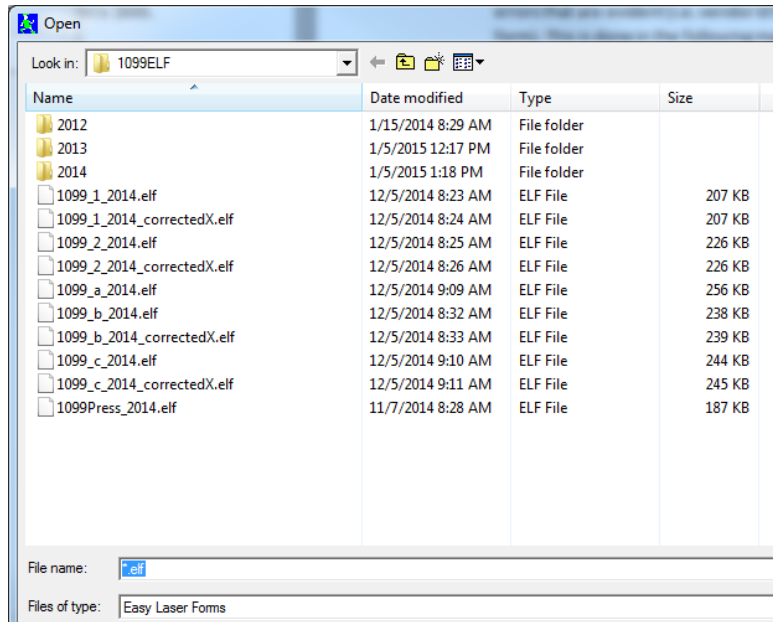
Options

- b. CK99-COMBXX - Combination filing definitions for each state. These codes indicate whether each state allows for combined FED/STATE filing and at what level they require a 1099 if it is allowed. KS does allow this, we are set up to do so and the level is \$600.
 - c. CK99-FILEINFO - File layout formatting. This should not have to be manually changed unless we stop filing combined or the 1099 limit changes for the State of Kansas. The calendar year updates with the one-time update noted above.
 - d. CD99-RELATEXX – Defines relate to codes which direct which box a particular payment will fall into. The default is box 7– Nonemployee compensation. Relate to codes can be changed on the OH payment screen when payments are being keyed.
 - e. CK99-TRECINFO - File transmission information – this should remain constant
2. BK99CB – this is the mask to run a report of all vendors, at a point in time, who have met the criteria to receive a 1099. This report can be used to either TIN match on an individual vendor basis, or in BULK by having ITS download the CB file to excel file which includes only the PEID, EIN/SSN and vendor name. The vendor name should exclude all special characters, except “&” and “-” can be included. More detailed instructions regarding the BULK TIN matching are included in the NCompliance seminar handbook and also on the IRS website. Note the tail sheet of this report will show if multiple PE IDs have the same TIN and the instructions to merge those vendors are at #9a below.

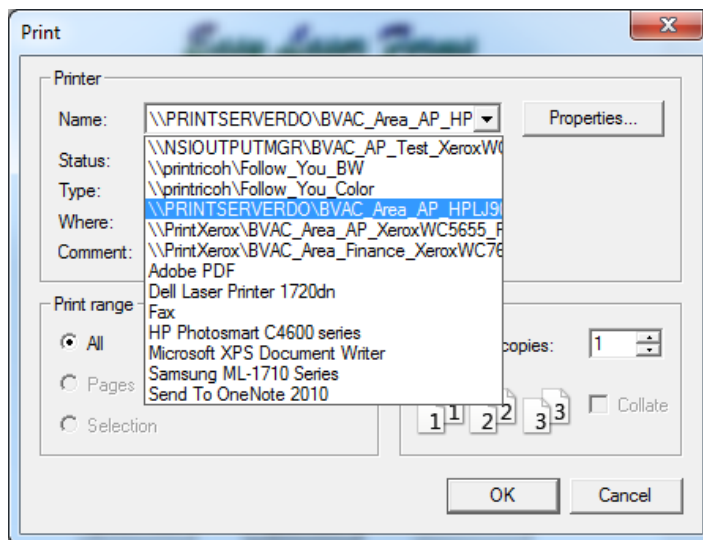
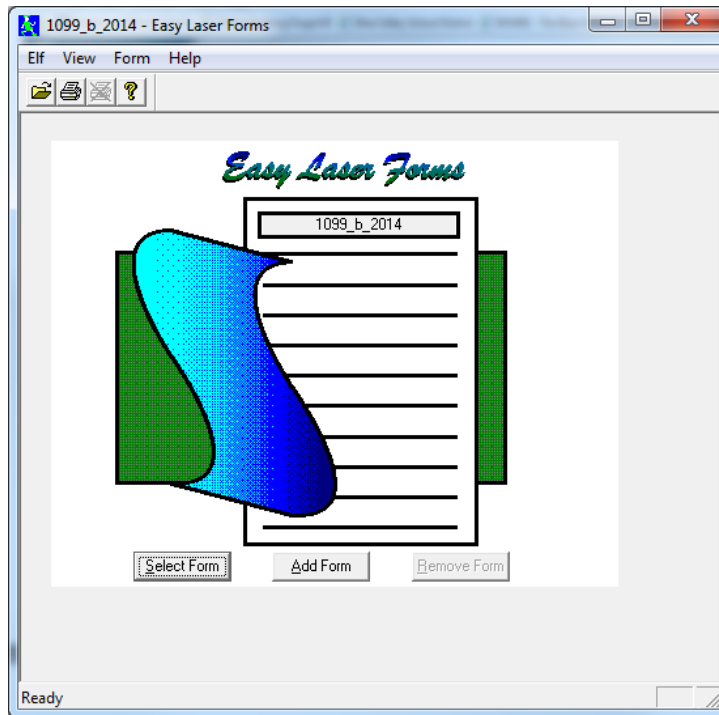


3. Search for all vendors in BVApps with a TIN starting with "98" and check active ones for those with payments during the year. For those we paid, pull their W-8 or W-9 to determine if they need a 1099 or a 1042 form.
4. Perform TIN Matching using the IRS eServices website at <https://www.irs.gov/tax-professionals/e-services-online-tools-for-tax-professionals>.
5. Official information needs to be obtained from RefPay so that those vendors and payments can be loaded into the BK system only. This must happen prior to 1099's being printed or released or payment information could be understated to certain vendors. See Arbiterpay 1099 Instructions document for further steps.
6. Once RefPay information has been loaded and all 1099 vendors have been TIN matched, a copy of all forms should be generated on plain white paper and reviewed for any alignment issues or errors that are evident (i.e. vendor id that has the "USE XXXXXX" in the title printing on the form). This is done in the following manner:
 - a. Activate ELF (Easy Laser Software) by opening from shortcut on desktop or selecting from Start menu.
 - b. Select form from this location:
T:\BusinessAndFinance\AccountsPayable\Staff\ELFSoftware\Elf\1099ELF



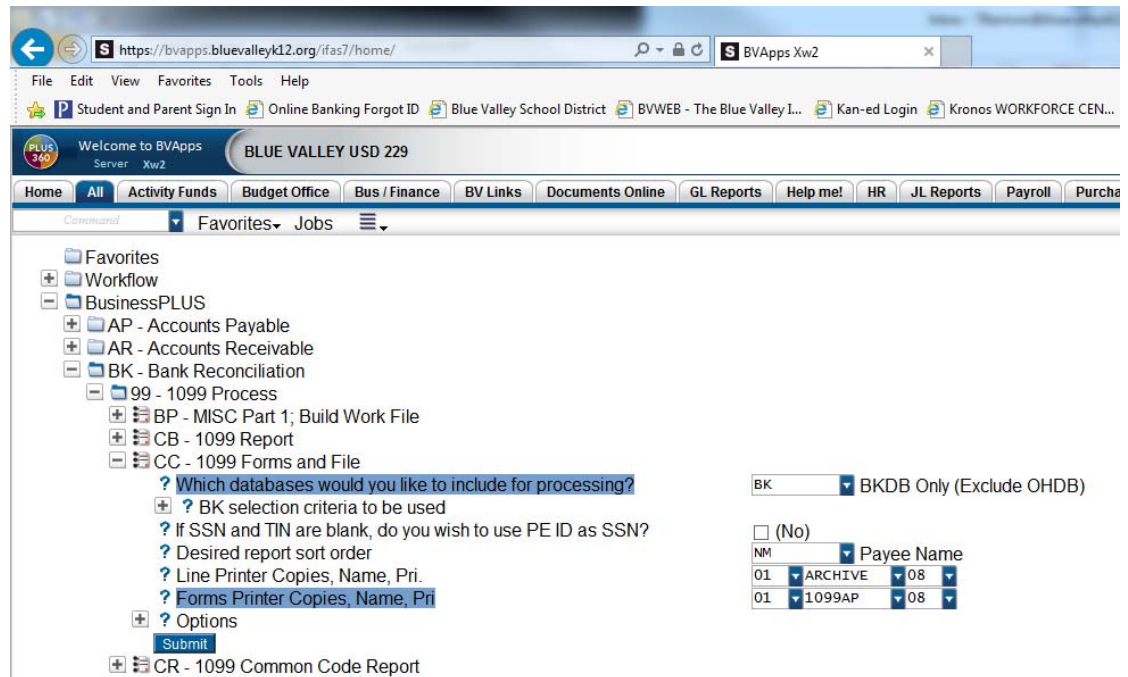


- c. Choose the 1099 form you want to print (double click) – you will send copies 2 and B to the employee and print copy C for our records. No other form is necessary for regular processing. I always wait to print the final copies of Form C until we send the file to the IRS for processing in late February. Then, any corrections made between mailing and final submission will be reflected in our final copies.
- d. After selecting the form you want to use you need to select Add Form. This allows you to choose the printer you want the “activated” form to print to. We use the AP check printer which is called \\PRINTSERVERDO\BVAC_Area_AP_HPLJ9050 (AP1099 in BVApps).



- e. ELF must be left open and active after these steps are completed in order for the forms to print correctly once the job is launched from BVApps.
- f. BK99CC choose BKDB Only (Exclude OHDB)
 - i. For database, choose BKCD Only (Exclude OHDB)
 - ii. If you are printing all forms, no changes are necessary on the selection criteria
 - iii. If you want to print a single form, or select forms, expand the “BK selection criteria to be used and in the box for 01 – Payee ID’s type the PEID’s of the vendors you want to print forms for.

- iv. Report sort order can be left at default - NM Payee Name
- v. Line Printer can be left at default of 01 ARCHIVE 08
- vi. Forms Printer should be changed from default to 01 1099AP 08
- vii. Hit Submit
- viii. This process will have to be run several times for each of the different 1099 forms (2, B and C). Each time the ELF form will have to be reactivated with the new form by following the steps in step 4.

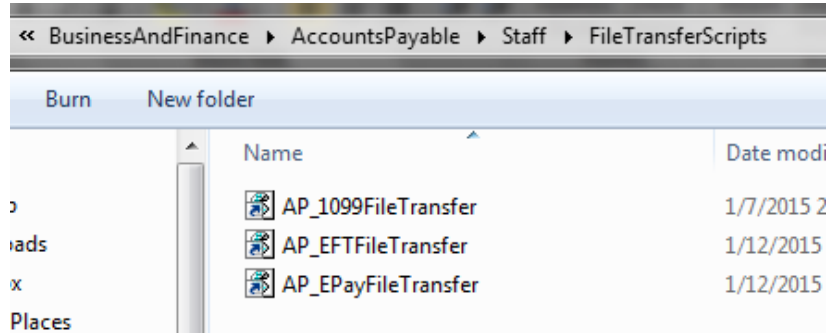


- 7. Forms must be printed and postmarked no later than 1/31/XX. They are not submitted to the IRS Fire System at this time. After forms are printed they will need to be separated (forms are a two part serrated form that has to be ripped in half) and matched with the matching form for each vendor. Each vendor gets two forms (B and 2) and they are mailed in the same envelope.
- 8. In the weeks following mailing, forms will be returned for bad addresses and a variety of other information. If the address information is present on the returned form or obtainable, we need to correct in the system, print a new form with the correct address and re-mail it. I try to copy the return label and put it in the envelope with the new form to show it was mailed in time but was returned for address reasons. You may get calls regarding incorrect amounts or questions on why a vendor has a certain amount present on the 1099. These calls are all researched and if corrections are necessary they should be made and new forms printed and mailed. This may be a payment coded incorrectly (“non-employee compensation vs. reimbursement) which would require the addition of a Relate To code (EX) on the BKUPCD payment screen. It could be that the vendor is not a 1099 vendor and shouldn’t have received a form at all. If this happens they

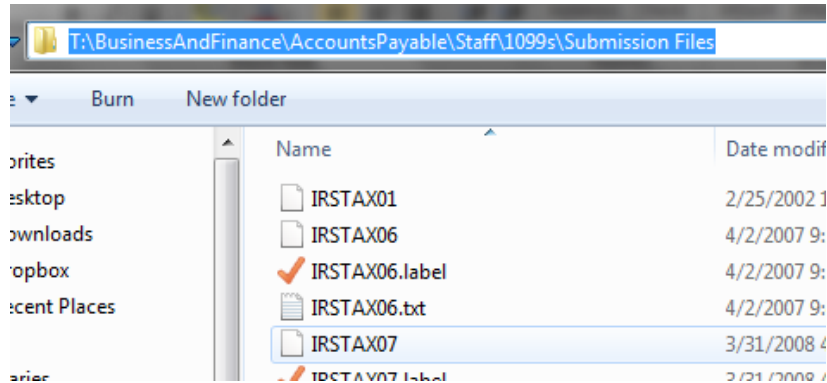
will need to send an updated W9 form and we should update the vendor PE database accordingly. No new form is necessary.

9. When it is time to submit final electronic forms to the IRS, the following steps should be followed:

- a. Run the BK99CC process as outlined in Step 4. Only print the “C” copy. This will be the district’s final copy.
- b. Extract the file from the server using the AP_1099FileTransfer script at T:\BusinessAndFinance\AccountsPayable\Staff\FileTransferScripts



- c. The 1099 file transfer script will drop the file in the following folder (save a version in .txt format).



10. Submit the final file to the IRS via the FIRE system. Before uploading, use test site to upload the file to ensure there are now issues. The test site is fire.test.irs.gov and the login information is the same as the main site except for the username (both are included below). There is a browse option available to go the file created in step 7.

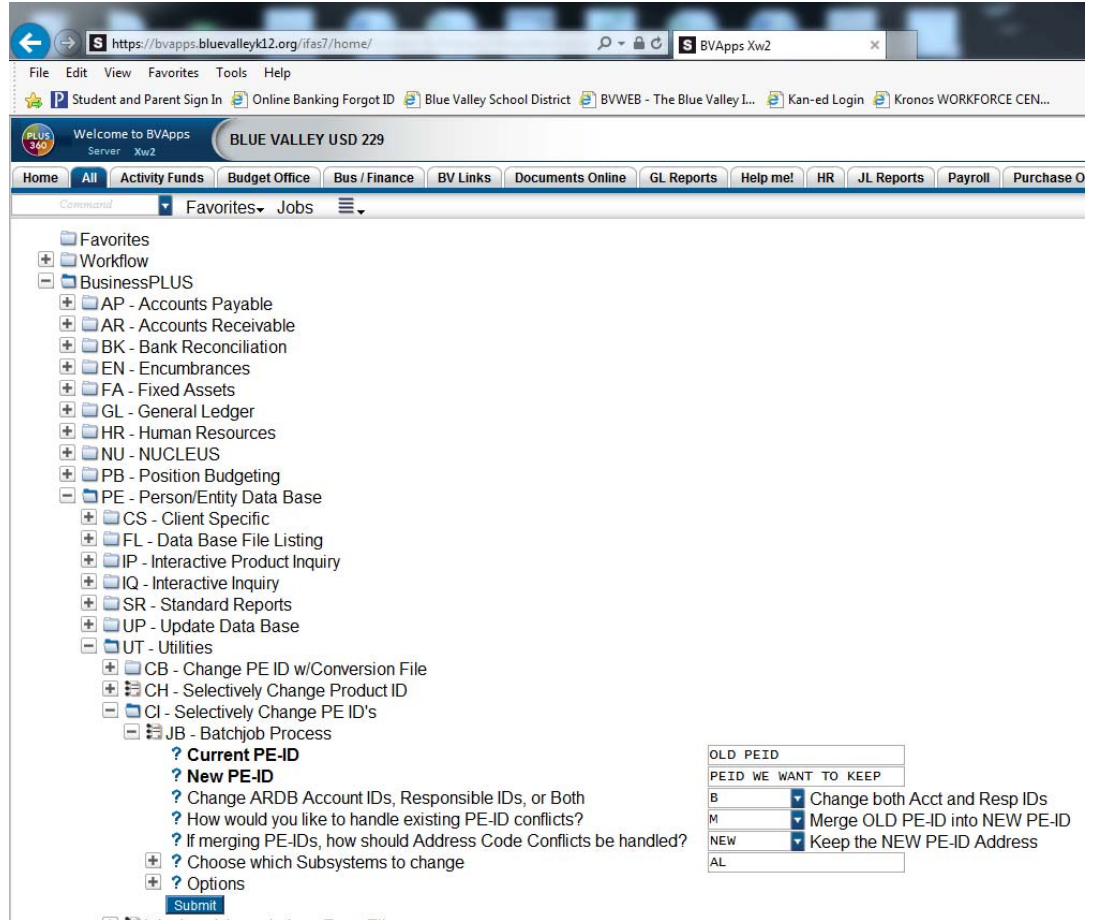
- a. fire.irs.gov
 - i. username - USD229 (BVUSD229 for test site)
 - ii. password – Bluevalley229@ (used for 2017 filing, must update each year)
 - iii. pass phrase – B&FforBVUSD229
 - iv. PIN – 7858207159
 - v. TCC - 18C38

vi. TIN – 480720401

11. Other important things to know:

- a. How to merge vendors – each year there will be vendors that inadvertently get entered more than once. The PEID/1099 process is “smart” enough to know that the payment data needs to be combined. These will be noted on the tail sheets of either the BK99CB or BK99CC process any time they are run if there are exceptions. The process to combine the vendors and related payments cannot be undone.

i. PEUTCI –



- ii. Publication 1220 is a good reference document to read annually before 1099 processing. It can be obtained from the irs.gov website.

Appendix B

TIN Matching File Prep

Convert BK99CB pdf report to excel so that at least the vendor names, SSN/TIN are in separate columns (Debbie Dougan assisted with this – retrieve from app server)

Carefully sort the excel file by the first column and go through deleting any of the “non-vendor” lines (i.e. totals, headings, etc) You can also delete the columns you don’t need (only need vendor names and TIN/SSN).

Using the Find & Replace function, you will need to remove from the vendor names column all special characters (i.e. periods, commas, etc.) except “-“ and “&”

Must add a column to label each line with either a 1 for TIN or a 2 for SSN. To do so, first save a copy of the entire TIN/SNN column, then use text to column to separate the TIN/SNN columns into different columns based on the dashes. You can then filter the rows to add the 1 or 2 based on whether it had two dashes or one (i.e. SSN will have 4 digits in the last column while TIN will have none). Rather than merging the cells back together, you can just delete them and paste the original version of the column you copied above. Also, organize the columns from left to right with the “1 or 2” column first, then TIN/SNN and last the Name column. Lastly, use find & replace to remove all “-“ from the TIN/SNN column, but note that any ones with a leading 0 will have that zero removed. You must add the 0 back in with a ‘ before it.

Next you will open another sheet in the excel file and using a formula you will include all three fields from the first tab (i.e. # for SSN/TIN, SSN/TIN & name). You need to include a ; between each. See prior year excel file “1099 TIN Matching” to see the formula used. You then need to copy that new sheet into a new excel file and save it as a text file. This will then be the file you use to upload to the IRS.

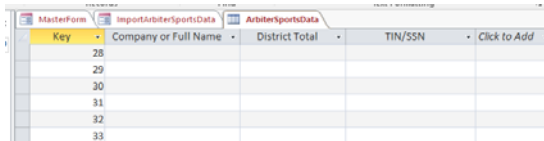
Appendix C

Arbiter Sports 1099 Filing Instructions

1. Contact ARBITERSPORTS (support@arbitersports) in mid-December regarding the district's TIN number and whom to send the 1099 REFPAY file.
2. Arbiter sports will send file mid-January with a password protected file.
3. Save original in Arbiter pay folder for the specific tax year
4. Prepare Arbiter File Prep Access File with column headings and save separate file with the following data to import.

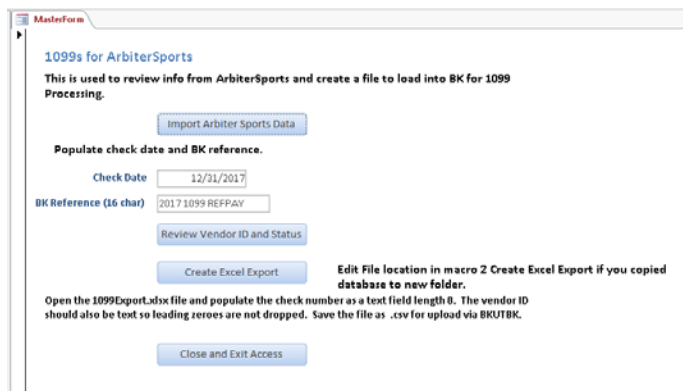
	A	B	C	D
1	KEY	Company or Full Name	District Total	SSN
2	1	Daniel G Smith	1,270.00	
3	2	Richard Kramps	150.00	
4	3	John Parker Ast	320.00	

5. Copy the Arbiter Access database file into the current tax 1099 folder.
6. Import Arbiter Sports Data from file as it appears on the REFPAY file-Highlight all rows and copy data and then paste into Access fields accordingly.
7. Add the KEY Number then copy all of the remaining rows



Key	Company or Full Name	District Total	TIN/SSN	Click to Add
1	Daniel G Smith	1,270.00		
2	Richard Kramps	150.00		
3	John Parker Ast	320.00		

8. Enter the following information-however when creating the excel export, will need to update file location to save excel file in the correct 1099 folder.



1099s for ArbiterSports

This is used to review info from ArbiterSports and create a file to load into BK for 1099 Processing.

Import Arbiter Sports Data

Populate check date and BK reference.

Check Date: 12/31/2017

BK Reference (16 char): 2017 1099 REFPAY

Review Vendor ID and Status

Create Excel Export

Edit File location in macro 2 Create Excel Export if you copied database to new folder.

Open the 1099Export.xlsx file and populate the check number as a text field length 8. The vendor ID should also be text so leading zeroes are not dropped. Save the file as .csv for upload via BRUTBK.

Close and Exit Access

9. Import the Arbiter Sports Data to create the excel to review vendor ID and status.
10. Once Excel file is created add columns for Amount and Notes to review. Select the Review Vendor ID and Status and then export from Access to excel to review "inactive" and no vendor information prior to upload in to BVApps database.
11. Review the BVPEFIND by last name to see if vendor is in BVApps database.
 - Make any changes to the upload file in FINAL PREP Access and then select the Review Vendor ID and Status.
 - NEED TO VERIFY WITH NATHAN IF WE REMOVE REFPAY Access FILE FOR officials under \$600

- In order to upload file in BVApps we need to add the vendors or update the 1099.
12. Once the file is good, then we create excel export file to upload in BKUTBK.
 13. Upload file to TIN Matching, prior to merging with all other 1099 vendors.