IRS Reporting Process for Forms 1096/1099 and W-9s

**Forms needed:**
- Form 1096: Annual Summary and Transmittal of U.S. Information Returns
- Form 1099-MISC: Miscellaneous Income (composed of 4 copies)
  - 1099-MISC Copy A: For the IRS
  - 1099-MISC Copy B: For the Recipient
  - 1099-MISC Copy 2: For the Recipient (to file with their state returns)
  - 1099-MISC Copy C: For the Payer (the Chapter’s copy)
- Completed W-9 Forms from independent contractors, partnerships, S Corporations or LLCs being paid for work performed

**Note:** Form 1096 and all 1099-MISC copies (A,B,2,C) are usually part of the same package when purchased from Office Depot, Office Max, Staples, etc. and look for the 1099-MISC forms that have carbon copies as part of the package. Envelopes may be part of the package, but could also be purchased separately. You could also get these forms from your local post offices, libraries, and you could order them from the IRS.

**Who receives a Form 1099-MISC?**

You must send out a Form 1099-MISC to all independent contractors, partnerships or LLCs (Limited Liability Company) you’ve paid more than or equal to $600 during the calendar year (January to December of same year). The exception to this rule is that you do not have to send 1099s to corporations except for corporations that are considered an “S Corporation”.

Any stipends or honorariums made to individuals are considered payments. These payments should be considered when factoring in all payments made during the calendar year. Reimbursements for traveling, training, meals, mileage, etc. are not considered payments in regard to filling out 1099 forms.

**Definitions Note:**

Independent contractors are defined as self-employed individuals that the Chapter doesn’t have direct control of the performed services.

Partnerships are defined as a formal arrangement in which two or more parties cooperate to manage and operate a business. A partnership, like a sole proprietorship, is a pass-through business, meaning that the profits and losses of the business pass through to the owners.

Limited Liability Company (LLC) is defined as a form of a business organization in which a single or multiple parties manage the business with the liability protection and the income gets reported to the individual owner tax returns.

S Corporations are defined as a form of corporation with 100 shareholders, or less, that has the benefit of incorporation while being taxed as a partnership.

Stipends are defined as regular fixed sums of money paid for services or to defray expenses, such as for scholarship, internship, or apprenticeship.

Honorariums are defined as payments in recognition of acts or professional services for which custom or propriety forbids a price to be set.
**Deadline:** Organizations must send Form 1099-MISC (Copy B and Copy 2) to all independent contractors/partnerships/LLCs by January 31st (post marked). Organizations must send Form 1096 and each of the Form 1099 Copy A to the IRS no later than February 28th (post marked). These deadlines were for 2018 and they are subject to change.

**Collecting W-9s**

As soon as you agree upon the work to be performed by the contractor (ex: an independent contractor, a partnership, an S Corporation or a LLC), you need to request a W-9 from the contactor immediately. The contractor can send you it by mail, they can send it electronically, or they can bring it to you in person. If the contractor refuses to provide a W-9, inform the contractor that they cannot start work and will not be paid until they give you a W-9.

**Note:** W-9s should be stored in a safe place along with your other tax documents. Please see the “Keep Records of Your Filing” section below.

**Filling out the Forms**

**Form 1099**

With the completed W-9 forms from your contractors and blank 1099 forms, start filling out the 1099 forms. If you have carbon copy 1099 packages, make sure you start on Form 1099-MISC Copy A because the writing will be seen on the rest of the copies (Forms 1099-MISC Copy B, 1099-MISC Copy 2, 1099-MISC Copy C). See example below of how to fill out a 1099-MISC form.

**Note:** BE CAREFUL, there are two 1099-MISC forms on each page. Do not duplicate the same information from the top part of the page to the bottom part of the page.

1. Start by filling out your organization’s name, address, and telephone number (if applicable), which is your Chapter’s name (ex. Georgia Thespians), address, and telephone number.
2. Fill out the Payer’s Federal Tax ID number, which is the Chapter’s federal tax ID (56-2392371 for Georgia Thespians).
3. Then add in the contractor’s information, which is found on the contractor’s completed W-9 that was given to you. The Recipient’s ID number can either be their social security number or Business Tax ID number depending on if it’s an individual (SSN), a partnership (EIN) or a LLC (EIN).
4. The amount of money paid to the contractor is entered in Box 7 under the title “Non-employee compensation.” If you withheld any pay from the contractor for federal taxes (not required), you will also need to fill in Box 4 for Federal income tax withheld.
Repeat steps 1-4 for each contractor you have paid more than or equal to $600 during the year.

Definitions Note:

The **Payer** is the organization who is making the payments to the contractors.

The **Recipient** is the contractor receiving the payments from the Chapter.

**Form 1096**

Form 1096 summarizes the totals from the **Form 1099-MISC Copy A**. Both **Form 1096** and each of the **1099-MISC Copy A** forms will be sent to the IRS. See example below of how to fill out **Form 1096**.

1. Start by filling out your organization’s name, address, telephone number, name of contact person, and email address (if applicable). This is your Chapter’s name (ex. Georgia Thespians), address, telephone number, and name of contact for the Chapter.
2. Fill out the Employer Federal Tax ID number in **Box 1**, which is the Chapter’s federal tax ID (56-2393271 for Georgia Thespians).
3. Add the total number of **1099 Copy A** forms that you are going to submit to the IRS in **Box 3**.
4. Add the total amount of “Non-employee compensation” (Box 7 on 1099 forms) and any other reported compensation/income (if applicable); and record it in **Box 5**. If there were any federal taxes withheld, add the total amount that was withheld and enter it in **Box 4**.
5. In **Line 6**, you will put an “X” in the box that is titled “1099-MISC” (code 95). This is the only box you will mark in **Line 6**.
6. Then you will put a checkmark in the box that is titled “Form 1099-MISC with NEC in box 7, check…” in **Line 7**.
7. Double check your work and if you are satisfied, sign (signature and add your title next to the signature) and date Form 1096.

Definitions Note:
The Filer is the organization who is sending the 1099-MISC Copy A forms and Form 1096 to the IRS.

Send out the Forms
The next part of the process is to send the completed forms. You must mail or hand Form 1099-MISC Copy B and Form 1099-MISC Copy 2 to each independent contractor/partnership/LLC by January 31st. You must mail Form 1096 and the accompany 1099-MISC Copy A forms (the 1096 and 1099 Copy A forms must be together) to the IRS by February 28th. The IRS address to send the forms are on Form 1096 as illustrated in the example below. Failure to meet this deadline can lead to IRS penalty fees.

Note: Keep the 1099-MISC Copy C forms for Chapter records.
Keep Records of Your Filing

After the completion of the 1099 tax preparation, be sure to keep the 1099-MISC Copy C forms for your own records in case there are questions regarding the information provided to the IRS. Additionally, the Chapter will need to send copies of 1099-MISC Copy C forms when submitting the annual Chapter Financial Statements to EdTA.

For many chapters, this is a new procedure: Any tax documents pertaining to IRS submissions should be kept permanently. This includes, but not limited to, documentation related to 1099s, 1096s, W-9s, tax status letters, IRS correspondences, etc. Tax documents should be kept in a locked and secured filing cabinet or similar secure fixtures in order to maintain confidentiality and the privacy of information. Only a select few of Chapter officers should be granted access to this information. These documents cannot be kept at your school due to a number of concerns.
Examples of all Tax Forms needed. See Below
null
### Form 1099-MISC

#### Copy B For Recipient

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rents</td>
<td>$</td>
</tr>
<tr>
<td>2. Royalties</td>
<td>$</td>
</tr>
<tr>
<td>3. Other Income</td>
<td>$</td>
</tr>
<tr>
<td>5. Fishing boat proceeds</td>
<td>$</td>
</tr>
<tr>
<td>6. Medical and health care payments</td>
<td>$</td>
</tr>
<tr>
<td>7. Nonemployee compensation</td>
<td>$</td>
</tr>
<tr>
<td>8. Substitute payments in lieu of dividends or interest</td>
<td>$</td>
</tr>
<tr>
<td>9. Payor made direct sales of $5,000 or more of consumer products to a buyer (exempt) for resale</td>
<td>$</td>
</tr>
<tr>
<td>10. Crop insurance proceeds</td>
<td>$</td>
</tr>
<tr>
<td>11.</td>
<td>$</td>
</tr>
</tbody>
</table>

#### Account number (see instructions) | FATCA filing requirement | 13. Excess gross payments paid to an attorney | 14. Gross proceeds paid to an attorney |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>15a Section 409A deferrals</td>
<td>15b Section 409A income</td>
<td>16a State tax withheld</td>
<td>16b State income</td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

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### Form 1099-MISC

#### (keep for your records) www.irs.gov/form1099misc

#### Department of the Treasury - Internal Revenue Service
Form W-9

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

1. Name as shown on your income tax return. Name is required on this line, do not leave this line blank.

2. Business name/descriptor (optional), if different from above.

3. Check appropriate box(es) for federal tax classification; check only one of the following seven boxes:
   - Individual, sole proprietor
   - Corporation
   - Partnership
   - Trust or estate
   - Estate of decedent
   - Other (see instructions)

4. Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3).
   - Exempt payer code (if any)
   - Exemption from FATCA reporting code (if any)
   - Accounts maintained outside the U.S.

5. Address (number, street, and apt. or suite no.)
   Requester's name and address (optional)

6. City, state, and ZIP code

7. Last account number(s) here (optional)

Part I

Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see how to get a TIN on page 3.

Note: If this account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number

or

Employer identification number

Part II

Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: a) I am exempt from backup withholding, or b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must check item 2 above if you have not been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, completion of the sale of real estate or payment of other interest and dividends, you are not required to sign this certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here

Signature of U.S. person

Date

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/w9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN), which may be your social security number (SSN), individual taxpayer identification number (ITIN), or employer identification number (EIN), to report all the amounts paid to you, or other amounts reportable on an information return. Examples of information returns include, but are not limited to, the following:

• Form 1099-INT (interest earned or paid)
• Form 1099-DIV (dividends, including those from stocks or mutual funds)
• Form 1099- misc (various types of income, prizes, awards, or gross proceeds)
• Form 1099-R (retirement and other tax-exempt plan distributions)
• Form 1099-S (miscellaneous payments and certain other transactions by businesses)

• Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
• Form 1099-C (canceled debt)
• Form 1096 (acquisition or abandonment of securities)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester within 30 days, you might be subject to backup withholding. See What's backup withholding? on page 2.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued)
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payer. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from FATCA reporting, is correct. See what's FATCA reporting? on page 2 for further information.