

MANAGEMENT DIRECTIVE

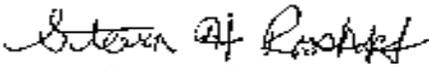
315.22 Amended
Number

COMMONWEALTH OF PENNSYLVANIA GOVERNOR'S OFFICE

Subject:

Preparation and Filing of Federal Forms 1099 and 1096

By Direction Of:


Steven H. Roskopf, Secretary of the Budget

Date:

January 3, 1995

Agencies and comptrollers must comply with IRS regulations which require employers to prepare and transmit Forms 1099 and 1096 for payments to individuals for services and certain other payments. This amendment assigns agencies the sole responsibility for determining Form 1099 reporting eligibility on payments made through advancement accounts.

1. PURPOSE. To establish policy and responsibilities for the preparation and filing of federal Forms 1099, Statement for Recipients of Certain Payments, and 1096, Annual Summary and Transmittal of U.S. Information Returns.

2. SCOPE. Applies to all agencies under the Governor's jurisdiction.

3. OBJECTIVE. To ensure that reports of payments subject to federal reporting are prepared and filed in accordance with federal requirements.

4. DEFINITIONS.

a. Nonemployee compensation. Payments for services performed by recipients not treated as employees.

b. Certain other payments. All payments covered in the federal instructions pertaining to Form 1099 series.

5. POLICY.

a. Agencies and comptrollers will report to the federal government all payments in accordance with federal requirements.

b. Agencies and comptrollers will consult with the Bureau of Financial Management (BFM), Office of the Budget, for guidance in interpreting federal requirements.

c. Payments not clearly defined in federal requirements will generate issuance of a Form 1099.

6. RESPONSIBILITIES.

a. Bureau of Financial Management shall:

(1) Obtain current IRS instructions for filing federal Forms 1099 and 1096 information and distribute to comptrollers.

(2) Assist comptrollers and agencies in interpreting IRS instructions for filing federal Forms 1096 and 1099.

b. Comptrollers shall:

(1) Distribute IRS instructions to agencies who prepare their own federal Forms 1099 and 1096.

(2) Use current systems where available or develop in-house procedures to record 1099-eligible payments.

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- (3) Record 1099 data received from agencies.
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(4) Institute periodic review procedures to ensure consistent application of policy and accuracy in recording 1099-eligible payments.

(5) Prepare appropriate Form 1099 for each recipient, using the agency tax identification number.

(6) Prepare current year Form 1096 information for transmitting Form 1099 information to the IRS, using the agency employer tax identification number.

(7) Transmit Form 1096 information with supporting Form 1099 information to the IRS by the due date.

(8) Forward to recipients, by the due date, Forms 1099 reflecting payments made to recipients during the report year.

c. Agency heads shall:

(1) Identify recipients of payments covered by federal instructions for reporting payments on Form 1099 series.

(2) Obtain Social Security numbers or taxpayer identification numbers from recipients.

- (3) Ensure that agency advancement account replenishment requests include a listing of which payments are 1099-eligible.
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This directive supersedes Management Directive 315.22 dated July 14, 1993.