1099 WITHHOLDING MANUAL

NOTE: Please refer to our new website at: http://www.nd.gov/vr/1099/1099-info-index.html for questions, suggestions, and references regarding 1099’s and PeopleSoft/Oracle.

The instructions used in this manual are for those who have the following role set up on their user ID: **NDC_1099_MAINTENANCE**. See SFN 54418 for ConnectND Financials Security Access Request.

1099 Maintenance during the year consists of three major steps:

Reports and Maintenance

- **Mismatch Report** – Identify vouchers that have a different withholding status than the vendor.
- **1099 Reporting Query** – Detailed report on vouchers your agency has so far that are entered for reporting.
- **Account Query** – Optional query to identify vouchers to a particular account that an agency may be concerned about.

Making Corrections

- **Update Voucher Line Withholdings** – Update vouchers by business unit.

Inquiry

- **Voucher by Vendor** – Review all reportable vouchers on a vendor.
- **Vendor Balances by Class** – This report totals all vouchers being reported on a vendor by withholding class.
REPORTS AND MAINTENANCE

Queries have been developed to help agencies track payments that may or may not show up on the 1099 reporting tables. Users do not need to have the 1099 Maintenance role to run these, but they do need access to Query Viewer.

Mismatch Report

Reporting Tools > Query Viewer > NDS_1099_MISMATCH

This query replaces the online report that came delivered with PeopleSoft. This query is better to use than the online version for these reasons:

1) Users do not need the 1099 Maintenance Role, just access to Query Viewer;
2) We have expanded the query to include account numbers per request by agencies;
3) By downloading the query into a spreadsheet, users can sort the information in any format they choose.

This query is a good starting point in your 1099 maintenance. Like the old Mismatch Report, this query will identify those vouchers that have a different withholding status than the vendor.

How to Run Queries
Search for the query name above, then select ‘Run to Excel.’ Enter your business unit in the prompt and the date range you wish to check on. Click ‘view Results.’ Agencies need to keep in mind the following items:

- If your agency uses more than one business unit, you will have to run this report for each unit.
- If your agency has a lot of voucher transactions – whether or not your agency is one of the larger ones – you may want to run this query for a month or a quarter at a time. The query will time-out if there are too many transactions.

Reading the Results
While analyzing the query results, take notice that your vouchers are broken down by voucher line and distribution line. If you do have more than one line in either column, the total voucher amount may show up more than once in the last column.

Example: A voucher has three invoices lines. This is what the query will show:

<table>
<thead>
<tr>
<th>Voucher Line</th>
<th>Account</th>
<th>Line Amount</th>
<th>Gross Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>521075</td>
<td>443.520</td>
<td>615.220</td>
</tr>
<tr>
<td>2</td>
<td>521080</td>
<td>161.700</td>
<td>615.220</td>
</tr>
<tr>
<td>3</td>
<td>521025</td>
<td>10.000</td>
<td>615.220</td>
</tr>
</tbody>
</table>

The amount of the voucher is only $615.22 – the query just has to list the amount for every voucher or distribution line.
If there is an “N” for your vouchers in this column, it means the vendor is a reportable vendor, but that particular voucher did not have reporting information entered.

Vendor Registry often sets up a vendor as reportable because it is a sole proprietorship, partnership, individual, or other type of entity that requires 1099 reporting. That does not mean that every payment to them needs to be reported, however.

Your agency’s payments to this vendor may not need to be reported, especially if they are for refunds or the purchase of goods. Therefore, it is OK to have vouchers show up on this report. Some common vendors that may show up to your surprise:

- Prairie Rose Data Products
- Dakota Awards
- Great Capital Lunch Room
- Midcontinent Business Solutions
- Employees

The first three businesses listed above are sole proprietorships that could possibly receive payments for services that would be reportable. If the correct location was used for making payments for goods to these vendors, they should be showing up on this report. Just look at the account number listed to make sure it is for a commodity and not a service.

Midcontinent Business Solutions is a partnership that supplies utilities that are not reportable, such as cable, phone, and Internet, but they also offer advertising and other services. A quick look at the account number on this report should tell you whether or not that voucher should be reported on a 1099 or not.

Employees: As of January 1, 2007, Vendor Registry established a policy that a new vendor number will not be issued for a current state employee unless that individual is performing services under a business name and/or separate TIN. If any employee needs to be paid for services that are reportable, a location will be added to their employee vendor for that purpose and withholding will be turned on. Because of this, you may notice employees showing up on the Mismatch query, especially if you paid them travel reimbursements on their HOME location. Again, this is OK – but it should also flag payments to employees that really should be reported, but were paid on the wrong location (using the HOME location rather than the 1099 Reportable location). Please watch the account numbers used on all vouchers in this report to separate these payments.

Occasionally a “Y” may appear in the ‘Line W/H’ column. That happens when a vendor and its vouchers are initially set up for 1099 reporting, but Vendor Registry determines that the vendor should not have withholding and removes the reporting information. This will create a mismatch with your agency’s vouchers. Please inform Vendor Registry when this occurs. Users with the 1099 Maintenance role can clean up their agency’s vendors, but that vendor may be paid by more than one agency, and Vendor Registry can clean them all off at one time. Vendor Registry also needs to investigate to see if the withholding was removed from the vendor in error.
1099 Reporting Query

Reporting Tools > Query Viewer > NDS_1099_ACTIVITY

This query is a good resource for seeing which vouchers would print on a 1099 as of the dates entered in the query. It is a complicated query, however, so please keep in mind the following points when using it.

- To ensure that all reportable amounts were picked up, the query breaks down vouchers by invoice line and distribution line. This may be confusing when you first try to read the results. The column titled “Amount” is equal to the voucher or distribution line. The “Total Vchr Amt” gives you the total amount paid on that voucher. Both amounts show only what was reportable.

  Ex: If an agency pays a vendor $1200.00, but uses ‘Withholding Basis Amt Override’ in the voucher withholding link and enters $1,000.00, the amount of $1,000 is what will show up on this query.

  HINT: If an amount shows up twice in the last column on the right, look to see if there are more than one voucher lines or distribution lines.

- The 1099 Activity query has one drawback: Any corrections made from an earlier report will not show up as being correct the next time this query is run. That is because the query pulls up the reporting from the voucher, and your corrections are made directly in the 1099 Withholding module. Please save your queries and mark which corrections you make. If an item that should have been corrected shows up on the new query, compare it to your old report. There are also online inquiries discussed later that will ensure your corrections were made properly.

NOTE: All spreadsheets from queries and reports should be printed or saved electronically and kept a minimum of thirteen years according to ITD records retention, especially if corrections need to be made.
Account Query

Reporting Tools > Query Viewer > NDS_ACCOUNT_INQUIRY

Some agencies may have a particular account number they use in vouchers that causes concern for reporting. Examples:

Case 1: An agency may be concerned because they want to make sure all their rent payments are reported and to make sure they are all under withholding class 01. By using the query above for account 582060 (Rent of Building Space), the query would show all of that agency’s payments under that account number and whether or not the voucher was reportable. By copying the query into an Excel spreadsheet, the results can be sorted by vendor number order to make sure that rent to a particular vendor is being reported. If vouchers show up with an “N”, but they should be reported, the user would know that they need to make some corrections.

Case 2: An agency may be concerned about payments that they do not want reported as well. Account #712030, Grants to Individuals, may be reportable for some agencies, but not others. If an agency knows that its grants should not be reported – or at least a particular type of grant shouldn’t be marked as reportable – a quick look at this query can tell an agency if they need to remove withholding from some of their vouchers.

Case 3: Several of the agricultural commodity groups refund grain tax assessments to vendors, which are not reportable on a form 1099-MISC. They can use this query to run on their refund account to make sure the correct location and 1099 reporting status shows up for their refunds.

If you would like some one-on-one training on how to correct your agency’s 1099 reporting, please contact Bev Haman at 701-328-2683.
MAKING CORRECTIONS

All of the following instructions are also available using OnDemand Training, or UPK. UPK is accessed through the Help link in PeopleSoft Financials.

Withholding Corrections to Voucher Lines

The following steps involve making corrections and running delivered inquire to make sure the corrections worked. These steps require the NDC_1099_MAINTENANCE role.

Navigation: Vendors>1099/Global Withholding>Maintain>Update VoucherLine Withholding

- Vendor Set ID: Share
- Vendor ID: Enter Vendor ID from the voucher to be updated.
- Click “Search” Select from the Search Results which location(s) is to be updated.

NOTE: If the location you need has been inactivated, it may need to be re-activated so that you can use it. Contact the Vendor Registry Office through the spovendor@nd.gov account and supply the vendor number and name of the location to be reactivated.
Click on the location hyperlink needed and the screen on the following page will appear.

- Business Unit – enter your business unit
- From Date – enter the calendar year starting with 01/01/20XX
- To Date – enter either the current date or 12/31/20XX.
- **NEW**: Tax Reporting Year must be 01/01/20XX through 12/31/20XX.
- Click ‘Search’, and the following screen will appear.
Now you can:
Set all lines to no withholding;
Set all lines to withholding;
Set individual lines to withholding;
Remove withholding from specific lines; or
Clear the previous update.

Setting all lines to no withholding

To set all lines to no withholding, click the button ‘Set All Lines to No Wthd’.

The withholding information will be removed and an “N” will appear in the column titled ‘New Withhold.’

Click ‘Save’ and the following message will appear. It states that the “Withhold Update” process needs to be run before your corrections actually post. This process will run automatically each night.

The message also asks the user to verify that the Tax Reporting Start and End dates are from January 1 to December 31 of the correct tax year. Click “OK” to continue the save.
To return to the search page, click ‘Return to Search.’

**Setting all lines to Withholding**

In the above example, some of the vouchers had withholding turned on while others did not. If an agency determined that ALL vouchers should be reported on a 1099, you can change them all at once.

- In the ‘Defaults’ Section, enter the withholding information:
  - Withholding Type will always be 1099
  - Jurisdiction will always be “FED”
• Only one class can be selected using this method
• Click ‘Set All Lines to Wthd’.

Withholding Invoice Line Update

You still have options to make changes.

1. You may change the class on a specific line(s) in case it is different from the other payments.

2. If upon further reviewing you realize that some lines should not be reported after doing this step, please follow the directions for correcting individual voucher lines on the next page.

Click ‘Save.’ Click ‘OK’ on the message screen.

Correcting individual voucher lines

Search by vendor number and location, as before. Then enter the correct reporting information on just the applicable lines, as shown in the examples below:
**Remove withholding from specific lines**

Select the vendor and location. Select “N” from the drop down box under ‘New Withhold’ and the system will wipe out the other boxes on that line except for “IRS,” which is okay to leave.

Click ‘Save’ then ‘OK.’ This step can also be used when a voucher has more than one invoice line, and withholding needs to be removed from one of them.

**Add withholding to specific lines**

To add withholding to just one or a few vouchers, enter the information as shown below. Originally, none of the lines were flagged for reporting.
Select the correct value from the drop down boxes or key in the information. Click SAVE, then OK.

None of these corrections will be effective immediately. Processes set up to run nightly will have to post before you can see the results.

**Changing Withholding Classes**

**NEW IN 2009**: If the only change you are making on a line is to change the class, you must first change the drop-down box under ‘New Withhold’ to a “Y”.

**Clear Updated Withholding**

If you find you have made a mistake and would like to reverse a correction you already made, check the ‘Clear Updated Withholding’ check box and SAVE. This will bring the vendor's record back to the original status, as shown on the next page.
You may then proceed with the “correct” corrections!

**REMINDER:** Keep records of all corrections made for audit purposes and records retention. ITD recommends that support documents be kept a minimum of three years.

You may be able to see that withholding was removed from a particular voucher by reviewing it under Voucher Regular Entry, Find an Existing Value. The correction will not show up until the nightly processes have run. Not all corrections show up on the voucher, so the following method is recommended instead.

**INQUIRIES**

The following inquiries delivered by PeopleSoft require the NDC_1099_MAINTENANCE role to use. They provide a good, quick reference to see if an agency’s corrections worked. They are more reliable than the queries, as these reports pull from the 1099 Withholding table itself.

**Vouchers by Vendor**

**Navigation:** Vendors>1099/Global Withholding>Review>Vouchers by Vendor
SetID is always ‘Share’.

Select the specific criteria to find the vendor you are looking for. This search provides the ability to search by vendor ID and a particular location for that vendor. If you do not enter a Location name yourself, click “Search” and select from the search results below.

Select the appropriate location. The following page should appear.

The ‘Start Date’ and ‘End Date’ will default in with the current date. These need to be changed to the calendar year **01/01/20XX to 12/31/20XX**.

Click on the ‘Search’ button. If nothing appears in your search, change the location and search again. Remember the search criteria can be saved to be used again. (This comes in handy if your agency makes many payments to a vendor and several different locations were used.)

This search will give you all of the vouchers issued to that particular vendor and the IRS code to which those vouchers are applied. Click the ‘More Information’ tab to see all the columns as shown in the example above. If the list is long, the results of this inquiry can be downloaded into Excel by clicking on the little cube in the heading where the arrow points.

Note that criteria for these searches are by vendor number, start date and end date, and by location. Some vendors will have numerous locations and each location may need to be reviewed – depending on which location is used to make the payment.
This inquiry will allow you to review all of the vouchers that have been marked as reportable. Other business units’ payments to this vendor will also show in this inquiry, but agencies will only be able to change their own activity.

To exit, click either ‘Save’ or ‘Return to Search;’ the following screen will appear.

Either button will accomplish what is needed, which is to return to the ‘Search page’. Saving the information has the same effect as using the cancel button here.
**Vendor Balances by Class**

**Navigation:** Vendors>1099/Global Withholding>Review>Vendor Balance By Class

SetID is always ‘Share’. You can search by vendor ID, short name, or Name 1. Click ‘Search’.

Select the location you want to review. Or if there is only one location, the following screen will appear:

**Vendor Balance**

Enter the ‘Start Date’ and ‘End Date’ for the calendar year you are inquiring on. Click ‘Search.’ If nothing appears in your search, change the location and search again.

**Note that this search will provide the information by business units; you will have to click 'View All' to see all of the reported business units.**
By using this inquiry, you can see if the total amount reported on this vendor by your agency is accurate after making your corrections.

Agencies can also run the 1099 Activity query again. Keep in mind that the query will not reflect your recent corrections unless you save all queries in spreadsheets and compare.