CORRECTING WITHHOLDING INFORMATION WITHIN VOUCHER

Agencies may find that the available vendor locations are not set up perfectly for your vendor payment. You still have several choices available to you to correct the reporting before you approve that voucher for payment.

1. The easiest way to remove withholding for a non-reportable payment on a reportable vendor (remember, there's a difference!) is to simply go into the blue **withholding** link and remove **both** checkmarks. See example here: example 1.

2. If your payment involves both reportable and non-reportable items, but everything is lumped under one distribution line, there is still a way you can adjust the withholding. In this case, the withholding link should show up. Rather than removing the checkmarks from the entire voucher, use the "Override Amount" to enter the dollar amount that **should** be reported. The amount entered here will "override" the voucher amount on the 1099 reporting table. See the following example: example 2.

3. Payments for repairs often contain non reportable items like parts and reportable services such as labor. If you are using different account numbers to split the distribution, you may use two invoice lines rather than two distribution lines. Multiple invoice lines can have 1099 information reported differently under the **withholding** voucher page. See screen example: example 3.

4. When you need to pay a vendor under the withholding class of 03, Other Income, you will need to make sure this class is available for this vendor by looking on the withholding page. By clicking on the magnifying glass for the Withholding Class, you can see which 1099 classes have been set up by Vendor Registry. If 03 is available under the Withholding Class, just select it and continue on with your voucher. If 03 (or another class you need) does not show up on this line, contact Vendor Registry at spovendor@nd.gov to add it. Please see example: example 4.

To Remove Withholding on a Voucher:

1. Click on the blue withholding link:

2. To remove the withholding, uncheck **both** boxes that say "Applicable." BOTH checkmarks must be removed so that no 1099 reporting will occur on this voucher.

3. To return to the Invoice Information page, click on the 'Back to Invoice' link at the top of this screen.

How to use the "Withholding Basis Amount Override" in a voucher:

This voucher had an original amount of $1,500.00. If the agency wants the entire amount to go to the same account number and does not want to bother with separate invoice lines, the agency can simply key in the flat amount that <u>should</u> be reported on a 1099-MISC. In the example below, $1,000 of the $1,500 was for reportable services, so this amount was entered in the field and the voucher saved. The amount in this field will "override" the amount of the voucher for 1099 reporting only.

To go back to the Invoice Information screen, click on the Back to Invoice link at the top of the screen.

How to split 1099 reporting by invoice line:

1. Make sure that you enter your chartfield information on all invoice lines. In this example, Invoice Line 1 is for parts, and Invoice Line 2 is for the repair service.

2. By using two invoice lines rather than two <u>distribution lines</u>, you can remove withholding from the line that should not be reported. Click on the blue withholding link. Click '**View All**' so you can see all your invoice lines on this screen.

3. Remove both checkmarks on invoice line 1 to stop the 1099 reporting on the parts portion of the bill. Leave the second invoice line as reportable for the services.

4. Click on Back to Invoice when you want to go back to the Invoice Information page. Only the invoice lines with both checkmarks by "applicable" will show up on a 1099-MISC.

To change the withholding class when other than the default is needed:

In the example above, class 07 is set up as the default reporting class for Non Employee Compensation (services). If an agency needs to pay this vendor for unearned income (class 03), you need to change the class here on this screen for correct reporting.

After clicking on the magnifying glass in the ***Class** field, the screen on the right will appear. As you can see, the withholding class of 03 is not available for this vendor – only the class of 07 is.

1. Please save your voucher;

2. Contact Vendor Registry at spovendodr@nd.gov, and ask them to set up the withholding class that you need;

3. Come back to this page after that step has been done and change the class before approving the voucher.

This is a good place to discuss withholding defaults. Vendors that are 1099 reportable must be set up with a default withholding code that will automatically fill in on a voucher unless the agency manually removes or changes it. This does not mean that a vendor cannot have more than one withholding class set up, as discussed above. But only one class can be designated as a default, and that code will usually be 07 for Non Employee Compensation. The only exceptions will be on locations set up specifically for one agency's use, such as "PLI" by Game and Fish. That is why it is so important that agencies choose the proper locations for their payments. Using a location set up specifically for VR, PLI, BIDS, 1099-G, etc. can create a big 1099 reporting mess. Please read the descriptions on vendor locations and addresses.