

1099 Tax Form Setup

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For non-employees earning more than \$600.00 annually, a 1099 Tax form must be prepared and sent to the individual each tax year. In QuickBooks (QB), the following items must be established by the Bookkeeper and by the QB Administrator in the following order:

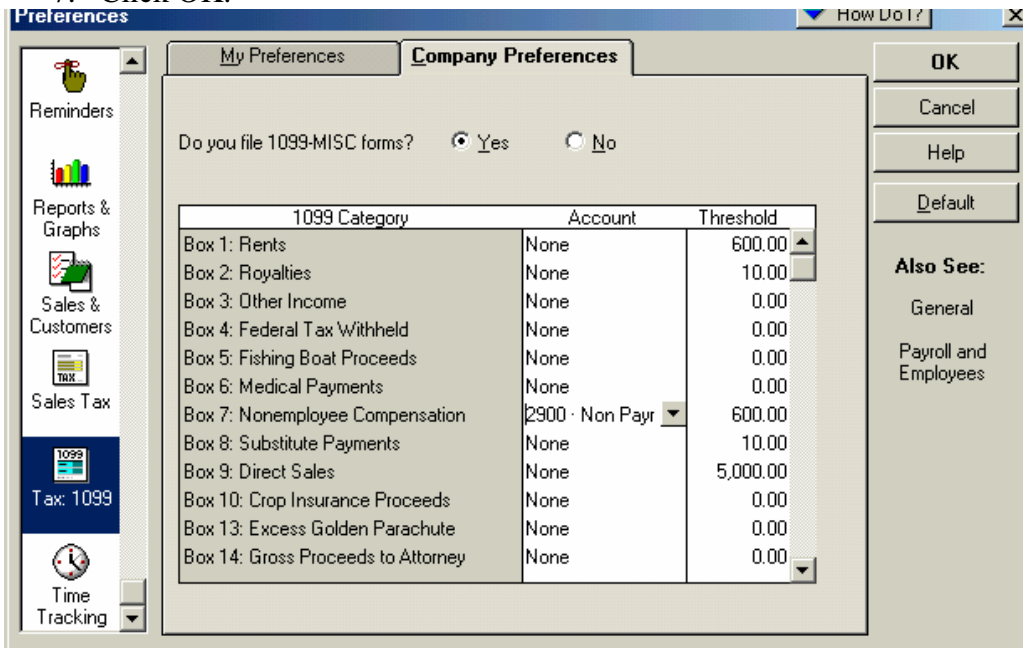
- ★ Set Preferences for 1099 Form (Administrator only)
- ★ Identify non-employee as a vendor eligible for 1099
- ★ Print Check under Write checks
- ★ Print 1099 Summary or detail report – Reports, Vendors and Payables, 1099 summary
- ★ Verify 1099 Data and Print 1099 forms – File, Print Forms, 1099

Two rules apply:

- ★ You must have the most recent Payroll updates from Intuit for the current tax year. (Employees, Get Payroll Updates)
- ★ The non-payroll amount for any individual must be greater than \$600.00.

Preference Change - performed by QB Administrator

1. Select **Edit, Preferences** from menu bar.
2. Scroll and Select **Tax 1099** on the left side menu
3. Select Company Preference tab.
4. Select **Yes** for “Do you file 1099-MISC Forms?”
5. Enter **600.00 for threshold** amount for Box 7 – Nonemployee Compensation.
6. Enter **2900-Non Payroll** or **5600-Professional Services** as the account for Box 7 – Nonemployee compensation.
7. Click OK.



Edit Vendor - Performed by the Bookkeeper

Turning an existing vendor into a 1099 vendor

- 1 From the Vendors menu, choose Vendor List.
- 2 Select the vendor for whom you want to file 1099-MISC forms.
- 3 Choose Edit from the Vendor menu button.
- 4 On the Address Info tab, make sure that the vendor's legal name appears in the First Name, M.I., and Last Name fields, and that the vendor's address contains the two-letter state abbreviation and the zip code.

Example

- 5 Click the Additional Info tab.
- 6 Enter the vendor's tax ID number.
If the vendor is a sole proprietor, enter the vendor's social security number. Otherwise, enter the vendor's nine-digit tax identification number.
- 7 Select the "Vendor eligible for 1099" checkbox.
- 8 Click OK.

Prepare Check under Write Checks – performed by Bookkeeper

Remember to use the account number specified in the 1099 Preferences so QB can track the vendor's check payment.

Print 1099 Summary or Detail reports - performed by Bookkeeper

- ★ Select **Reports, Vendors & payables**, print detail or summary report.
For summary report only -- if the amount does not display, change the threshold = **Ignore threshold**.
- ★ **Send report to the Printer.**

	Box 7: Nonemployee Comp...	TOTAL
Horvath (MA)	650.00	650.00
TOTAL	650.00	650.00

1099 summary report

This report helps you verify the information that QuickBooks prints on the 1099-MISC tax form. We suggest you check the information on this report before you print the forms.

The report summarizes the cash outflows to each vendor for whom your company files a 1099-MISC form. If you think an amount is incorrect, double-click the amount to see a list of the transactions that make up the amount.

The report initially shows only the vendors specified as 1099 vendors. To list all vendors in the report, regardless of their 1099 status, choose All Vendors from the drop-down list in the report buttonbar.

The report initially shows only amounts that are above the 1099 thresholds set by the federal government. To include amounts below the thresholds, choose Ignore Thresholds from the drop-down list in the report buttonbar.

To create this report

- From the Reports menu, choose Vendors & Payables and then 1099 Summary.

Print 1099 Forms – performed by Bookkeeper

Remember the two Rules:

- ★ Recent payroll updates must be performed before printing 1099s.
- ★ The total amount for any non-payroll vendor must be greater than \$600.00

Obtain 1099 forms for the current tax year from IRS or your local post office.

⚠ You must be in **single-user mode** to do this.

Create 1099 reports to verify all 1099 information (vendors, accounts, and amounts) before printing the forms.

- 1 Make sure your printer is turned on and is online.
- 2 Make sure you have blank 1099-MISC forms in your printer.
 - If you have a **continuous printer**, you may need to adjust for additional thickness due to the copies.
 - If you have a **page-oriented printer**, it's simpler to print copies separately than all at once. Do **not** collate your blank pre-printed forms before putting them into the printer. Instead, start by loading all the Copy 1 forms. After you have printed all the Copy 1 forms for each vendor, then load and print the Copy 2 forms.
- 3 From the File menu, choose Print Forms, and then 1099s.
- 4 Select the time period covering the 1099-related payments you want in the forms, and then click OK.
- 5 Select each vendor you want to print a 1099-MISC form for.

You can print up to 249 forms. The 1096 Summary Information at the bottom of the window shows how many vendors you have selected and your total 1099-related payments during the selected time period. Use the total for vendors selected when completing your 1096 form. As of this release of QuickBooks, if you have more than 249 vendors for whom you must file 1099-MISC forms, IRS regulations require that you submit the forms electronically. For details, contact your local IRS office.

- 6 Click Preview to verify that each vendor's address will print correctly.
- 7 Click Zoom In to see the details of each address.
- 8 If there are no problems with the accuracy or appearance of the addresses, click Print.

Verifying 1099 information

Before printing 1099-MISC forms, you should verify the 1099 information you'll report to the IRS. In the Select 1099s to Print window, click Preview to verify vendor addresses. You should also:

- 1 **Check the current IRS threshold amounts and rules.**
- 2 **Verify your 1099 payees.**
- 3 **Verify your 1099 accounts.**
- 4 **Verify your 1099 amounts.**
- 5 **Do a final check.**

Verify that the Vendor name and address fields are correctly entered. See below.

Select 1099s to Print

Select vendors to print 1099-MISC forms:

<input checked="" type="checkbox"/>	Vendor	Valid ID	Valid Address	Total
<input checked="" type="checkbox"/>	Horvath (MA)	Yes	No	650.00

Buttons: Preview, Print, Cancel, Help, Select All, Select None

1096 Summary Information
Number of vendors selected: 1
Total for vendors selected: 650.00

When a vendor is a 1099 vendor, the New/Edit Vendor window should show the vendor's name and address as follows:

(Optional) Enter the legal name of the vendor's company here.

Company Name: Luxton Flooring

Mr./Ms./...: []

First Name: Brian M.I. []

Last Name: Luxton

Address: Luxton Flooring
Brian Luxton
2780 County Rd
Bayshore, CA 94326

Enter the vendor's legal name in these fields.

If you keep these two lines in the address, they must match, exactly, what is in the Company Name, First Name, M.I., and Last Name fields.

The street address must be one line.

Include the two-letter state abbreviation and zip code.