



1099 Reporting

The University of North Carolina Wilmington often pays individuals for services rendered who are not their employees. UNCW is required by the IRS to provide informational returns, a 1099 form, to these vendors and individuals that have received payments for any of the following:

- ❖ Rent
- ❖ Royalties
- ❖ Prizes and awards
- ❖ Physician or Medical Services
- ❖ Healthcare
- ❖ Attorney Fees
- ❖ Non-employee compensation

1099's are filed based on the following dollar amount thresholds:

- ❖ Rent – If amount paid to vendor/individual is \$600.00 or more for a calendar year.
- ❖ Royalties – If amount paid to vendor/individual is \$10.00 or more for a calendar year.
- ❖ Other Income – If amount paid to a vendor/individual is \$600.00 or more for a calendar year. Other income includes prizes, awards, punitive damages, awards to students, etc.
- ❖ Medical and Healthcare Payments – If amounts paid to a vendor/individual is \$600.00 or more for a calendar year.
- ❖ Non-Employee Compensation – If amount paid to a vendor/individual is \$600.00 or more for a calendar year. Non-employee compensation includes fees, commissions, and any form of compensation for services performed.
- ❖ Gross Proceeds Paid to an Attorney – If amount paid to a vendor is \$600.00 or more for a calendar year.

Generally payments to corporations are not reportable but you will need to refer to the IRS instructions for 1099's at <http://www.irs.gov/pub/irs-pdf/i1099msc.pdf> for further information.

Who Generally Receives 1099's

- ❖ Individuals
- ❖ Partnerships



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- ❖ Estates
- ❖ Trusts
- ❖ Medical and Attorney Corporations

CAUTION: DO NOT automatically treat a payee as a corporation simply because the payee's name ends with "LLC", "Company" or "Co."

1099's are due to the recipients by January 31st. However, the IRS has the discretion to change the due dates each year so it is always good to refer back to the instructions for 1099's provided by the IRS. The information is also provided to the IRS and is typically due by February 28th; this date can also change so always refer to the instructions for form 1099 for all due dates and deadlines. The time interval between the two filing dates provides additional time to resolve any questions by recipients before filing with the IRS.

Important Information needed for 1099 Reporting

When doing business with individuals or companies that may require 1099 reporting at year end, it is always important to get all proper information up front before any services are rendered. This is highly recommended by the IRS and is just a "good business practice". (See General Instructions for 1099, pg. 8, requesting a recipient's TIN, <http://www.irs.gov/pub/irs-pdf/i1099gi.pdf>). The following is a list of things that you will need to know about your vendor for 1099 reporting:

- ❖ Owner's Name (if sole proprietor)
- ❖ Legal Business Name
- ❖ Mailing Address
- ❖ Taxpayer Identification Number (this could also be a SS# depending on type of business)

The above information is typically obtained by having the vendor fill out a W-9 form, also known as a Request for Taxpayer Identification Number and Certification. This form can be obtained from the AP Office or the Tax Compliance Office.

If a vendor fails to provide an identification number, then UNCW will be required to withhold 28% and pay it over to the IRS. This is called "backup withholding tax" and if UNCW doesn't backup withhold if necessary, then the university will be liable for this tax.

For additional information on 1099 Reporting please contact the Tax Department at extension 22757.