1099 PLATFORM X SETUP AND PROCESSING

Tax Year 2024

mri
REAL ESTATE SOFTWARE

AGENDA

1099 Web Setup and Processing

- 1099 Overview

- How to perform required setup

- How to process 1099's

- Review/Questions

1099 OVERVIEW

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WHAT IS A 1099?

- IRS Tax Document – similar to a W-2

- Reports money paid to an individual/corporation throughout the year

- There are several types of 1099's
  - 1099-DIV: Dividend Income
  - 1099-INT: Interest Income
  - 1099R: Pensions and Annuities
  - **1099-MISC: Miscellaneous Information** (formally Miscellaneous Income)
  - **1099-NEC: Non-Employee Compensation**

- MRI Software only supports the processing and printing of 1099-NEC and1099-MISC forms

- MRI can only process FIRE Tranmitter Control Codes. IRIS TCC are not valid

- Reports payments to vendors made in excess of $600 for tax year

1099-NEC FORM

- 1099-NEC is used for qualifying payments of at least $600 made to non-employees

- Most qualifying payments processed in MRI will be reported on 1099-NEC, unless a vendor is set up as a Property Payee type or marked as Attorney's Fees

- Starting in tax year 2022, the year will no long be pre-printed on the forms. vX.5.10.2 contains this update

1099-MISC FORM

- 1099-MISC is used for payments of at least $600 for specific activities

- Most common MRI scenarios are:
  - A vendor is set up as a Property Payee type – payments will be reported in Box 1
  - A vendor has the 1099 Attorney Fees box checked – payments will be reported in Box 10

- Starting in tax year 2022, the year will no long be pre-printed on the forms. vX.5.10.2 contains this update

Note: only payments made to an attorney in the course of business but <u>not</u> for attorney's services (for example, a settlement agreement) are reported on 1099-MISC. Fees for legal services should be reported in Box 1 on the 1099-NEC form. See IR 119074.
For more information, consult IRS.gov or your tax attorney

HOW AND WHEN TO FILE

- If payments are reported on 1099-NEC, paper forms and electronic files are due by **1/31/2024**

- If payments are reported on 1099-MISC:
  - Paper filings are due **2/28/2024**
  - Electronic filings are due **3/31/2024**

- If filing more than 10 1099's, electronic filings are required.
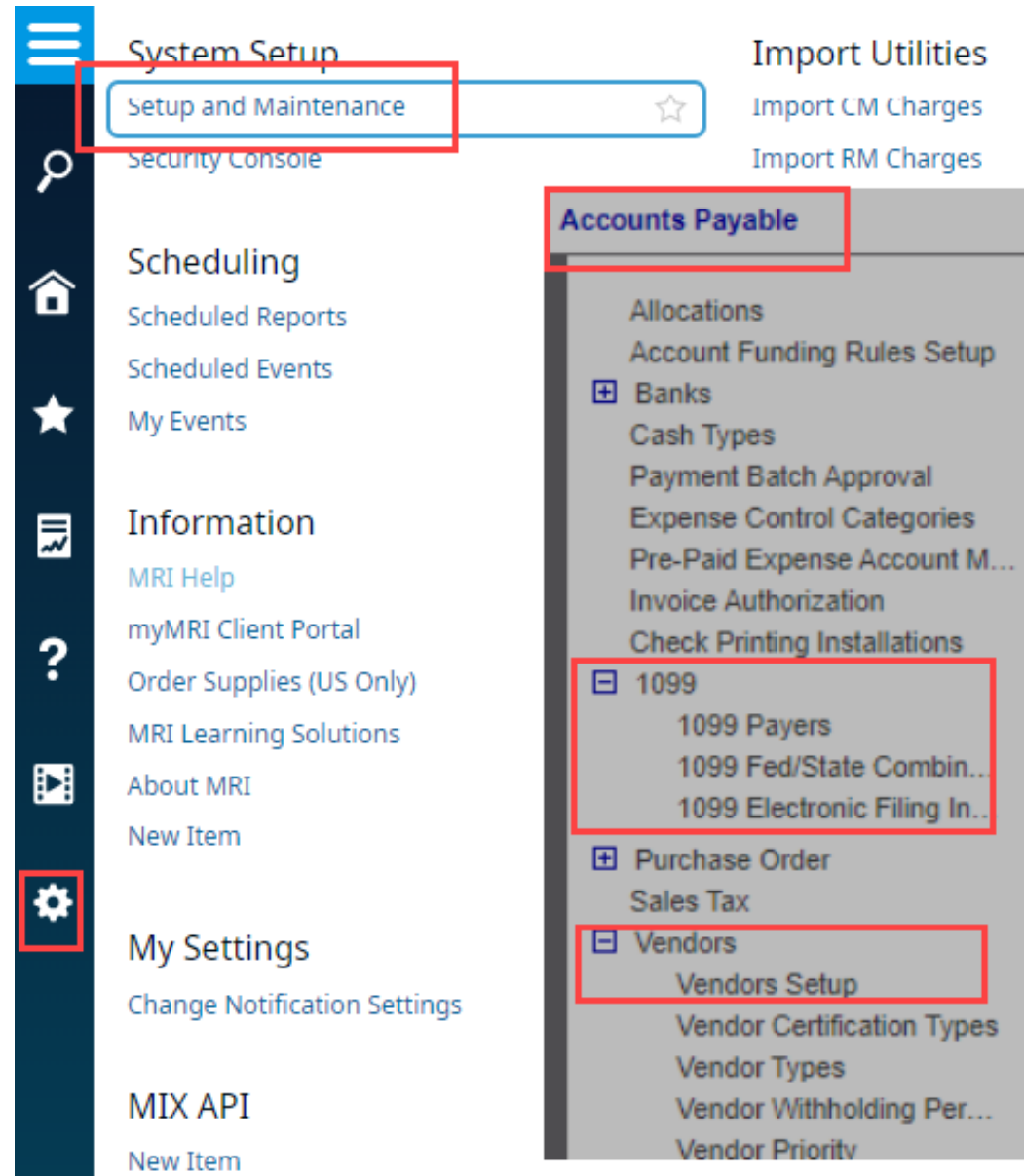 - This is a new requirement, as of 2024 tax year

1099 WEB SETUP

SETUP

Setup and Maintenance > Accounts Payable

- In order for 1099 processing to work, the setup must be completed for the following tables:
  - VEND (Vendors)
  - GACC (Chart of Accounts)
  - T_199PAYERS (1099 Payers)
    - If filing electronically, T_199T (Transmitter) and T_199A (E-Payers)

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SETUP- VEND (VENDORS)

- Vendor should be active
- Check boxes
  - Indicate vendor should receive a 1099 and what type
  - Whether they will report attorney payments in box 10 on 1099-MISC
- Type of Tax Payer
  - Formats the Federal ID Number field
  - Business: xx-xxxxxxx
  - Individual: xxx-xx-xxxx
- Payee Type
  - Determines the type of income reported (which box and form)
  - Property Payee – box 1 1099-MISC
  - Vendor/Tenant – box 1 1099-NEC

Vendors

Vendor ID AJAX

*Name AJ Legal Settlement Services

General Accounts Payable Certification

ACH Setup Defaults for Invoice Entry Taxes

Tax Information

1099 Required ☑

1099 Attorney Fee ☑

Type of Tax Payor Business / Corporation ▼

Federal ID Number 123456789

Payee Type Vendor ▼

SETUP – GACC (CHART OF ACCOUNTS)

- 1099 Acct field
  - Payments made to this account number are included in 1099 processing
  - Y = includes payments made
  - N = will not include payments made

	*Account Number	Account Name	*Account Type	1099	I	Active
☐	5000-201	Equipment Maintenance	I	☑		☑
☐	5000-202	Maintenace Supplies	I	☐		☑
☐	5000-300	Management Fees	I	☑		☑
☐	5000-500	Property Taxes - NR	I	☐		☑
☐	5000-600	Property Insurance - NR	I	☐		☑
☐	5000-999	Other NR Expenses	I	☐		☑
☐	5100-000	Payroll Salaries	I	☐		☑
☐	5100-001	Payroll Benefits	I	☐		☑
☐	5100-002	Payroll Taxes	I	☐		☑
☐	5100-100	Legal Fees	I	☑		☑
☐	5100-150	Bank Fees	I	☐		☑
☐	5100-200	Accounting Services	I	☑		☑
☐	5100-300	Property Manager Fees	I	☑		☑
☐	5100-310	Leasing Salaries	I	☐		☑
☐	5100-400	Consulting Services	I	☑		☑
☐	5100-500	Office Support Services	I	☑		☑
☐	5100-999	Other Payroll Expenses	I	☐		☑

SETUP – T_199PAYERS (1099 PAYERS)

- This identifies the payer and the Payers Fed. ID #

- This information shows on the 1099 form under Payer's information

- A company can choose to report by Company Name, Bank or Entity/Entity Group
  - If reporting by Entity Group, you must select the Define Entities button

- Check 'Oregon Payer' box if the payer is filing for the state of Oregon.

T_199PAYERS (1099 PAYERS)

Payers set up by Company

Payer Name pulls from T199_PAYERS table

Payers Address pulls from MGNT table

T_199PAYERS (1099 PAYERS)

Payers set up by Bank:

T_199PAYERS (1099 PAYERS)

Payers set up by Entity/Entity Groups

SETUP – T_199PAYERS (TRANSMITTER INFO)
Only required if filing electronically

- Electronic File Name and Transmitters Media Number fields are no longer used

- Transmitter may be the company or a service provider

- Transmitter's TIN is the Fed ID number of the Transmitter

- Transmitter Control Code
  - Supplied by the IRS
  - MRI only supports FIRE TCC (cannot use IRIS TCC)

1099 Electronic Filing Information

Field	Value
*Transmitter's TIN	123456789
Test File Indicator	T
Foreign Entity Indicator	
Prior Year Data Indicator	
*Transmitter's Control Code	123
Replacement Alpha Character	

Field	Value
*Transmitter's Name	1099 Example
Transmitter's Name 2	
*Company Name to Report Process Problems	1099 Example
Company Name 2	
*Mailing Address	123 Main St.
*City	Cleveland
*State	OH
*Zip	44104
*Contact Name if Problem with File or Transmission	Kim Possible
Contact E-Mail Address	
*Contact Phone Number	2165555555

E-Payers   Save   Cancel

SETUP – T_199PAYERS (E-PAYER INFO)
Only required if filing electronically

- Identifies the e-payer (company) in the electronic file

- One record for each payer
  - Payer must be set up on the T_199PAYERS table first

Payer Information - Setup and Maintenance

1099 Electronic Filing Information (E-Payer Information)

*Payer ID	Lexington	*Type of Return	A
Payer Federal ID		Transfer Agent	
Payer Name Control	LEX	Foreign Payer	
Last Filing Indicator	1		
Combined Fed/State	1		
Payer Name 1	Normandy Lexington, LLC		
Payer Name 2			
*Payer Shipping Address	567 Lexington Ave		

*Payer City	New York	State	NY	Zip	10017
*Payer Phone Number	(212) 555-5555				

Save   Cancel

SETUP – T_199PAYERS (FEDERAL/STATE COMBINED) ***Not Required***

- Federal/State Combined program
  - All applicable states must be set up
  - State Code information can be found in IRS Publication 1220

Federal/State Combined Table

	State Abbreviation	State Code	1099 Default Amount
☐	AZ	11	800.00
☐	NE	28	750.00

1099 WEB PROCESSING

PROCESSING 1099'S

- To process 1099's the following steps are recommended:
    - Print 1099 Listing
        - Review data for accuracy

    - If changes are necessary, Process 1099 Worksheets
        - Override/Add 1099 Amounts
        - Rerun 1099 Listing Report – confirm all changes

    - Generate 1099-NEC and 1099-MISC – will generate 1099's on paper or electronically

IMPORTANT: These steps performed out of order can cause data to be incorrect/reverted

PROCESSING 1099'S

To process 1099's click Accounts Payable > 1099 Processing

1099 LISTING REPORT

- Allows user to preview the data in the system that is set to be reported

- Its is recommended that you run by 'All' Payee types
    - If running by Vendor Payee type, only Vendor Payee types will be included
    - If running by Entity Payee Type, only Property Payees will be included

- It is recommended that each report be run separately, to confirm the payments are reported on the proper form.

1099 LISTING REPORT

Data to be checked on this report include:

- Vendor contact information

- Fed. ID (formatting)

- Filing Status

- Amounts

- Payee Type
  - **NOTE:** If Payee Type 'Vendor' is on the 1099-MISC Preview Report, this indicates the 'Attorney's Fees' box is checked on the vendor record

Database:	2022BR		1099 Preview Listing					Page:	5
Tax Year:	2024		510OP 2022 BR					Date:	11/14/2023
Payer Federal .d:	51-0510510		Five Ten					Time:	11:15 AM

Vendor Number	Vendor Name	Payee Type	Federal Id Number	Filing Status	Manual Worksheet	Original Amount	Worksheet Amount	Reporting Amount
BJON	Barbara Jones - Attorney At La'	Vendor	12-3456789	Y	N	27,733.78	27,733.78	27,733.78
LLEE	Laura Lee 2000 Property Ave Property, IN 40404	Property F	12-3456789	Y	N	3,003.73	3,003.73	3,003.73
Number of 1099s:		2			Total:	30,737.51	30,737.51	30,737.51

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PROCESS 1099 WORKSHEETS

- Generates a report similar to Preview Listing Report

- Saves data to the T_199WKSH table
  - Allows the data to be overridden if necessary
  - Edits can be made from Override/Add 1099 Amounts

- If you need to increase a payment amount to a vendor, check the 'Include Vendors with amounts less than minimum' box

T_199WKSH (OVERRIDE DATA)

- Click on a PayerID to enter an override amount

- Click on Add to add a record
  - Vendor must exist in the system

- Any vendor with qualifying payments in the system must be modified through the worksheet

CAUTION: If a user re-runs the Worksheet report with the Save option checked again, all changes will be reverted

RERUN 1099 LISTING REPORT

- If changes have been made, rerun the 1099 Listing Report
  - Displays all changes saved in the T_199WKSH table
  - Verify the data is correct

- CAUTION: reprocessing the 1099 Worksheets with the Save option checked will revert all changes made in the worksheets

Database:	QTEST1		1099 Preview Listing				Page:	1
Tax Year:	2024		Testing Database - DO NOT USE				Date:	11/20/2020
Payer Federal Id:	00-0000000		Two Hundred				Time:	5:47 PM

Vendor Number	Vendor Name	Payee Type	Federal Id Number	Filing Status	Manual Worksheet	Original Amount	Worksheet Amount	Reporting Amount
AJAX	AJAX Cleaning Service 9901 Barber Street Cleveland, OH 44445	Vendor	12-3456781	Y	N	14,990.00	7,000.00	7,000.00
COLL	Collins Elevator Repair 6358 Granger Road Independence, OH 45454	Vendor	11-2365987	Y	N	10,760.00	10,760.00	10,760.00
EDSN	Edison Electric Utility 8522 Water Street Bainbridge, OH 44111	Vendor	00-0041520	Y	N	21,518.22	21,518.22	21,518.22
HDPT	Home Depot 741859 Wooster Street Birmingham, AL 65999	Vendor		Y	N	7,700.46	7,700.46	7,700.46
NEOS	NE Ohio Sewer District 700 Roust Street Parma, OH 44556	Vendor	45-6789012	Y	N	700.00	700.00	700.00

1099-NEC

Generated on paper or electronically

- If processing an electronic file, a filepath is not required; the file can be accessed in the Communication Center

- If an alternate form has been created for alignment purposes when printing on paper, select it from Alternate Form dropdown

- Select payee type VENDOR or ALL
  - DO NOT RUN 1099-NEC for Payee Type 'Entity'

The report can be run as many times as necessary. It does not update any date

Hint: Select 'Print Full Tax Year' to have four-digit year printed on the forms, leave unchecked to have the last two digits print on the form

1099-MISC

Generated on paper or electronically

- If processing an electronic file, a filepath is not required; the file can be accessed in the Communication Center
- If an alternate form has been created for alignment purposes when printing on paper, select it from Alternate Form dropdown
- Select payee type ENTITY or ALL
  - DO NOT RUN 1099-MISC for Payee Type 'Vendor'

The report can be run as many times as necessary. It does not update any date

1099-MISC

Generated on paper or electronically

- If processing an electronic file, a filepath is not required; the file can be accessed in the Communication Center
- If an alternate form has been created for alignment purposes when printing on paper, select it from Alternate Form dropdown
- Select payee type ENTITY or ALL
  - DO NOT RUN 1099-MISC for Payee Type 'Vendor'

The report can be run as many times as necessary. It does not update any data

Please note: if you are running 1099s for 2019 or prior, select the MRI_1099PY report from the Alternate Form dropdown

1099 REVIEW

REVIEW

- 1099's are a statement from a company to a service provider on payments made to that vendor for qualifying work

- 1099's are similar to a W-2 that an employer provides to an employee – statement of earnings

- Only the 1099-NEC and1099-MISC forms are supported in MRI

- Setup is required to generate 1099's:
    - VEND (Vendors)
    - GACC (Chart of Accounts)
    - T_199PAYERS (1099 Payers)

- To electronically file, additional setup is required:
    - T_199T – Transmitter info
    - T_199A – E-Payer info

- Optional setup on FDST – Federal/State Combined

REVIEW

Recommended steps for processing:

- 1099 Listing Report
- Process Worksheets if 1099 information needs to be edited
    - Changes can be made from the Override/Add 1099 Amount
    - Rerun 1099 Listing Report to confirm data
- Generate 1099's
    - 1099s can be run multiple times if additional copies are needed
    - Electronic file must be uploaded to the IRS website once it is generated
        - MRI only supports the FIRE process (not IRIS)

THANK YOU!

- For additional MRI 1099 resources, including copies of this presentation, please visit

MRISoftware.com/form-1099

- Please contact MRI Support using our myMRI Client portal or phone for questions and issues related to 1099 Setup and Processing:

https://mymri.force.com/ClientPortal/login

or

(877) 579-8896