

State of Colorado CORE 1099 Information December 2014



COLORADO

Office of the State Controller

Department of Personnel
& Administration

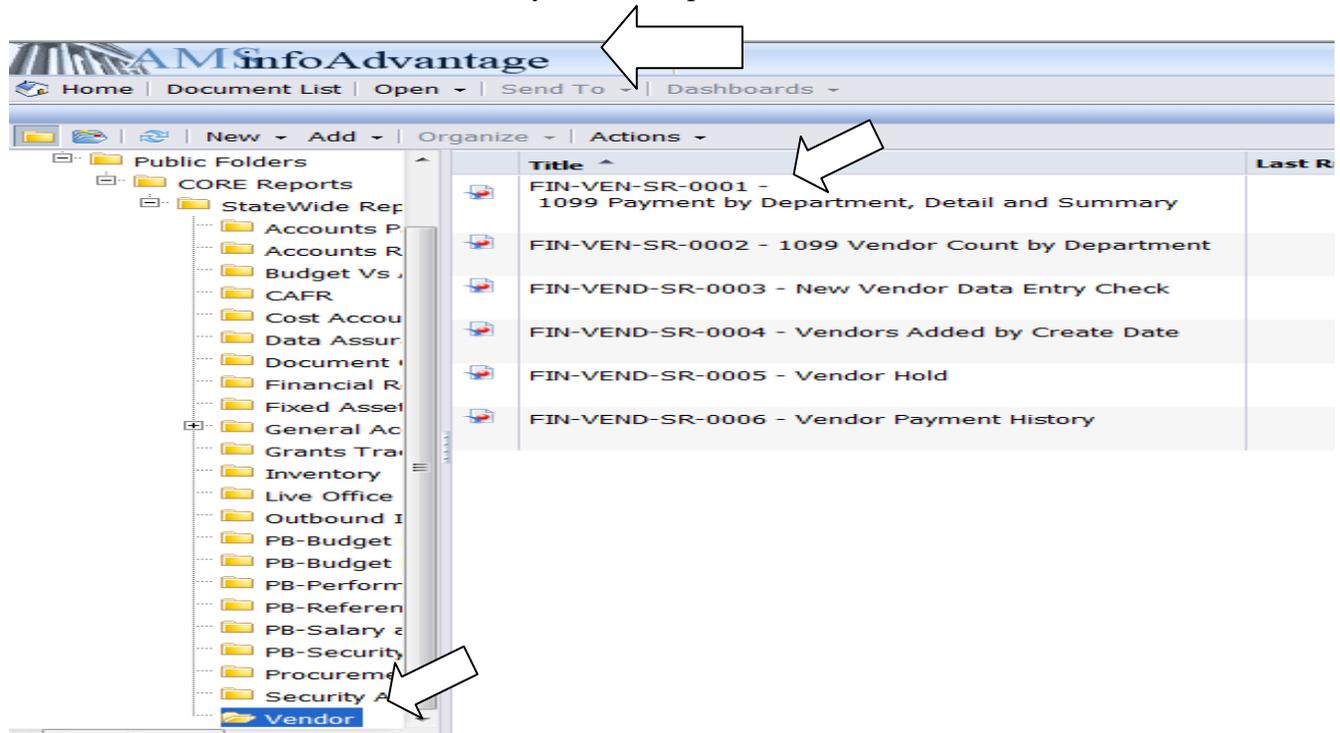
Questions? Call Angela Lujan 303 866-3850

**Important – All CORE and COFRS 1099 Data Corrections
MUST be completed by end of day JANUARY 9.**

Following are instructions and details to assist in generating the correct 1099 form type to State vendors. For any questions, vendor modification requests, or corrections to employee or settlement transactions, please send email to the Central Management Unit (CMU) secured email address: state_centralapproval@state.co.us with 1099 Data Correction in the subject line.

Report used for evaluating corrections needed:

Go to the infoadvantage report FIN-VEN-SR-001. When refreshing data, it is recommended to enter the prompt values of Cabinet and Calendar year = 2014 initially and then use the other prompts as needed to refine the report. The report will show for each reportable vendor, the documents generated by each Department code with a 1099 reportable object code used in the documents. Please review this report for any reportable object codes that are incorrectly coded and/or vendors that should not be reportable. Below are detailed instructions to make the data corrections. If correction must be made by the CMU, please send as indicated above.



Coding Corrections:

Use either the JV1Stnd or JVC (if have program details) documents (DO NOT USE JV1 Advanced) to correct an object code that is either recorded as reportable or non-reportable incorrectly. You must enter the vendor and use the GA01 event type that has a cash clearing transactions that hits posting code A001. This posting code – A001 is how CORE knows to use the entry for 1099 purposes. Any transactions that did not include a vendor or event type that hits posting code A001 like XG01 will NOT be used to record 1099 transactions.

Please note that the ADS upload sheet does not currently have a vendor field included. If you choose to use this method of entry for 1099 transactions, the document will need to be rejected in workflow and the vendor added manually. New ADS sheets including the vendor field details will be created and sent out as soon as possible.

All correcting transactions will be shown on the InfoAdvantage report the next day after approved for verification purposes.

For example: The below report shows a vendor that has a reportable object code but the Department has identified that it should not be reportable.

Report ID: FIN-VEN-SR-0001	CORE infoAdvantage	Page 127 of 194
Run Date: 12/17/2014	1099 Payment by Department	
Run Time: 7:31 AM	Detail, For Calendar Year 2014	

Vendor	VC00000000104718 - LEADERSCOVE LLC
Department	[REDACTED]

Income Type Code	Form Type	1099 Income Type Name	1099 Journal Vendor Legal Name	Doc Code	Doc Dept Code	Document ID	A Document L	Document Record Date	Accounting Line Description	(175.00)
VC00000000104718		[REDACTED]	[REDACTED]				1920	7		

A JV1STND document must be completed ensuring that the vendor is entered on the line group, GA01 event type is used that requires cash clearing (use of A001 posting code), and the object is corrected by crediting the 1920 reportable object code and debiting the nonreportable code (ie 1950).

Standard Journal Voucher(JV1STND)		Dept: [REDACTED]	ID: 2015000000000001104	Ver: 1	Function: New	Phase: Draft	Modified by a.kjan, 12/17/2014
Header							
Line Group		Total Lines: 1	Line Group: 1	Event Type: GA01	Vendor Customer: VC00000000104718		
Accounting							
Accounting Line		Total Lines: 4	Accounting Line: 1	Posting Code: D014	Posting Code Name: External Cash Expenditure/Expense		
Accounting Line	Posting Code	Posting Code Name	Debit Amount	Credit Amount			
1	D014	External Cash Expenditure/Expense	\$175.00	\$0.00			
2	A001	Cash	\$0.00	\$175.00			
3	D014	External Cash Expenditure/Expense	\$0.00	\$175.00			
4	A001	Cash	\$175.00	\$0.00			
From 1 to 4 Total: 4							
List View							
Fund Accounting							
Fund:	1000	Object:	1950	OBSA:			
Sub Fund:		Sub Object:		Sub OBSA:			
Department:	[REDACTED]	Revenue:		Dept Object:			
Unit:	1300	Sub Revenue:		Dept Revenue:			
Sub Unit:		BSA:		Internal Fund:			
Appr Unit:	[REDACTED]	Sub BSA:		Internal Sub Fund:			
				Internal Dept:			

The next day confirm that the entry had the intended results and has now dropped off the InfoAdvantage report.

Reimbursement of payment by Vendor:

If recording a reimbursement of payment by a vendor, a CR must be used that includes the vendor/customer id from original payment document with event type AR32 (uses A001 posting code). Then, the 1099 amount for the vendor/customer will be automatically reduced. If you did not use the AR32 with the vendor/customer id, please forward payment adjustment details, vendor id and legal name to the CMU.

Vendor Corrections:

To assist in vendor corrections, please review the vendors on the summary section of your report. If you see any vendors that appear as though they should not be reportable (see more details regarding reportable vs nonreportable vendors below), please send an email as indicated above with reason why believe vendor not reportable, the vendor ID and legal name to the CMU. All **corrections** will be made after January 9.

For Example: The vendor below indicates it is incorporated (Inc.) or a corporation, no medical or legal services are provided by the vendor. Therefore, this vendor should not be reportable. You can also look up the vendor 1099 indicator and classification on VCUST table. Please send email to the CMU so the vendor can be corrected.

Report ID: FIN-VEN-SR-0001	CORE infoAdvantage	Page 1 of 1
Run Date: 12/17/2014	1099 Payment by Department	
Run Time: 7:31 AM	Summary for Calendar Year 2014	

Vendor ID	1099 Journal	Vendor Legal Name	Department	Department Name	Object	Inc Type	Posting Amt
VC00000000107723		Rifle Creek Museum Inc		[REDACTED]		5781 3	

Settlement Corrections:

For settlement transactions, the Central Management Unit will be required to enter a document to record the proper 1099 transactions for each vendor. As settlements are processed through the OSC, we are obtaining all necessary documentation to make this correction. Therefore, the Departments do not need to make any adjustments for settlements including employee records. If you are aware of a settlement that did not go through the OSC, please send an email with scanned settlement details to the CMU.

Employee Corrections:

For employee adjustments, all nonreportable 1099 transactions should have been recorded under the employee VCUST 997 record. For any employee who is also a vendor, they must have a separate VCUST record setup to allow the transaction to be identified as 1099 reportable such as a settlements, Section 8, Medical Provider, etc. If transaction was recorded under the separate VCUST record, no adjustment is required. However, if the Department recorded a reportable transaction to the VCUST 997 record, please email the CMU with the details so we can make the appropriate adjustment in CORE.

1099 Reportable Payments Chart by Form, Box Number, and OBJT

The below chart should be used to determine what object codes are 1099 Reportable for each return type.

Income Type	Amount	FORM 1099-MISC
Box 1	\$600	<p>Rents: Rents and leases of land, buildings, homes, offices, conference rooms, motor vehicles, office and other equipment;</p> <p>Surface Royalties Rental assistance payments to property owners</p>
		<p>2250 MISCELLANEOUS RENTALS 2253 RENTAL OF EQUIPMENT 2254 RENTAL OF MOTOR VEHICLES 2255 RENTAL OF BUILDINGS 2256 RENTAL OF LAND 2258 PARKING FEES 2260 RENTAL OF IT EQUIP - PC'S 2270 RENTAL OF WATER RIGHTS 4195 CARE & SUBSIST-RENT TO OWNERS 6810 CAPITAL LEASE PRINCIPAL</p>
Box 2	\$10	<p>Royalties: Do not include surface royalties. They should be reported in box 1. Do not report oil or gas payments for a working interest in box 2; Report payments for working interests in box 7. Do not report timber royalties made under a pay-as-cut contract; report these timber royalties on Form 1099-S, Proceeds From Real Estate Transactions.</p> <p>4230** ROYALTIES</p>
		**For 2014 will be reported in Box 3 – In 2015 reported in Box 2
Box 3	\$600	<p>Other Income: Jury Payments</p> <p>Reportable Damages (Contact Bob Jaros at 303 866-3765 with Questions) Value of awards & prizes that are not for services performed</p> <p>Honoraria Deceased employee wages paid to an estate or beneficiary</p>
		<p>1310 HONORARIUM 4111 PRIZES AND AWARDS 4114 PUNITIVE DAMAGES-PHYS INJ/ILL 4115 PUNITIVE DAMAGES-OTHER 4117 REPORTBLE CLAIMS AGAINST STATE 5781 GRANTS TO NONGOV/ORGANIZATIONS 5791 GRANTS TO INDIVIDUALS 5881 DISTRIBUTIONS TO NONGOV/ORGAN 5891 DISTRIBUTIONS TO INDIVIDUALS 411A JUROR SERVICE PAYMENTS 4230 Royalties** Box 3 for 2014 only</p>

Box 4	Any Amount	Fed Income Tax Withheld – Backup Withholding
Box 6	\$600	Medical and Health Care Payments: Doctors, dentists, optometrists, counselors, home health care workers, veterinarians Medical billing services, clinics, hospitals, and nursing homes
		1940 PERSONAL SVCS - MEDICAL SVCS 2710 PURCHASED MEDICAL SERVICES
Box 7	\$600	<p>Non Employee Compensation: Fees, Bonuses, Commissions</p> <p>Value of awards and prizes for services performed</p> <p>Personal, professional and technical services performed by independent contractors including, but not limited to advertising, appraisal, architectural, auditing, accounting, computer programming, consulting, cleaning, engineering, laundry, program administration</p> <p>Legal fees to attorneys (including corporations) accountants, architects Expert witnesses Payments for maintenance and repair services including parts and materials if incidental to the repair Auto, mileage, and travel reimbursements to vendors for which the vendor does not account to the payer Fees paid to Entertainers Taxable fringe benefits to vendors Vacation allowance to vendors Gross oil and gas payments for a working interest Commissions paid to licensed lottery ticket sales agents</p>
		1330 BOARD MEMBER'S COMPENSATION 1910 PERSONAL SVCS - TEMPORARY SVCS 1920 PERSONAL SVCS - PROFESSIONAL 1930 PURCHASED SERVICE - LITIGATION 1960 PERSONAL SVCS- IT - HARDWARE 1961 PERSONAL SVCS- IT - SOFTWARE 1962 PERSONAL SVCS- IT - CONSULTING 2110 WATER AND SEWERAGE SERVICES 2160 CUSTODIAL SERVICES 2180 GROUNDS MAINTENANCE 2210 OTHER MAINTENANCE/REPAIR SVCS 2220 BLDG MAINTENANCE/REPAIR SVCS 2230 EQUIP MAINTENANCE/REPAIR SVCS 2231 IT HARDWARE MAINT/REPAIR SVCS 2240 MOTOR VEH MAINT/REPAIR SVCS 2310 PURCHASED CONSTRUCTION SVCS 2311 CONSTRUCTION CONTRACTOR SVCS 2312 CONSTRUCTION CONSULTANT SVCS 2610 ADVERTISING 2641 OTHER ADP BILLINGS-PURCH SERV 2680 PRINTING/REPRODUCTION SERVICES 2690 LEGAL SERVICES 2820 OTHER PURCHASED SERVICES 4119 CLAIMANT ATTORNEY FEES 4140 DUES and MEMBERSHIPS 4161 SALES/COLLECTN COMMISSION EXPS 4162 BONUS EXPENSE 4163 PROMOTIONAL TICKET EXPENSE 4190 PATIENT & CLIENT CARE EXPENSES 4192 CARE & SUBSIST-OTHER VEND SVCS

		4220 REGISTRATION FEES 6510 CAPITALIZED PROFESSIONAL SVCS 6511 CAP PERSONAL SVCS-IT/HARDWARE
Box 14	\$600	Gross Proceeds Paid to Attorney or Law Firm: If payment is made to an attorney in connection with legal services and the attorney fee cannot be determined, the total amount paid (gross proceeds) must be reported in this box
		4118 GROSS PROCEEDS TO ATTORNEYS

Income Type	Amount	Form 1099-INT
Box 1	\$600	4116 JUDGMENT INTEREST 4150 INTEREST EXPENSE 4151 INTEREST - LATE PAYMENTS
Box 8	\$10	6720 BOND/NOTE/COP INTEREST 6820 CAPITAL LEASE INTEREST

2014 CORE OBJECT CODE TABLE

The below object code chart can also be used to determine what object codes are 1099 Reportable and for which 1099 form type - MISC - Miscellaneous (M) or INT - Interest (I) that will be generated for the vendor.

OBJT	OBJT NAME	1099
1310	HONORARIUM	M 3
1330	BOARD MEMBER'S COMPENSATION	M 7
1910	PERSONAL SVCS - TEMPORARY SVCS	M 7
1920	PERSONAL SVCS - PROFESSIONAL	M 7
1930	PURCHASED SERVICE - LITIGATION	M 7
1940	PERSONAL SVCS - MEDICAL SVCS	M 6
1960	PERSONAL SVCS- IT - HARDWARE	M 7
1961	PERSONAL SVCS- IT - SOFTWARE	M 7
2110	WATER AND SEWERAGE SERVICES	M 7
2160	CUSTODIAL SERVICES	M 7
2180	GROUNDS MAINTENANCE	M 7
2210	OTHER MAINTENANCE/REPAIR SVCS	M 7
2220	BLDG MAINTENANCE/REPAIR SVCS	M 7
2230	EQUIP MAINTENANCE/REPAIR SVCS	M 7
2231	IT HARDWARE MAINT/REPAIR SVCS	M 7
2240	MOTOR VEH MAINT/REPAIR SVCS	M 7
2250	MISCELLANEOUS RENTALS	M 1
2253	RENTAL OF EQUIPMENT	M 1
2254	RENTAL OF MOTOR VEHICLES	M 1
2255	RENTAL OF BUILDINGS	M 1
2256	RENTAL OF LAND	M 1
2258	PARKING FEES	M 1
2260	RENTAL OF IT EQUIP - PC'S	M 1
2270	RENTAL OF WATER RIGHTS	M 1
2310	PURCHASED CONSTRUCTION SVCS	M 7
2311	CONSTRUCTION CONTRACTOR SVCS	M 7

OBJ	OBJT NAME	1099
2312	CONSTRUCTION CONSULTANT SVCS	M 7
2610	ADVERTISING	M 7
2641	OTHER ADP BILLINGS-PURCH SERV	M 7
2680	PRINTING/REPRODUCTION SERVICES	M 7
2690	LEGAL SERVICES	M 7
2710	PURCHASED MEDICAL SERVICES	M 6
2820	OTHER PURCHASED SERVICES	M 7
411A	JUROR SERVICE PAYMENTS	M 3
4111	PRIZES AND AWARDS	M 3
4114	PUNITIVE DAMAGES-PHYS INJ/ILL	M 3
4115	PUNITIVE DAMAGES-OTHER	M 3
4116	JUDGMENT INTEREST	I 1
4117	REPORTBLE CLAIMS AGAINST STATE	M 3
4118	GROSS PROCEEDS TO ATTORNEYS	M 14
4119	CLAIMENT ATTORNEY FEES	M 7
4140	DUES AND MEMBERSHIPS	M 7
4150	INTEREST EXPENSE	I 1
4151	INTEREST - LATE PAYMENTS	I 1
4161	SALES/COLLECTN COMMISSION EXPS	M 7
4162	BONUS EXPENSE	M 7
4163	PROMOTIONAL TICKET EXPENSE	M 7
4190	PATIENT & CLIENT CARE EXPENSES	M 7
4192	CARE & SUBSIST-OTHER VEND SVCS	M 7
4195	CARE & SUBSIST-RENT TO OWNERS	M 1
4220	REGISTRATION FEES	M 7
4230	ROYALTIES	M 3
5781	GRANTS TO NONGOV/ORGANIZATIONS	M 3
5791	GRANTS TO INDIVIDUALS	M 3
5880	DISTRIBUTIONS TO NONGOV/ORGAN	M 3
5881	DISTRIBUTIONS TO NONGOV/ORGAN FED PASS THRU	M 3
5891	DISTRIBUTIONS TO INDIVIDUALS	M 3
6510	CAPITALIZED PROFESSIONAL SVCS	M 7
6511	CAP PERSONAL SVCS-IT/HARDWARE	M 7
6720	BOND/NOTE/COP INTEREST	I 8
6810	CAPITAL LEASE PRINCIPAL	M 1
6820	CAPITAL LEASE INTEREST	I 8
8120	COST OF ISSUANCE EXPENSE	M 7

1099 Reportable Information

The below information should be used to evaluate whether a transaction and/or vendor is 1099 reportable or not.

- ♦ **Payments are reportable when a 1099 reportable object code and a 1099 reportable vendor are used.**

♦ **No 1099 reporting is required for below payments:**

- Any payment made using a Purchasing & Travel Card
- To vendors identified as a Corporation **unless** the payments are for (1) medical services, (2) legal services, (3) or gross payments made to attorneys and law firms. If the pay vendor these these exceptions the vendor must be marked as 1099 reportable.
- To vendors identified as Government entities
- For merchandise, supplies, telegrams, telephone, freight, storage fees
- To informants as an award, fee, or reward for information about a criminal activity if the payment is made by a federal, state, or local government agency
- Scholarships or fellowship grants, tuition reimbursements
- Travel and parking reimbursements to independent contractors, if accountable plan requirements are met
- To a tax-exempt hospital or tax-exempt extended care facility or to a hospital or extended care facility owned and operated by the United States (or its possessions), a state, the District of Columbia, or any of their political subdivisions, agencies, or instrumentalities
- Difficulty-of-care payments made to foster care providers are only reportable under certain conditions. If services are provided to more than 5 individuals age 19 or older and more than 10 children under age 19, the payments are reportable on Form 1099-MISC.
- Treatment of qualified *Medicaid waiver payments* under § 131 –*New for 2014*
To achieve consistent federal tax treatment of Medicaid waiver payments among the states and individual care providers, this notice provides that as of January 3, 2014, the Service will treat qualified Medicaid waiver payments as difficulty of care payments under § 131(c) that are excludable under § 131, and this treatment will apply whether the care provider is related or unrelated to the eligible individual.

- ♦ **Payments for a combination of merchandise and services are reportable.** For example, if one hired an unincorporated contractor to repair a roof at a cost of \$1,000 consisting of \$700 for materials and \$300 for labor, the entire \$1,000 would be reported on Form 1099. The authority for this position is Revenue Ruling 81-232.

- ♦ **Special Rule for Medical Services** - Payments made for medical services are reportable regardless of whether or not the entity type is a corporation.

♦ **Payments to Corporations for *Legal Services are Reportable**

The exemption from reporting payments made to corporations does not apply to payments for legal services. All payments in the course of a trade or business of \$600 or more for legal fees to attorneys and law firms are reportable on Form 1099-MISC, *regardless of the entity type of the recipient*. These payments are still reported in Box 7. Legal services include payments to court reporters.

***Definition of legal services as defined by the IRS: All services performed by a law firm or other provider of legal services.**

1099-MISC reporting is not required for payments to attorneys acting as a settlement agent in connection with the closing of a real estate transaction.

- ♦ **Gross Payments to Attorneys are Reportable**

Payments to attorneys are reportable as “Gross Payments” when it is not known how much of the payment consists of the attorney fee. This type of payment is reported with the attorney’s TIN regardless of whether the attorney is the exclusive payee, regardless of the address on the payment. This type of payment is the result of a settlement agreement or judgment. The payments are reported in Box 14 on Form 1099-MISC.