



Coffee Break & Learn: Tip of the Week – December 7, 2017

Get Ready for 1099's

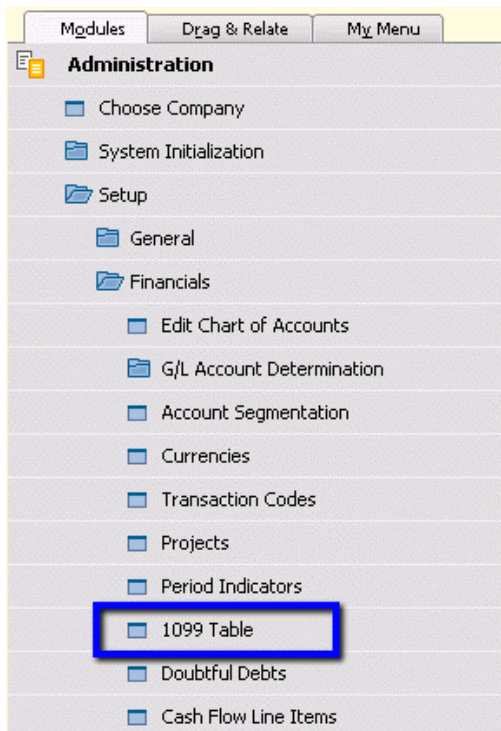
Available On All Softengine-Supported Versions

Background

Form 1099 is one of several IRS tax forms used to prepare and file an information return on various types of income other than wages, salaries, and tips. SAP Business One allows users to set up the tracking of 1099 payments to facilitate the 1099 printing. The complete setup can be done in 1099 Table, Vendor Master Data, Opening Balances, and 1099 Editing.

1099 Table

You may need to define criteria for your 1099 forms, such the box number, box description, as well as minimum 1099 amount. You may set up these criteria by accessing Administration > Setup > Financials > 1099 Table.



1099 Table – Setup

SAP Business One has provided the following predefined 1099 form types:

1099 Form	Purpose
1099 INT	Represents transactions related to loan interests
1099 DIV – 2005	Represents transactions related to profits
1099 MISC	General form to represent any other types of transactions.

In most cases, most 1099-relevant payments will be categorized as 1099 MISC. You may add new 1099 forms in the 1099 Table – Setup window by entering a new form in the next available row and clicking Update.

#	1099 Form
1	1099 DIV - from 2005
2	1099 MISC
3	1099 INT
4	1099 A
5	

Update Cancel 1099 Boxes

You may also set up the boxes for each form by double clicking on the row number corresponding to the 1099 form you wish to configure.

#	1099 Form
1	1099 DIV - from 2005
2	1099 MISC
3	1099 INT
4	

1099 Boxes – Setup

In the 1099 Boxes – Setup window, you may add additional 1099 boxes or specify a minimum 1099 amount.

#	1099 Box	Box Description	Minimum 1099 Amount
4	04	Federal income tax withheld	
5	05	Fishing boat proceeds	
6	06	Medical and health care payments	
7	07	Nonemployee compensation	600
8	08	Substitute payments in lieu of dividends or interest	
9	09	Direct sales	
10	10	Crop insurance proceeds	
11	13	Excess golden parachute payments	
12	14	Gross proceeds to an attorney	
13	15a	Section 409A deferrals	
14	15b	Section 409A income	
15	16	State tax withheld	
16	17	State/Payer's state no.	
17	18	State income	
18	19	Additional State Information	

The following provides further description of the columns:

Column	Description
1099 Box	Specify a unique code of up to 20 characters for the 1099 box. SAP Business One provides predefined codes for the 1099 boxes of each predefined 1099 form.
Box Description	Provide a description of up to 100 characters for each 1099 box you define.
Minimum 1099 Amount	Specify minimum 1099 amount for each box. Vendors who do not reach this amount are not included in the 1099 report by default.

Vendor Master Data

After you have set up your 1099 forms and boxes, you may track certain vendors as 1099s. You can find this option by opening a vendor master data and navigating to the Accounting tab.

Business Partner Master Data

Code Manual V20000 Vendor Local Currency

Name Lasercom Account Balance 0.00

Foreign Name Goods Receipt POs -8,499.80

Group West Coast Purchase Orders -342.89

Currency US Dollar

Federal Tax ID US21-187641

General Contact Persons Addresses Payment Terms Payment Run **Accounting** Properties Remarks Attachments

General Tax

Consolidating BP

Payment Consolidation Delivery Consolidation

Control Accounts

Accounts Payable 21100000-01-001-01 Accounts Payable - Domestic (HO, USA, GA)

Payment Advances

1099 Form 1099 MISC

1099 Box 03 - Other income

Connected Customer

You can select the relevant 1099 form and box for that vendor. In the above example, after the update, all invoices from Lasercom will be marked as Other Income in the 1099 MISC form by default.

A/P Invoice

Vendor V20000 No. Primary 422

Name Lasercom Status Open

Contact Person Jimmy Miller Posting Date 12/04/2017

Vendor Ref. No. Due Date 12/31/2017

BP Currency \$ Document Date 12/04/2017

Contents Logistics **Accounting** Attachments

Journal Remark A/P Invoices - V20000

Control Account 21100000-01-001-01 - Accounts

Payment Block

Max. Cash Discount

Payment Terms Net30

Payment Method Outgoing Checks

Installments 1

Manually Recalculate Due Date: 0 Months + 30 Days

Cash Discount Date Offset:

Deferred Tax

Submitted

BP Project

Indicator

Federal Tax ID US21-187641

Order Number

Form 1099 1099 MISC

Box 1099 03 - Other income

Referenced Document

Asset Value Date 12/04/2017

Note that after adding the invoice, you may still revise both the Form 1099 and Box 1099 values for as long as the invoice is open, as the 1099 values are marked during the time of payment. Once you have paid the invoice, the fields will be greyed out:

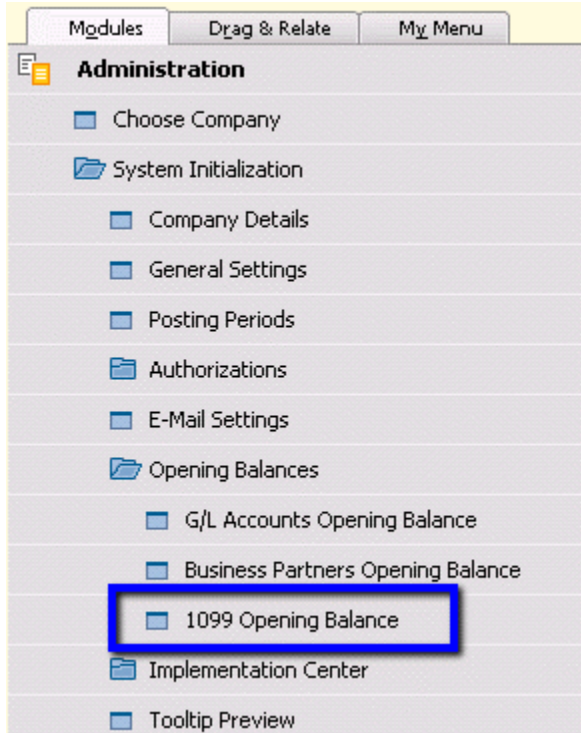
A/P Invoice

Vendor	→ V20000	No.	Primary	422
Name	Lasercom	Status		Closed
Contact Person	→ Jimmy Miller	Posting Date		12/04/2017
Vendor Ref. No.		Due Date		12/31/2017
Local Currency		Document Date		12/04/2017

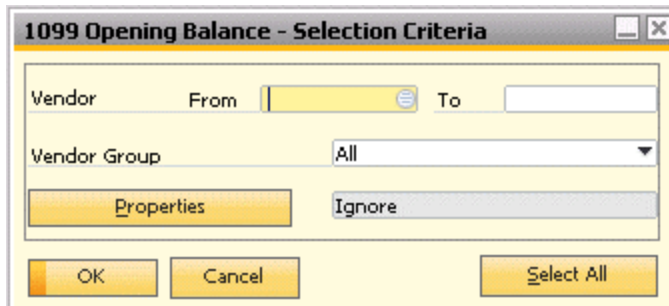
Contents	Logistics	Accounting	Attachments
Journal Remark	→ A/P Invoices - V20000	BP Project	
Control Account	→ 21100000-01-001-01 - Accounts	Indicator	
<input type="checkbox"/> Payment Block		Federal Tax ID	US21-187641
<input type="checkbox"/> Max. Cash Discount		Order Number	
Payment Terms	→ Net30	Form 1099	1099 MISC
Payment Method	→ Outgoing Checks	Box 1099	03 - Other income
Installments	→ 1	Referenced Document	...
Manually Recalculate Due Date:		Asset Value Date	12/04/2017
<input type="checkbox"/> Cash Discount Date Offset:	0 Months + 30 Days		
<input type="checkbox"/> Deferred Tax			
<input type="checkbox"/> Submitted			

1099 Opening Balances

If you are setting up the 1099s after vendor payments have been made in the current year or if you have understated your 1099 payments, you must update the 1099 values in the 1099 Opening Balances window. This can be accessed through Administration > System Initialization > 1099 Opening Balance.



You may then enter your selection criteria based on the vendor range, vendor group, and/or properties.



This will bring up the 1099 Opening Balance Report based on your selection criteria. In this window, you may enter additional 1099 amounts that were not recorded in the transactions within SAP Business One.

Vendor Code	Vendor Name	Posting Date	1099 Form	1099 Box	Amount	Submitted
→ V20000	Lasercom		1099 MISC ▼	03 - Other income ▼		<input type="checkbox"/>
						<input type="checkbox"/>

← OK Cancel

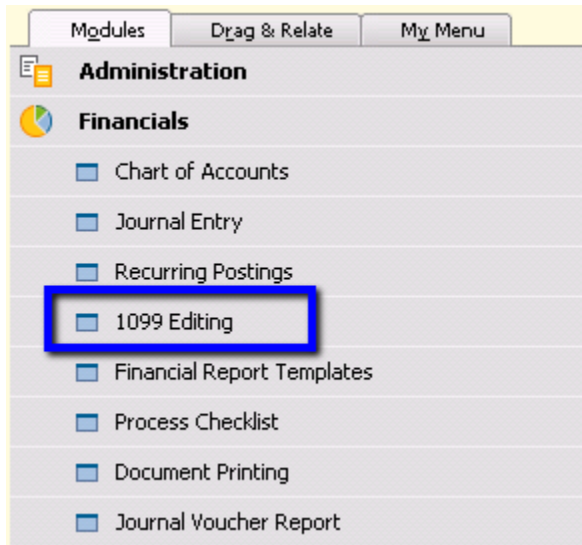
The following explains the columns in the 1099 Opening Balance window:

Column	Description
Vendor Code	Displays the code of the vendor, and provides a link to the respective master data record.
Vendor Name	Displays the name of the vendor.
Posting Date	Specify the posting date for the opening balance transaction.
1099 Form	From the dropdown list, select the 1099 form for which you want to set the opening balance.
1099 Box	From the dropdown list, select the 1099 form for which you want to set the opening balance.
Amount	Specify the amount of the 1099 opening balance for the vendor displayed in that row. <i>Note that the amount must not be empty or contain a value of 0.</i>
Submitted	If selected, the 1099 opening balance has been submitted.

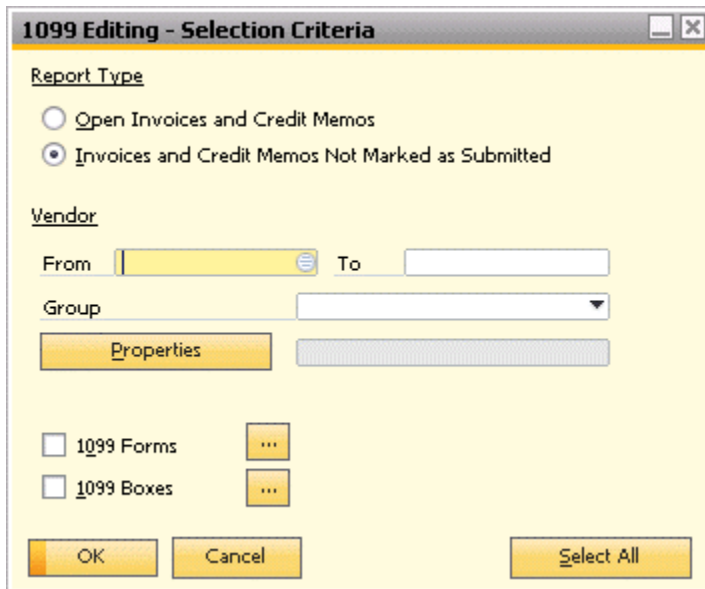
In short, the opening balance should contain the sum of actual opening balances as well as any amounts you missed to record as a 1099.

1099 Editing

In contrast to adding additional values, if you have overstated any amounts and need to reduce them, you may change them through the 1099 Editing window. You can access this through Financials > 1099 Editing.



You will be able to select based on report type, range of vendors and dates, vendor group, property, and 1099 form, and/or 1099 boxes.



The resulting 1099 Editing window will display the documents which have been flagged as a 1099. You may reduce (but not increase) the 1099 amount shown.

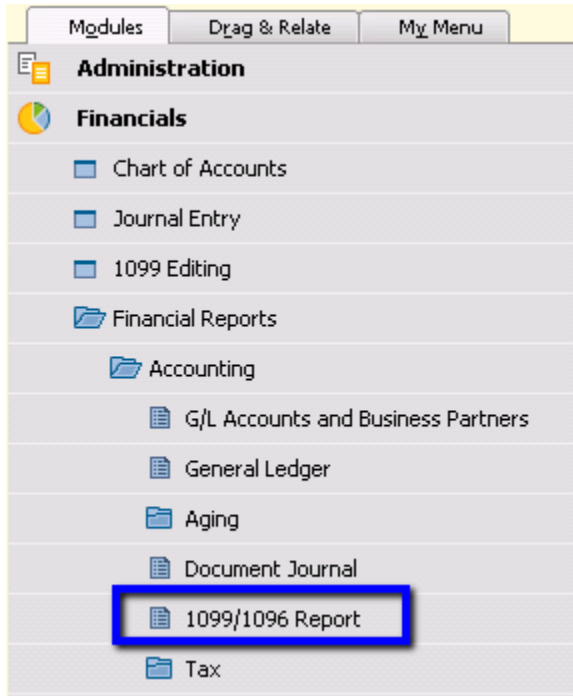
Vendor Code	Vendor Name	Invoice No.	Posting Date	Invoice Amount	1099 Form	1099 Box	Payment Date	Payment No.	Payment Amount	1099 Amount
→ V20000	Lasercom	→ 422		54.13	1099 MISC	03 - Other income		→ 269	54.13	54.13


The following explains the columns in the 1099 Editing window:

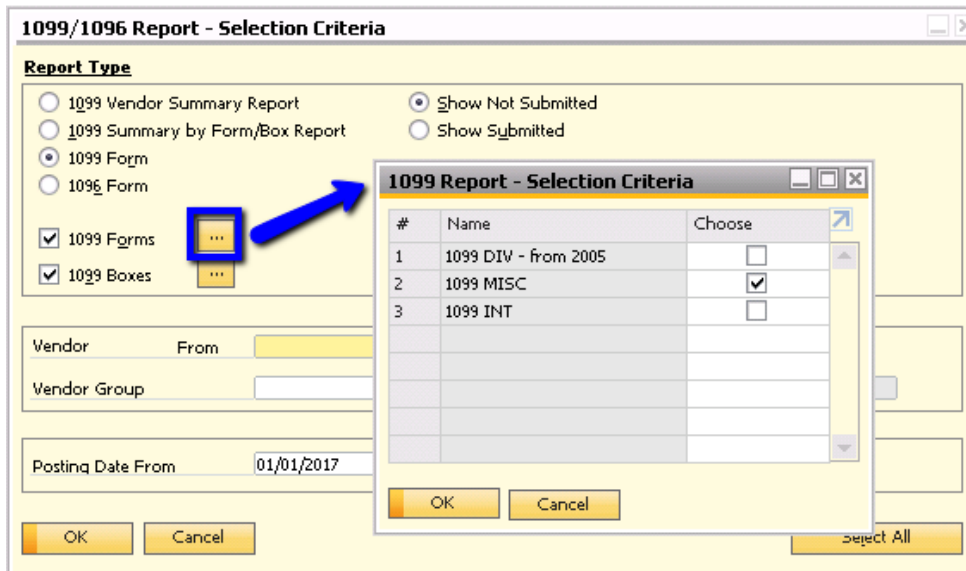
Column	Description
Invoice No.	Number of the invoice or credit memo and a link to the document.
Posting Date	Specify the posting date for the opening balance transaction.
Invoice Amount	Total amount of the A/P invoice.
1099 Form, 1099 Box	1099 form and box related to the document.
Payment Date	Date when the invoice was paid.
Payment No.	Number of the outgoing payment created for the invoice, and a link to it.
1099 Amount	1099 amount included in the payment. Change the amount if required.
Display 1099 Vendors Only	Displays only vendors that are linked to the 1099 form and 1099 box.

1099 Printing

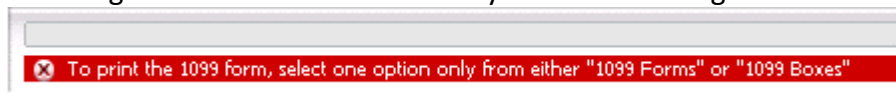
Once you review and complete 1099 editing, you can print your 1099 forms. You can run the forms by navigating to Financials > Financial Reports > Accounting > 1096/1099 Report.



In the 1099/1996 Report – Selection Criteria window, select 1099 Form as the report type, select Show Not Submitted, and click the  icon by the 1099 Forms and 1099 Boxes to select the form and box types.



Note that you may only select combinations of one 1099 form and one 1099 box at any time. Selecting more than one of each will yield the following error:



When you run the report, the 1099 Form Printing window will be displayed. This will include both the vendor payments made in the selected fiscal year (as shown in the 1099 Editing window) as well as the 1099 Opening Balances entered for that same year.

The screenshot shows a window titled "1099 Form Printing" with a table containing the following data:

Vendor Name	Vendor Tax ID	1099 Form	1099 Box	Total Payments	1099 Payments
→ Lasercom	US21-187641	1099 MISC	Other income	54.13	54.13
→ Lasercom	US21-187641	1099 MISC	Federal income tax withheld	54.13	54.13
Total		Lasercom		108.26	108.26
→ Blockies Corporation	US13-186727	1099 MISC	Other income	216.50	216.50
Total		Blockies Corporation		216.50	216.50

At the bottom of the window, there are three buttons: a back arrow, "OK", and "Cancel".

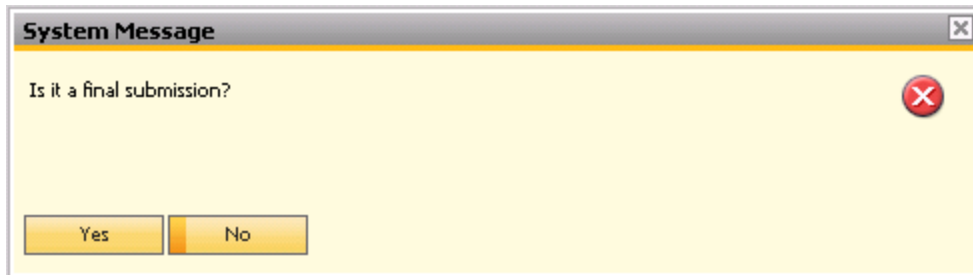
Note that you will see both the payment per box type as well as the total 1099 payment per vendor. By default, the system provides two layouts: one containing one vendor per page, the other containing two vendors per page.

The screenshot shows a dialog box titled "Choose Layout" with a list of layout options:

- Layout
- 1099 Form - MISC (System)**
- 1099 Form - MISC 2 (System)

At the bottom of the dialog box, there are two buttons: "OK" and "Cancel".

You may select the layout according to the form that you will be using. When you choose to print the forms, you will see a prompt asking if your submission is final.



It is highly recommended you select No until after you print your final 1099 forms, as selecting Yes will prevent you from making further changes to the 1099 values.

Summary

Setting up your 1099s can be summarized as follows:

1. Set up your 1099 Table in Administration > Setup > Financials > 1099 Table
2. Select the relevant 1099 form and box in your vendor master data's accounting tab
3. Enter opening balances or missing amounts in the 1099 Opening Balances window in Administration > System Initialization > 1099 Opening Balance
4. Edit (reduce) any overstated 1099 amounts in the 1099 Editing window in Financials > 1099 Editing

Ensure that you have printed your final 1099 forms before marking your submission as final.

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