

Diocese of San Diego

Guidelines for Preparing for Annual 1099 Processing

Each location is required to file a Form 1099-MISC for each person to whom you have paid during the calendar year at least \$600 in services performed by someone who is not your employee. This means that staff who have worked for the entire calendar year as an employee and receive a W-2 should **not** be receiving a 1099; this also applies to Pastors and Associate Pastors or Priests with Special Assignments who receive a W-2 from the Parish.

Each location is also required to file a Form 1099-MISC if you paid during the calendar year at least \$600 in rents. This does **not** apply to school paying rent to the parish. Please contact Sr. Vera for annual filing of rent payments.

In order to fulfill the IRS requirements and avoid penalties for the annual 1099 filing, all locations are to obtain a W-9 form from **all** vendors **regardless of the amount paid** to the vendor/landlord. All W-9 forms are to be maintained and filed together in a separate folder in the event of an audit by the IRS.

The W-9 form, Request for Taxpayer Identification Number and Certification, is key for the proper reporting of payments for 1099 purposes. As explained in the **Instructions for the Requester of Form W-9** that was updated in October 2018 by the IRS, the W-9 completed by the vendor is a ‘certification’ ‘under penalties of perjury’ that:

1. *The payee's TIN is correct,*
2. *The payee is not subject to backup withholding due to failure to report interest and dividend income,*
3. *The payee is a U.S. person, and*
4. *The FATCA code entered on this form (if any) indicating that the payee is exempt from FATCA reporting is correct.*

Since the W-2 is a certification, please do not make changes to the W-9 form.

Click here for a copy of the latest version of the W-9 form: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>

Click here for the complete IRS W-9 instructions: <https://www.irs.gov/pub/irs-pdf/iw9.pdf>

For further reading, click here for instructions for Form 1099-MISC <https://www.irs.gov/pub/irs-pdf/i1099msc.pdf>

SAMPLE 1099

Form W-9
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Go to www.irs.gov/FormW9 for instructions and the latest information.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
Ivan Tinker

2 Business name/disregarded entity name, if different from above
IT Services of San Diego

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.
 Individual/sole proprietor or single-member LLC
 C Corporation
 S Corporation
 Partnership
 Trust/estate
 Limited liability company. Enter the tax classification (C-C corporation, S-S corporation, P-Partnership) **S-Corporation**
 Other (see instructions)

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3).
Exempt payee code (if any)
Exemption from FATCA reporting code (if any)
(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.
1080 Colusa Street

6 City, state, and ZIP code
San Diego, CA 92110

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)
Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN, later.
Note: If the account is in more than one name, see the instructions for line 1. Also see What Name and Number To Give the Requester for guidelines on whose number to enter.

Social security number
OR
Employer identification number
55-1020304

Part II Certification
Under penalties of perjury, I certify that:
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person **Ivan Tinker** Date **12/1/18**

General Instructions
Section references are to the Internal Revenue Code unless otherwise noted.
Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.
Purpose of Form
An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:
• Form 1099-DIV (dividends, including those from stocks or mutual funds)
• Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
• Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
• Form 1099-S (proceeds from real estate transactions)
• Form 1099-K (merchant card and third party network transactions)
• Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
• Form 1099-C (canceled debt)
• Form 1099-A (acquisition or abandonment of secured property)
Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

Cat. No. 10231X Form W-9 (Rev. 10-2018)

THINGS TO LOOK OUT FOR ON A W-9

Line 1 must be completed. Use this name for 1099 reporting.

Line 2 is optional (generally it is the business name on checks if Line 1 is the name of a person).

Line 3 – Only one ‘tax classification’ must be selected.

If ‘**Limited liability company**’ is selected, make sure the **tax classification code** is also entered.

Line 4 generally does not apply.

Line 5 & 6 – Check that address is complete.

Part I – TIN - If the vendor enters **both** SSN and EIN, please return W-9 to vendor to indicate the number to be used for 1099 purposes.

Part II – Certification is completed.

What to do with the W-9 information?

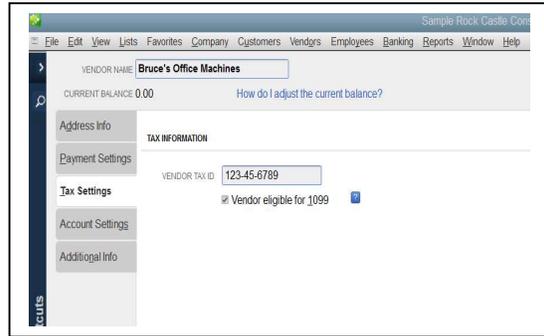
1. First step is to determine if the independent contractor is subject to 1099 reporting. Check the tax classification on Line 3 of the W-9:
 - a. ‘C’ or ‘S’ Corporations including LLCs who are taxed as ‘C’ or ‘S’ Corporations are not subject to 1099 reporting.
 - b. Exception: All attorney and legal payments are subject to 1099 reporting regardless of tax classification.

2. If the vendor is subject to 1099 reporting, upon receipt of the W-9:

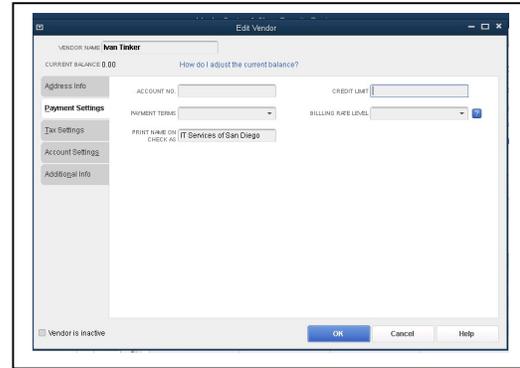
a. In **QuickBooks**:

i. Check that the **name from Line 1** and **address from Lines 5 & 6** of the **W-9** agrees with vendor information in QuickBooks.

In the **Tax Settings** tab of the vendor screen, enter the '**Tax ID**' and mark the box '**Vendor eligible for 1099**'.



ii. If the vendor name on checks and the name on Line 1 of the W-9 do not match, you can change your vendor name in QuickBooks to match the W-9 and use the 'Print Name On Check As' option to continue issuing checks as you normally have. The 'Print Name on Check As' option is found in the **Payment Settings** tab in the Edit Vendor screen.



b. Log into **Pay-Net** <https://www.pay-netonline.com/PayNet/Login/Login.aspx> and add the vendor to Pay-Net (1099-M) at the time you enter the information to QuickBooks. QuickBooks information does **not** automatically transfer to Pay-Net. The Diocese is not responsible for entering new vendors into Pay-Net. Refer to handout (distributed previously) on adding a vendor or contact Pay-Net if you need assistance.

Contact Sr. Vera if you do not have a login (user name is first initial and last name spelled out in full). If you forgot your password, please use the '**forgot my password**' link to reset your password.

c. For 1099 vendors with reimbursements, create a second vendor in QuickBooks and label them appropriately. For the separate **vendor created for reimbursements** only, do **not** enter the 'Tax ID' and do **not** mark the box 'Eligible for 1099' in the **Tax Settings** tab in QuickBooks. Separate checks will need to be cut for reimbursements. Be careful to post reimbursement checks only to the vendor name that is **not** subject to 1099 reporting.