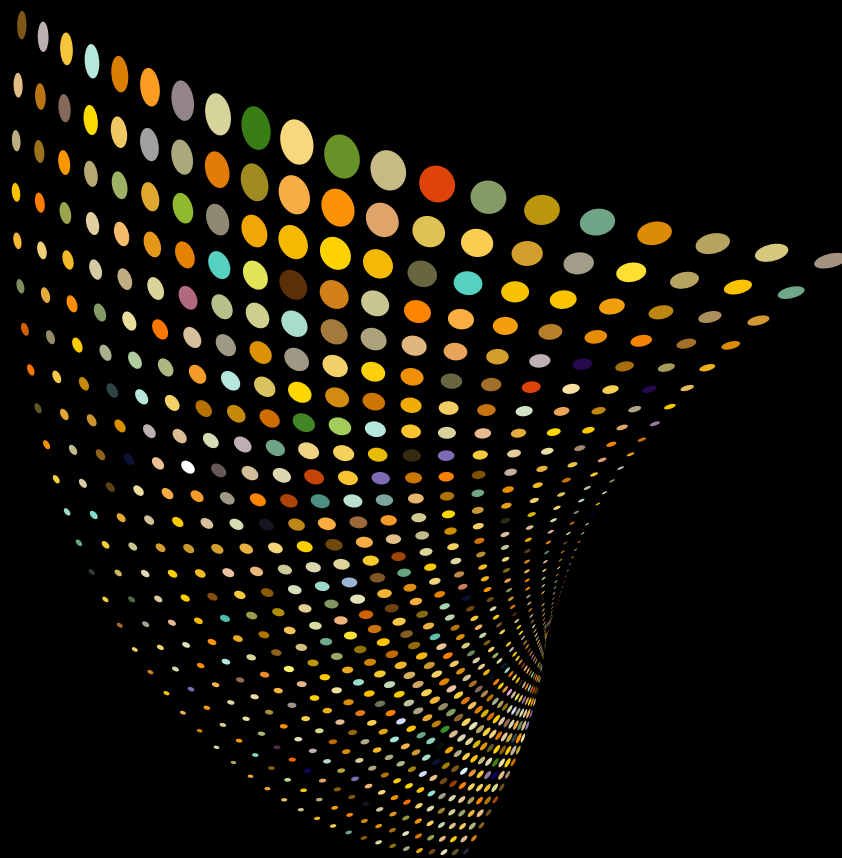


1099 Reporting Concepts



Keep Learning With CASBO!

2022 1099 Reporting Concepts

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Any tax advice included in this written or electronic communication was not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed on the taxpayer by any governmental taxing authority or agency.



References

- ✓ General Instructions for Information Returns Form W-9 and Instructions on IRS Website
- ✓ Pub 515 – Withholding on Nonresident Aliens
- ✓ Pub 1281 – Backup Withholding for Missing and Incorrect TINs
- ✓ Pub 1220 – Electronic forms to IRS
- ✓ Pub 1179 – Electronic forms to recipient/payees
- ✓ Pub 1586 – Reasonable Cause Provisions (Penalties)

All available at www.irs.gov

- ✓ California FTB Publication 1017
 - ✓ Resident and Nonresident Withholding Guidelines

Available at www.ftb.ca.gov



1099 Reporting Concepts

Districts should always make sure they are using the most current forms and instructions provided by the IRS and the State of California

- IRS Federal forms
 - <http://www.irs.gov>
- California Franchise Tax Board
 - <https://www.ftb.ca.gov/forms>
- California Employment Development Dept.
 - www.edd.ca.gov/Forms





NEW FILING CHANGES for Forms 1099 and 1042-S Coming

- Proposed regulations 102951-16
 - Lowers the filing threshold to 100 Forms and to 10 forms the year after.
 - Aggregates the filing threshold number among all types of information returns including Forms W-2, 1099 and 1042-S.
 - Requires corrections to be filed electronically if the original form was filed electronically.

Keep a watch on these changes

[IRS.gov/Form1099](https://www.irs.gov/Form1099)

To see the proposed REG-102951-16

<https://www.govinfo.gov/content/pkg/FR-2021-07-23/pdf/2021-15615.pdf>.

**Section 2:
Form W-9**

Form W-9

Request for Taxpayer Identification Number and Certification

Form W-9 is an IRS Form used to secure information required to be included on a Form 1099 such as:

- Name
- Address
- Taxpayer Identification Number
- Type of business

For Forms 1099-MISC and 1099 NEC, the name and TIN is required from your payee. The IRS does allow you to request this information by phone, fax, email, etc. but it is a best practice to use the W-9 for collecting such information as it guarantees you have a written record of the request.

As a policy or procedure, districts may choose to require a Form W-9 form every vendor they pay or only from the vendors that are required to receive a Form 1099 Misc.

New forms W-9 are not required to be obtained each year unless there is a change to the information. Changes may include a name change, taxpayer Identification number change or a change of the entity type of vendor.

Vendors who appear on an IRS B Notice listing MUST complete a new Form W-9 to avoid backup withholding of 24%. Required Forms W-9 due to B Notice Solicitations are required to be signed. In a B-Notice situation you will not be able to collect an electronically submitted Form W-9.

Foreign vendors do not complete a Form W-9. Instead they should provide a Form W-8 to provide their reporting information.

(See section on Foreign Vendor Reporting)

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.

Print or type. See Specific Instructions on page 3.	<p>1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.</p> <hr/> <p>2 Business name/disregarded entity name, if different from above</p> <hr/> <p>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.</p> <p> <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ▶ _____ </p>	<p>4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):</p> <p>Exempt payee code (if any) _____</p> <p>Exemption from FATCA reporting code (if any) _____</p> <p><small>(Applies to accounts maintained outside the U.S.)</small></p>
	<p>5 Address (number, street, and apt. or suite no.) See instructions.</p> <hr/> <p>6 City, state, and ZIP code</p> <hr/> <p>7 List account number(s) here (optional)</p> <hr/>	<p>Requester's name and address (optional)</p> <hr/>

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				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> </tr> </table>				
or				
Employer identification number				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> </tr> </table>				

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 ▶	Date ▶
------------------	----------------------------	--------

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-INT (interest earned or paid)

- 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.

Form W-9 Exemption Boxes

Form W-9
Request for Taxpayer Identification Number and Certification

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

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

2 Business name/disregarded entity name, if different from above

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.

4 Exemptions (code) apply only to certain entities; not individuals; see instructions on page 3:

Exempt payee code (if any)

Exemption from FATCA reporting code (if any) **N/A**

EXEMPT PAYEE CODE

- Corporations except: **Code 5**
 - Attorneys & Health and Medical
 - Foreign Corporations – Submits W-8 BEN-E
- Limited Liability Companies (LLC) **IF** set up as corporation **Code 5**
- Tax Exempt Organizations **Code 1**
- Government Entities **Code 3**



W-9 Reporting Entities

Entities that require a Form 1099 Misc. are required to furnish a taxpayer ID#

- Individuals/Sole Proprietors
- Limited Liability Partnerships (LLPs)
- Disregarded Limited Liability Companies
- Attorneys
- Health and Medical Services

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



Reporting Limited Liability Companies (LLC)

Single Member LLC- has only one owner (sole proprietors)

- Is treated by the IRS as a “disregarded entity”
- Disregard the name of the LLC and report the LLC owner name on Forms 1099
 - Even if you make the payment in the name of the LLC
- Use SSN or EIN of Business -IRS Prefers SSN
 - If using EIN make sure to have business name on line 2 of 1099 and owner’s name on line one.

Partnership LLC – Multiple Owners

- Report under name of LLC and not an individual name
- Must provide an EIN



Limited Liability Company

Form W-9 (Rev. October 2015) Department of the Treasury Internal Revenue Service	Request for Taxpayer Identification Number and Certification ▶ Go to www.irs.gov/FormW9 for instructions and the latest information.	Give Form to the requester. Do not send to the IRS.
1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.		
2 Business name/disregarded entity name, if different from above		
Print or type. See Specific instructions on page 3.	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.	
	<input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate	
	<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.	
	<input type="checkbox"/> 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) _____ <small>Applies to accounts maintained outside the U.S.</small>		5 Address (number, street, and apt. or suite no.) See instructions. Requester's name and address (optional)
6 City, state, and ZIP code		
7 List account number(s) here (optional)		

A Limited Liability Company with a Single Owner that has not filed as a corporation for tax purposes marks the first Box in Line 3

A Limited Liability Company that has 2 or more members or has filed for tax purposes as a corporation will mark the second box “Limited Liability Company” in Line 3 and indicate if they are a partnership or C or S Corporation.

- Limited Liability Companies that mark “C” or “S” are exempt
- Limited Liability Companies that mark “P” are reportable



W-9 –Sole Proprietor Names

Form W-9 (Rev. November 2017) Department of the Treasury Internal Revenue Service	Request for Taxpayer Identification Number and Certification ▶ Go to www.irs.gov/FormW9 for instructions and the latest information.	Give Form to the requester. Do not send to the IRS.
1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. Alexandria Johnson		
2 Business name/disregarded entity name, if different from above Catering by Allie		

Line 1 Sole Proprietor Owner name /Vendor on Line 1 as shown on tax return.

Line 2 Business name if different from the Sole Proprietor Owner name.

A sole proprietor may have an SSN or an EIN. However, they must always furnish their individual name on Line 1, regardless of whether they use a SSN or an EIN.

- the IRS prefers you use the SSN if provided
- If vendor provides only an EIN- make sure you fill out both line 1 and 2
 - IRS will try to make a match to the TIN using first 4 digits in each line.



W-9 –Sole Proprietor Names

7171 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0116	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Form 1099-NEC	
Alexandria Johnson dba Catering by Allie		Nonemployee Compensation	
PAYER'S TIN	RECIPIENT'S TIN 123-45-6789	1 Nonemployee compensation \$	Copy A For Internal Revenue Service Center File with Form 1096. <small>For Privacy Act and Paperwork Reduction Act Notice, see the 2021 General Instructions for Certain Information Returns.</small>
RECIPIENT'S name		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	
Street address (including apt. no.)		3	
City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$	
Account number (see instructions)	2nd TIN not <input type="checkbox"/>	5 State tax withheld \$	6 State/Payer's state no.
			7 State income \$
Form 1099-NEC Cat. No. 72590N		www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service	
Do Not Cut or Separate Forms on This Page – Do Not Cut or Separate Forms on This Page			



W-9 – Parent Corporation

Form W-9
Request for Taxpayer Identification Number and Certification
Give Form to the requester. Do not send to the IRS.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
Good Foods, Inc.

2 Business name/disregarded entity name, if different from above
Catering by Allie

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
 Corporation
 S Corporation
 Partnership
 Trust/estate
 Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) **P**
 Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.
 Other (see instructions)

4 Exemptions (codes apply only to certain entities; not individuals; see instructions on page 3).
Exempt payee code (if any) **5**
Exemption from FATCA reporting code (if any)

Line 1 The Parent Company/Corporation name would be entered and the Parent Company/Corporation EIN would be used for the TIN..

Line 2 May Show the vendor name how invoices you and you send payment to.

Since the Parent Company is a Corporation- No 1099 would be issued in this example.



Parent Company with a Limited Liability Company

Form W-9
Request for Taxpayer Identification Number and Certification
Give Form to the requester. Do not send to the IRS.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
Good Foods, LLC

2 Business name/disregarded entity name, if different from above
Catering By Allie

3 Check appropriate box for federal tax classification; 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) **P**
 Note: For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.
 Other (see instructions)

If this box is marked

Payments would be reportable to Good Foods, LLC even if you made payments out to “Catering By Allie”

- Partnerships are reportable

7171 VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116	Nonemployee Compensation
		Form 1099-NEC	
PAYER'S TIN	RECIPIENT'S TIN 48-1234567	1 Nonemployee compensation \$	
RECIPIENT'S name Good Foods, LLC dba Catering by Allie		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	
		3	

Copy A
For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act

W-9 Example for Tax Exempt U.S. Vendors

Form W-9 Request for Taxpayer Identification Number and Certification
 (Rev. October 2018)
 Department of the Treasury
 Internal Revenue Service

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

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

2 Business name/disregarded entity name, if different from above

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) **Tax Exempt Organization**
 Other (see instructions) **Tax Exempt Organization**

4 Exemptions (codes apply only to certain entities; not individuals; see instructions on page 3):
 Exempt payee code (if any) **1**
 Exemption from FATCA reporting code (if any)

5 A *Address (number, street, and apt. or suite no.) See instructions.
730 Abbott Road
Edmond, Ok 73044

6 City, state, and ZIP code

7 List account number(s) here (optional)

8 Requester's name and address (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
 Employer identification number
48-3456788



What about a W-9 with a Foreign Address?

- Example: When you have a U.S. citizen who is providing a service to you from a foreign country in which they are living.
- Since they are a U.S. Citizen, follow reporting rules for 1099 reporting
 - They will have a U.S. SSN or U.S. EIN and must signed the Form W-9 to attest they are a citizen.
- Also watch for U.S. Citizens from U.S. Territories.

Form W-9 Request for Taxpayer Identification Number and Certification
 (Rev. October 2018)
 Department of the Treasury
 Internal Revenue Service

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

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

2 Business name/disregarded entity name, if different from above

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)

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)

5 A *Address (number, street, and apt. or suite no.) See instructions.
687 Burdett Street
Victoria, Canada

6 City, state, and ZIP code

7 List account number(s) here (optional)

8 Requester's name and address (optional)



Classification	Possible 1099 Reporting	SSN	EIN
Sole Proprietor/Single LLC	YES	X	X
C Corporation	NO		X
S Corporation	NO		X
Partnership	YES		X
Trust/Estate	YES		X
Exempt	NO		X
LLC Corporation (C)	NO		X
LLC S Corporation (S)	NO		X
LLC Partnership (P)	YES		X



NOTICE OF INTENT TO WITHHOLD

U.S. Individuals and Entities

As an entity or independent Contractor doing business with the _____ school district you must complete applicable state and federal tax forms that are required to determine your federal and state withholding and reporting status. Please complete and return the attached forms. Failure to receive the completed forms can delay or cause adjustments to your payments.

Federal Form W-9- Under Federal Regulation §1604-1, vendors are required to provide us with their taxpayer identification number (TIN) to avoid backup withholding of 24%. In addition, the State of California also requires an additional 7% backup withholding on all payments subject to the IRS backup withholding requirement.

We will not be able to refund any backup withholding already deducted from the payment. Backup withholding is not a failure to pay you; it is an advance tax payment, which you can take as a credit when you file your federal and state tax returns.

California Form 590- All individuals and entities must complete Form 590 to determine California Residency for exemption from California withholding.

California Form 587- Payments made to corporations, limited liability companies and partnerships that do not have a permanent place of business in California are subject to a seven percent non-resident withholding on payments greater than \$1,500.00 for services performed in California and payments of leases, rents and royalties for property (real or personal) located in California. No withholding is required on payments for goods. (California Revenue and Taxation Code Section 18662).

Form 587 is used to allocate the amount of services performed within the state of California. Only payments sourced within California are subject to withholding. If Form 587 is not applicable or we do not receive the form with an allocation breakdown, 7% withholding will be deducted from your payment.

Some payees may obtain approval from the Franchise Tax Board (FTB) for a withholding waiver or a reduced rate of withholding, if the payee has a current history of filing California returns and/or making estimated payments when due.

If a waiver has been approved, there is no withholding on the payment. If a reduced rate has been approved, then the amount of tax indicated on the approval letter will be withheld.

If you have further questions, FTB Pub. 1017 Nonresident Withholding Independent Contractor Rent & Royalty Guidelines, can be obtained from the Franchise Tax Board.

Please return Form W-9 and Form 590 along with any applicable Forms 587 to:

Test Your Knowledge



You are currently paying a sole proprietor named Marcus Smith who has sent in a Form W-9 with a DBA “Smith Pool Services”.

You receive an additional Form W-9 from sole proprietor Marcus Smith for landscaping services he is also providing.

- On this Form W-9 the DBA is named “ High Energy Landscaping”.
- Both Forms W-9 include Marcus Smith’s SSN

How do you report a vendor with two different DBA's

- a) If payments for both services combined meet the \$600 threshold report the payments combined on one Form 1099 NEC
- b) If the payments individually for each DBA meet the \$600 threshold, issue a Form 1099 NEC for each of the DBA's
- c) Ask the vendor which DBA they prefer you report to.
- d) If the payments for both services combined meet the \$600, issue a Form 1099 NEC for each of the DBA's

**Section 3:
Backup
Withholding**

Backup Withholding

Backup withholding is an advance of income tax withheld on specific income types when a payee required to receive a Form 1099 Misc. fails to provide the payer a correct taxpayer identification number (TIN).

If the payer is required to withhold and remit backup withholding to the IRS, they are also required to withhold and remit backup withholding also to the state of California. Begin backup withholding immediately on any reportable payments. Do the required annual solicitation for the TIN and backup withhold until you receive a TIN. You must make up to three solicitations for the TIN to avoid a penalty.

Backup withholding can apply to most payments reported on Forms 1099 and W-2G, including:

- Rents
- Royalties
- Non-employee compensation for services

Backup withholding requires a payer to deduct and withhold 24% for the IRS and 7% to the State of California. Certain payees are exempt, such as government entities and tax-exempt organizations.

Reporting Backup Withholding to the Payee

You must provide vendors with information on the amounts withheld from each check. This is accomplished by reporting the total backup withholding on Form 1099-MISC, Box 4 or for services paid, report on Form 1099 NEC Box 4. Any California backup withholding is reported to the vendor using Form 592-B.

Reporting Backup Withholding to the Agencies

Form 945 is an annual report form, used for reporting all federal backup withholding for the year. You can e-file this form or send it by mail. If you send by mail, where you send the form depends on whether you are making a payment. California Backup Withholding is reported to the state on annual Form 592.

Backup Withholding

Is triggered when a Form 1099 is required and

- The taxpayer has not given you a taxpayer identification number (Social Security Number, Employer ID Number, or Individual Taxpayer ID Number) or
- The IRS has notified you that the Taxpayer ID number is incorrect

Federal

- **24% of reportable payments totaling \$600 annually**

California

- **7% triggered when Federal withholding is required**



Backup Withholding

Solicit:

- **Before the first payment to the vendor is made**
- **If the vendor has not provided the TIN by the end of the year in which the first payment was made,**
- **If there has been no response by the end of the second year in which you are paying them.**

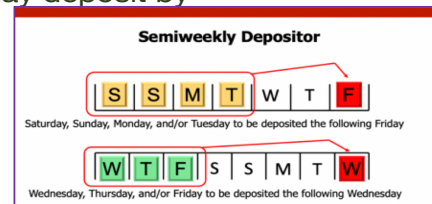
Withholding starts on first payment

Once TIN information is received you have 30 days to stop backup withholding



Depositing Federal Back-up Withholding

- If withholding payments is less than \$2,500 for the year, you may make payments along with Form 945 by January 31st .
- Once the total back-up withholding is \$2,500, you will electronically deposit the withholding based on type of depositor you are.
 - Either a semi-weekly or the monthly depositor.
 - **MOST ALL DISTRICTS ARE SEMI-WEEKLY DEPOSITORS**
 - **Check with your payroll department**
- Monthly depositors make deposit by the 15th of the month following the month you withheld the back-up withholding.
- Semiweekly deposit schedule
 - If liability hits on a Saturday through Tuesday deposit by
 - The following Friday
 - If liability hits on a Wednesday through Friday deposit by
 - The following Wednesday



Form 945 is an annual return, used to show federal income taxes you withheld under backup withholding requirements

Information you must report on Form 945 includes:

- All federal income tax withheld from U.S. Vendors subject to backup withholding.
- Total backup withholding calculated at total pay for all individuals times 24%.
- Total deposits made during the year.
- Balance due or overpayment.
- **Form 945 is due to the IRS by January 31, 2023**
- Amounts withheld are also reportable on applicable Vendor Forms 1099 in Box 4.

945 Annual Return of Withheld Federal Income Tax

OMB No. 1545-1430

Department of the Treasury Internal Revenue Service

2021

Name (as distinguished from trade name) _____ Employer identification number (EIN) _____

Trade name, if any _____

Address (number and street) _____

City or town, state or province, country, and ZIP or foreign postal code _____

A If you don't have to file returns in the future, check here and enter date final payments made: _____

1 Federal income tax withheld from pensions, annuities, IRAs, gambling winnings, etc.	3	
2 Backup withholding	2	
3 Total taxes, if \$2,500 or more, this must equal line 7M below or Form 945-A, line M	3	
4 Total deposits for 2021, including overpayment applied from a prior year and overpayment applied from Form 945-X	4	
5 Balance due, if line 3 is more than line 4, enter the difference and see the separate instructions	5	
6 Overpayment, if line 4 is more than line 3, enter the difference <input type="checkbox"/> \$ _____		

Check one: Apply to next return. Send a refund.

7 Monthly Summary of Federal Tax Liability. (Don't complete if you were a semiweekly schedule depositor.)

Tax liability for month		Tax liability for month		Tax liability for month	
A January		F June		K November	
B February		G July		L December	
C March		H August		M Total liability for year (add lines A through L)	
D April		I September			
E May		J October			

Do you want to allow another person to discuss this return with the IRS? See separate instructions. Yes, Complete the following: No.

Third-Party Designee: Designer's name _____ Phone no. _____ Personal identification number (PIN) _____

Sign Here: Signature _____ Print Your Name and Title _____ Date _____

Paid Preparer Use Only: Preparer's name _____ Preparer's signature _____ Date _____ Check if self-employed PTIN _____ Firm's name _____ Firm's EIN _____ Firm's address _____ Phone no. _____

For Privacy Act and Paperwork Reduction Act Notices, see the separate instructions. Cat. No. 14584B Form 945 (2021)



Annual Return of Withheld Federal Income Tax

▶ For withholding reported on Forms 1099 and W-2G.
 ▶ For more information on income tax withholding, see Pub. 15 and Pub. 15-A.
 ▶ Go to www.irs.gov/Form945 for instructions and the latest information.

OMB No. 1545-1430

2020

Type or Print	Name (as distinguished from trade name)	Employer identification number (EIN)	If address is different from prior return, check here. ▶ <input type="checkbox"/>
	Trade name, if any		
	Address (number and street)		
	City or town, state or province, country, and ZIP or foreign postal code		

A If you don't have to file returns in the future, check here and enter date final payments made. ▶

1 Federal income tax withheld from pensions, annuities, IRAs, gambling winnings, etc.	1		
2 Backup withholding	2		
3 Total taxes. If \$2,500 or more, this must equal line 7M below or Form 945-A, line M	3		
4 Total deposits for 2020, including overpayment applied from a prior year and overpayment applied from Form 945-X	4		
5 Balance due. If line 3 is more than line 4, enter the difference and see the separate instructions	5		

6 Overpayment. If line 4 is more than line 3, enter the difference ▶ \$ _____

Check one: Apply to next return. Send a refund.

- **All filers:** If line 3 is less than \$2,500, **don't** complete line 7 or Form 945-A.
- **Semiweekly schedule depositors:** Complete Form 945-A and check here ▶
- **Monthly schedule depositors:** Complete line 7, entries A through M, and check here ▶

7 Monthly Summary of Federal Tax Liability. (Don't complete if you were a semiweekly schedule depositor.)							
	Tax liability for month			Tax liability for month		Tax liability for month	
A January			F June			K November	
B February			G July			L December	
C March			H August			M Total liability for year (add lines A through L)	
D April			I September				
E May			J October				

Third-Party Designee Do you want to allow another person to discuss this return with the IRS? See separate instructions. Yes. Complete the following. No.

Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature ▶ Print Your Name and Title ▶ Date ▶

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

California Backup Withholding Reporting Forms

FORM	DUE DATE
<p>California Form 592, Resident and Nonresident Withholding Statement to the Franchise Tax Board (FTB)</p> <p>Report on Line 2 SEND DEPOSIT IN WITH YOUR FORM 592 at end of California quarterly period.</p>	<p>Quarter ending December 31st = January 15th Quarter ending March 31st = April 15th Quarter ending May 31st = June 15th Quarter ending August 31st = September 15th</p> <p>List all payees withheld upon during the filing period.</p> <ul style="list-style-type: none"> • FTB credits the withholding to the vendor's accounts.
<p>Form 592-V, Payment Voucher for Resident and Nonresident Withholding</p>	<p>Send Form 592-V with a check when you submit Form 592 to FTB.</p>
<p>Form 592-B, Resident and Nonresident Withholding Tax Statement</p>	<ul style="list-style-type: none"> • Send each payee Form 592-B by January 31st. • Keep a copy for your records. • Form 592-B is attached by payee when filing the required California tax return as proof of California source income and withholding credit. <p>Do not send a copy to the Franchise Tax Board</p>

California Quarterly Form 592

Used to Report Backup & Non-Resident Withholding

Fill out info for each vendor you are reporting on page 2

<small>TAXABLE YEAR</small> 2022	Resident and Nonresident Withholding Statement	<small>CALIFORNIA FORM</small> 592
Amended <input type="checkbox"/> Prior Year Distribution <input type="checkbox"/>		
Due Date: <input type="checkbox"/> April 18, 2022 <input type="checkbox"/> June 15, 2022 <input type="checkbox"/> September 15, 2022 <input type="checkbox"/> January 17, 2023		
Part I Withholding Agent Information		
Business name _____ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.		
First name _____ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.		
Complete District Information		
Address (apt., suite, room, PO box, or PMB no.) _____		
City (if you have a foreign address, see instructions) _____		State _____ ZIP code _____
Total Number of Payees _____		
Part II Type of Income		
Check all that apply:		
<input checked="" type="checkbox"/> Payments to Independent Contractors	<input type="checkbox"/> Distributions to Domestic Nonresident Partners/Members/Beneficiaries/S Corporation Shareholders	<input type="checkbox"/> Elective Withholding
<input type="checkbox"/> Trust Distributions	<input type="checkbox"/> S Corporation Shareholders	<input type="checkbox"/> Elective Withholding by Indian Tribe
<input type="checkbox"/> Rents or Royalties	<input type="checkbox"/> Estate Distributions	<input type="checkbox"/> Other _____
Part III Tax Withheld		
1 Total tax withheld from Schedule of Payees, excluding backup withholding (Side 2 and any additional pages)	1	_____
2 Total backup withholding (Side 2 and any additional pages)	2	406.00
3 Add line 1 and line 2. This is the total amount of tax withheld	3	406.00
4 Amount of prior payments not previously distributed	4	_____
5 Amount withheld by another entity and being distributed	5	_____
6 Add line 4 and line 5. This is the total amount of payments	6	_____
7 Total Withholding Amount Due. Subtract line 6 from line 3. Remit the withholding payment with Form 592-V, along with Form 592	7	406.00
<small>Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for 11231 to locate FTB 11231 EN-SP Franchise Tax Board Privacy Notice on Collection. To request this notice by mail, call 800.538.8552 and enter form code 946 when instructed.</small> <small>Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than withholding agent) is based on all information of which preparer has any knowledge.</small>		
Sign Here		
Print or type withholding agent's name _____	Telephone _____	
Withholding agent's signature _____	Date _____	
Print or type preparer's name _____	Preparer's PTIN _____	
Preparer's signature _____	Date _____	
Preparer's address _____	Telephone _____	
7081223 Form 592 2021 Side 1		

Withholding Agent Name: _____		Withholding Agent TIN: _____	
Schedule of Payees (Enter business or individual name, not both) PRINT CLEARLY			
Business name XYZ LLC		<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.	
First name _____	Last name _____	SSN or ITIN _____	
Address (apt., suite, room, PO box, or PMB no.) _____			
City (if you have a foreign address, see instructions) _____		State _____	ZIP code _____
Total income 1000.00		<input checked="" type="checkbox"/> backup withholding, check the box.	Amount of tax withheld 70.00
Business name _____		<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.	
First name Mary	Last name Martin	SSN or ITIN _____	
Address (apt., suite, room, PO box, or PMB no.) _____			
City (if you have a foreign address, see instructions) _____		State _____	ZIP code _____
Total income 4800.00		<input checked="" type="checkbox"/> backup withholding, check the box.	Amount of tax withheld 336.00
Business name _____		<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.	
First name _____	Last name _____	SSN or ITIN _____	
Address (apt., suite, room, PO box, or PMB no.) _____			
City (if you have a foreign address, see instructions) _____		State _____	ZIP code _____
Total income _____		<input type="checkbox"/> backup withholding, check the box.	Amount of tax withheld _____
Business name _____		<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.	
First name _____	Last name _____	SSN or ITIN _____	
Address (apt., suite, room, PO box, or PMB no.) _____			
City (if you have a foreign address, see instructions) _____		State _____	ZIP code _____
Total income _____		<input type="checkbox"/> backup withholding, check the box.	Amount of tax withheld _____



Handling IRS B Notices CP2100/CP2100A



IRS Publication 1281 (Rev. 5-2021)

Back up Withholding CP2100/2100A Notice

When the IRS sends a CP2100/2100A notice indicating a missing or incorrect payee TIN, the payer is required to send the payee a Form W-9 packet within 15 business days from the date of the CP2100/2100A notice or date of receipt of the notice, whichever is later.

A Form W-9 packet should include a copy of the notice and a blank Form W-9. The outside of the mailing envelope must be clearly marked "Important Tax Information Enclosed" or "Important Tax Return Document Enclosed".

In order to avoid backup withholding, the payee must correct the TIN information and respond within 15 days. If the TIN information is not corrected by the payee within 30 days of receiving the "B" notice, payers must begin backup withholding at the 24% rate.

Once a "B" notice is received, the payee must complete and return the Form W-9 package to the payer in order to correct the situation. The payer should cease backup withholding no later than 30 days after a payee furnishes a completed Form W-9 or TIN validation from the IRS/SSA.

If the CP2100/CP2100A notice received is the second within three calendar years with respect to the same payee account, payers must provide the payee with a Second "B" Notice but are not required to include a Form W-9. After receiving a second CP2100 or CP2100A Notice within three calendar years, you must send the second "B" Notice to a payee. The text of the Second "B" Notice differs from the First "B" Notice. The second "B" Notice instructs the payee to contact the IRS or the SSA (Social Security Administration) in order to obtain the correct Name/TIN combination. A Form W-9 should not be included in the mailing of the second notification. After mailing the second "B" Notice, the payee is required to get validation of the payee's Name/TIN combination from the SSA or IRS. You are not obligated to issue a "B" Notice to the same account more than twice in three calendar years.

What is CP2100/CP2100A Notice? B NOTICE

- The CP2100/2100A Notice is accompanied by a listing of missing, incorrect, and/or not currently issued payee Taxpayer Identification Numbers (TINs).
- Letters are also provided to send to vendors
- Notices are sent out in Spring and Fall
 - Separate notices will be sent for Forms 1099 Misc. and Form 1099 NEC.



Researching B Notices

Research for Clerical Errors

- Correct any errors on current system.
- No form correction is necessary
- Document corrections

Check any B Notices you have received within the calendar year.

- No further notice needs to be sent if the previous notice was for the same 1099 filing year



Sending Out A First B-Notice

In the W-9 vendor packet enclose a

- Return Envelope (optional)
- **Current** Blank Form W-9
 - Vendor must hand sign (no electronic signatures) the newly submitted Form W-9
 - Vendor can attach new signed W-9 through e-mail
- The “First B-Notice” letter

If no vendor response, backup withhold until a certified Form W-9 is received.



Sending out B Notice Letters

- The B-Notice letter must be mailed out as a hard copy.
- Mail to listed payees within 15 business days from the date on the IRS B Notice list or the date district received the notice, whichever is later.
- Vendors must respond to avoid backup withholding within 30 business days from the date of your IRS B Notice list or date your district received the notice, whichever is later.

The letter should be sent to the payee in an envelope stating:

“IMPORTANT TAX INFORMATION ENCLOSED”

- Send the vendor packet “certified mail” for proof of mailing.



Sending Out A First B-Notice

In the W-9 vendor packet enclose a

- Return Envelope (optional)
- **Current** Blank Form W-9
 - Vendor must hand sign (no electronic signatures) the newly submitted Form W-9
 - Vendor can attach new signed W-9 through e-mail
- The “First B-Notice” letter

If no vendor response, backup withhold until a certified Form W-9 is received.



Sending Out A Second B-Notice

If this is the second time the vendor has been on a B-Notice within three years:

- Send the vendor the “**Second B-Notice**” letter
- Do not send a Form W-9
 - Vendor must provide a letter from IRS for an EIN or Social Security Card if using an SSN



Vendor Response For Second Notice in Three Years Using an EIN

When a payee appears on the CP2100/CP2100A notice twice within three calendar years:

- **If the TIN is an EIN**
 - the payee must validate their TIN by providing an **IRS Letter 147C**.
- If no 147C letter is provided begin backup withholding no later than 30 business days after the date on the second notice.



Vendor Response For Second Notice in Three Years Using a SSN

When a payee appears on the CP2100/CP2100A notice twice within three calendar years:

- **If the TIN is an SSN**
 - request a copy of the vendor's Social Security card
 - check if the name and SSN differ from the name and SSN combination appearing on the second B notice

If Social Security Card is not provided, begin backup withholding no later than 30 business days after the date on the second notice.



Form 1099-Misc. 2nd TIN Notice

- Mark the “2nd TIN Notice” box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect TIN.
 - IRS will not send you any further notices about this account.

The image shows a 2020 Form 1099-Misc. The form is titled 'Miscellaneous Income' and includes fields for PAYER'S name, address, and city/state/ZIP, and RECIPIENT'S name, address, and city/state/ZIP. A blue arrow points to the '2nd TIN Notice' box, which is located in the 'RECIPIENT'S name' section. The box is labeled '2nd TIN Notice' and has a 'Yes' checkbox that is checked with an 'X'.



Correcting Your Files

- Make corrections to your Accounts Payable System and vendor files with updated vendor information
 - Flag any non-responded vendors in your file for back-up withholding.
- No 1099 Form corrections are necessary as a result of a “B Notice” or Penalty Notice solicitation.



Want to Know if You Have Been Sent a “B Notice”?

- Call 866-455-7438
- Select Option 2
- Provide your district EIN



Test Your Knowledge

You have a vendor on your B notice list with the name F.B. Asphalt with a TIN of 465-88-1234.



You pull your vendor file and note that invoices from the vendor have the heading “F.B. Asphalt” which is the name you sent the payment to. The 1099 filed for the vendor had the name F.B. Asphalt followed by the vendor’s address.

When you pull the Form W-9 submitted by the vendor you see the name on line 1 as Fredrick Brit and line 2 as F.B. Asphalt. The TIN on the Form W-9 is 465-88-1234.

Which is the action that should take place?

- a) Send the vendor a B Notice letter
- b) Correct your system to send the 1099 in the name of Fredrick Brit
- c) Call the vendor and ask them to send you another Form W-9
- d) None of the above



IRS Notice 972CG Notice of Proposed Civil Penalty



NOTICE 972CG, NOTICE OF PROPOSED CIVIL PENALTY

Notice 972CG proposes an IRC 6721(a) penalty for the information returns that were filed late, filed on incorrect media, filed with missing or incorrect TIN, or a combination of these failures. Filers should compare the list containing incorrect vendor information with their records to determine if:

- The appropriate action was taken in the year for which the penalty is being proposed to meet the requirements for establishing reasonable cause, and
- If an annual solicitation must be made in the current year to avoid penalties in future years.

Contents of Notice 972CG Include

- An explanation of the proposed penalty,
- An explanation of how to respond to the notice,
- A record of each submission considered in the total penalty, including the form type, date received (if not timely filed), whether the returns were original or corrected, the transmitter control code (for electronic filers), and the type of penalty that applies (or penalties that apply) such as late, incorrect TINs, etc.,
- A list of the information returns filed with missing or incorrect name/TIN combinations so the filer can reconcile with the filer's records,
- A summary of the proposed penalty, which takes into consideration all penalties proposed, and the maximum penalty amount that can be assessed under IRC 6721(a),

- A response page, and
- A payment/correspondence slip.

How to Answer Notice 972CG

- The notice must be answered within 45 calendar days from the notice date.
- If more time is needed, submit a written request to the address listed on the notice before the end of the 45 day period.
- Send in the portion of the payment/correspondence slip that is appropriate to the filer's response (i.e., fully agreeing, partially agreeing, or totally disagreeing with the proposed penalty). Sign in the space provided and submit payment if the filer fully or partially agrees to the proposed penalty.
- In seeking a waiver of the proposed penalty, the filer must submit a written statement that:
 - States the specific provision under which the waiver is being requested (for example: event beyond filer's control), see Treas. Reg. 301.6724-1(b) and (c),
 - Sets forth all the facts alleged as the basis for reasonable cause and that the filer acted in a responsible manner (for example: specifies that the applicable solicitation for each missing/ incorrect TIN took place in the time and manner required by regulations.
- Do not submit copies of the solicitations unless requested.
- The IRS may issue Letter 1948C to ask for additional explanation or information to support the request to waive the proposed penalty. If the filer doesn't respond by the time indicated on the letter, the IRS will deny the waiver request and assess the proposed penalty.
- If reasonable cause is established, IRS will issue Letter 1948C stating that the explanation given was accepted and the applicable penalty will not be assessed.
- If the filer's written statement does not establish reasonable cause, or only partially establishes reasonable cause, a penalty will be assessed. The IRS will send Letter 854C explaining the reason for the denial, including the filer's appeal rights. The assessment will generate a balance due notice (CP15 or CP215) including appeal rights.
- No response to the Notice 972CG within 45 days will result in assessment of the full amount of the proposed penalty and a balance due notice (CP15 or CP215) including appeal rights being issued.

Responding to Notice 972CG, Notice of Proposed Civil Penalty

May include proposed fines for:

- late filing and/or failure to file electronically if required
- Filing without a vendor TIN number
- Not filing a machine-readable paper form
- Vendor name/TIN mismatch



Notices are sent out in August

Do not pay the penalty if you have done your B-Notice Solicitations.



How to Answer Notice 972CG

Answer within 45 days from the notice date.

- **If more time is needed, submit a written request to the address listed on the notice before the end of the 45-day period.**
- Return the response page included in the 972-CG notice.
- Note your disagreement and include a detailed letter of explanation.
- Show why you believe the penalty should not be assessed and how you acted responsibly.
- Keep it courteous and professional.



How to Answer Notice 972CG

Provide a detailed explanation of the steps taken to comply with the B Notice Procedures

- You must address each vendor
- **Explain your B notice procedure and result;**
 - You received a new W-9 from the vendor
 - You corrected your clerical mistake in your system
 - You began backup withholding



How to Answer Notice 972CG

- **Communicate your history of compliance**
 - Mention you have not paid penalties in the past
 - Include if you use the TIN Matching System.
 - Mention any new procedures you have put into place;
- **Include an acknowledgment that the declaration is made under penalties of perjury and sign the document.**
- **You do not have to include copies of evidence such as your TIN solicitation letters or new W-9's.**
 - The IRS will send a 1948C letter to request additional information or notify you that the penalty is waived.
 - A CP15/215, on the other hand, will confirm the penalty assessment and demand payment.
 - **You can appeal the decision**





- IRS B-notice annotated with detail of action taken on each vendor
- Copies of letters sent to vendors
- Complete set of signed W-9 responses
- Evidence of backup withholding



WHERE TO CALL IRS FOR HELP

For questions about **backup withholding, information reporting, Forms 1099, or the CP2100 or CP2100A Notice(s) and listing(s)**

Technical Services Operation Customer Service Section

- Telephone (866) 455-7438 (TOLL FREE) / (304) 263-8700 (not toll free) Hours 8:30 am to 4:30 pm Monday through Friday - Eastern Time



How Can I Avoid B-Notices?



- IRS Publication 1220
 - Examples of how name matches are performed
- Publication 2108A
 - Using the TIN Matching Program



Name Control Matches



The IRS validates the vendor's 1099 Name and TIN by matching the:

- first 4 letters of an individual's last name against the TIN, or
- first 4 characters in the first word in a business name against the TIN. (excludes articles a, an, the)

The IRS reads both lines to make a match.

See IRS Publication 1220 - Exhibits Part E
<https://www.irs.gov/pub/irs-pdf/p1220.pdf>



Verifying Vendor Filing Name

The vendor may not have paid detailed attention to name they provided on Form W-9

Example: First Street Auto or 1st Street Auto?

- Ask vendor to supply name as it appears on their tax returns
- If the vendor does not remember the name associated with filing for their EIN
 - ask the vendor to search their name and EIN by calling the IRS Business & Specialty Tax Line at (800) 829-4933.



Publication 1220 - Exhibits Part E

<https://www.irs.gov/pub/irs-pdf/p1220.pdf>

Exhibit 1 Name Control

The "B" record includes a field in the payee records titled, "Name Control" in which the first four characters of the payee's last name are to be entered by the filer. If filers are unable to determine the first four characters of the last name, the Name Control Field may be left blank.

It is important to submit the "B" record with an accurate Name Control as it facilitates the identification of the payee within the IRS programs. The guidelines below are broken into organization type.

Individuals

A name control for an individual is generally the first four characters of the last name on the information return.

- The name control consists of four alpha and/or numeric characters.
- The hyphen (-) or a blank space are the only special characters allowed in the name control. These characters cannot be in the first position of the name control.
- The name control can have less, but no more than four characters. Blanks may be present only as the last three positions of the name control.
- If an individual has a hyphenated last name, the name control is the first four characters from the first of the two last names.
- For joint returns, regardless of whether the payees use the same or different last names, the name control is the first four characters of the primary payee's last name.

Examples - Individuals

Name	Name Control
Ralph Teak	TEAK
Dorothy Willow	WILL
Joe McCedar	MCCE
Brandy Cedar-Hawthorn	CEDA
Victoria Windsor-Maple	WIND
Joseph Ash & Linda Birch	ASH
Edward & Joan Maple	MAPL

155 _____

Exhibit 1 Name Control (continued)

Sole Proprietor

- A sole proprietor must always use his/her individual name as the legal name of the business for IRS purposes.
- The name control consists of four alpha and/or numeric characters.
- The name control can have less, but no more than four characters.
- The hyphen (-) or a blank space are the only special characters allowed in the name control. These characters cannot be in the first position of the name control.
- When the taxpayer has a true name and a trade name, the name control is the first four characters of the individual's last name.
- When an individual's two last names are hyphenated, the name control is the first four characters of the first last name.

Examples - Sole Proprietor

Name	Name Control	Comment
Arthur P. Aspen Trade Name: Sunshine Restaurant	ASPE	The name control for a sole proprietor's name is the first four significant characters of the last name.
Maiden Name: Jane Smith Married Name: Jane Smith Jones	JONE	When two last names are used but are not hyphenated, the name control is the first four characters of the second last name.
Jane Smith-Jones	SMIT	
Elena de la Rosa	DELA	The Spanish phrases "de", "De", "del", and "de la" are part of the name control.
Juan Garza Morales	GARZ	For Spanish names, when an individual has two last names, the name control is the first four characters of the first last name.
Maria Lopez Moreno	LOPE	
Sunny Ming Lo	LO	For last names that have only two letters the last two spaces will be "blank." Blanks may be present only as the last three positions of the name control.
Kim Van Nguyen	NGUY	Vietnamese names will often have a middle name of Van (male) or Thi (female).

Registering for the TIN Matching Program

The taxpayer identification number or TIN Matching program can help you avoid costly penalties and expenses from filing invalid Forms 1099! TIN Match is a free web-based program offered by the IRS.

TIN Match is a prefiling service for payers and their authorized agents who submit certain Form 1099 information returns.

To be eligible to use the TIN matching program your organization must have filed at least one information return types in one of the past two tax years. The program validates whether the TIN and name combinations you enter match IRS tax filing records prior to submission of the information returns.

- Payors enrolled in the service receive an immediate response for up to 25 Name/TIN combinations.
- Or, you may upload up to 100,000 name TIN combinations and receive a response within 24 hours.

The system will return the name TIN combinations with a match indicator to tell you whether the name TIN combination you entered match IRS records.

To apply for TIN Match the principal of your organization and those that will use the services all must register for e-services at IRS.gov using the new SECURE ACCESS process. Simply type 'e-services' in the search box and click on 'eservices online. Next, select TIN Matching under e-Services Applications.

Secure Access will walk you through registration for e-Service and the application for TIN Matching.

Secure Access ensures that your e-Services Account is secured by the identity proofing process called Secure Access.

Old and new users are required to register with Secure Access in order to use e-Services - including TIN MATCH.

Secure Access strengthens security because it uses a two Factor authentication process.

This means that after you log in with a username and password a security code will be sent to your mobile phone or your IRS2GO app for you to verify each time

you log in. After responding to the registration questions, users create a user-name password and pin that allow them to access the system.

Once the registration is complete users receive a confirmation token at their home address.

The token must be validated within 28 days of the initial registration.

After registering for e-services the principal will log in to the newly established e-services account, select “application for TIN matching” and follow the instructions to complete the application. Your organization may have multiple users of the system - each user of the TIN matching service must complete their own Secure Access registration to establish a unique username and password.

Once users are confirmed the principal completes or updates the eservices application and all authorized users can begin using interactive or bulk TIN Matching that same day. For assistance in registering for e-services select the registration services link on the page.

For detailed instructions and background on TIN Matching, download Publication 2108-A, entitled “On-Line Taxpayer Identification Number (TIN) Matching Program.”

Participants in the Interactive and Bulk TIN Matching Programs may receive assistance in two ways: a) Via the e-services on-line tutorials at <https://la1.www4.irs.gov/eservices/Registration/index.htm>. b) Via the e-Help Desk.

Callers in the United States may dial 1-866-255-0654. This toll – free number is operational Monday through Friday, 7:30 AM – 7:00 PM (EST).

Registering for Secure Access for IRS e-Services

e-Services is a suite of web-based tools provided by the IRS to allow tax professionals, reporting agents, mortgage industry professionals and payer to complete transactions online. Some of the tools available include:

- Registration Services,
- e-File Application and summary (needed to e-file through Drake, see **Related Links** below),
- Transcript Delivery,
- Taxpayer Identification Matching.

Secure Access

To better protect taxpayers, the IRS recently upgraded its identity verification process for e-Services and other online tools. Secure Access Authentication implements more rigorous identity verification to prevent taxpayer impersonations and account takeovers by thieves.

Secure Access better protects online tools and taxpayer data by using multiple factors to verify the identities of new users registering for the first time.

After registration and identity verification, Secure Access continues to protect information after the registration process using a two-factor authentication to access the e-Services tools.

Initial Identity Verification

The initial verification with Secure Access has three stages:

1. Identity verification with IRS
2. Financial verification with third party vendor
3. Mobile device verification

For the identity check with the IRS, you will need the following information readily available:

- Full Name
- E-Mail Address
- Mailing Address

- Date of Birth
- SSN or ITIN
- Tax Filing Status

For the financial verification process, you will need an account number from one of the following:

- Credit Card (no debit cards or American Express)
- Home Mortgage Loan
- Home Equity (second mortgage) Loan
- Home Equity Line of Credit (HELOC)
- Auto Loan

The IRS does not retain this information, but uses it to provide another layer of identity verification through financial records. If you have a credit "freeze," it must be lifted before this process can be completed.

Users are also required to have a text-enabled mobile phone to complete the verification process. The mobile phone must be associated in the individuals name being verified via Secure Access. Only U.S. based mobile phones may be used. Landlines, Skype, Google Voice or any virtual phones as well as pay-as-you-go phones may not be used.

If you do not have a phone associated with your name, you can request a verification code to be sent to you via U.S. Mail.

To get started,

1. Review these links from the IRS:
 - [*Information about Your e-Services Account*](#)
 - [*Secure Access: How to Register for Certain Online Self-Help Tools.*](#)
 - [*FAQs about e-Services and Secure Access*](#)
2. Then, access your account by going to your normal login page and entering your e-Services username.
3. You will receive a prompt that will direct you through the new registration process.
4. If you are unable to complete the online registration, see **Exception Processing** below.

Logging in After the Initial Secure Access Verification is Complete

Returning users who have completed the Secure Access verification process, must log in to e-Services with their username and password. They will also need to enter a security code sent to them via text or the IRS2Go app. This two-factor authentication process is required for every subsequent logon to the e-Services site.

The IRS2Go app is available for free on the Apple App Store, Google Play Store and Amazon App Store. It will work on mobile devices powered by Apple (iPhone and iPad), Android (phones and tablets by Google, Samsung and other manufacturers) or Amazon (Amazon Fire tablets).

(TIN) Matching Process IRS Publication 2108A



Before you begin you must have an IRS [e-services](#) account.

The Taxpayer Identification Number (TIN) Matching Program is accessible via the eServices Registration home page, located at

www4.irs.gov/e-services/Registration/index.htm.

- Match up to 25 payee TIN and name combinations against IRS records prior to submitting an information return.
- Bulk TIN matching allows payers to match up to 100,000 TIN and name combinations.
 - Results are within 24 hours.



Where to Go For Help

Participants in the Interactive and Bulk TIN Matching programs may receive assistance in two ways:

- **Via the e-services on-line tutorials at <https://irs.gov/eservices>**
- **Via the e-Help Desk.**
 - Callers in the United States may dial 1-866-255-0654.
 - This toll-free number is operational Monday through Friday, 7:30 AM – 7:00 PM (EST).

**Section 4:
Reporting Forms
1099 Payments**

2022 Form 1099 Reporting

1099 Misc.

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0115		Miscellaneous Information
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Form 1099-MISC (Rev. January 2022)		
1 Reits \$		For calendar year 20__		
2 Royalties \$		3 Other income \$		Copy 1 For State Tax Department
PAYER'S TIN	RECIPIENT'S TIN	4 Federal income tax withheld \$	5 Fishing boat proceeds \$	
RECIPIENT'S name		6 Medical and health care payments \$		
Street address (including apt. no.)		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		8 Substitute payments in lieu of dividends or interest \$		
13 FATCA filing requirement <input type="checkbox"/>		9 Gross proceeds paid to an attorney \$		
Account number (see instructions)		10 Gross proceeds paid to an attorney \$		
14 Excess golden parachute payments \$		11 Fish purchased for resale \$		
15 Nonqualified deferred compensation \$		12 Section 409A deferrals \$		
16 State tax withheld \$		17 State/Payer's state no.		
18 State income \$		19 State income \$		

Form **1099-MISC** (Rev. 1-2022) www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service

1099 NEC

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0116		Nonemployee Compensation
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Form 1099-NEC (Rev. January 2022)		
7171		For calendar year 20__		
PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensation \$	Copy A For Internal Revenue Service Center File with Form 1096.	
RECIPIENT'S name		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>		For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.
Street address (including apt. no.)		3		
City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$		
Account number (see instructions)		5 State tax withheld \$		
2nd TIN not <input type="checkbox"/>		6 State/Payer's state no.		
7 State income \$		7 State income \$		

Form **1099-NEC** (Rev. 1-2022) Cat. No. 75209N www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page -- Do Not Cut or Separate Forms on This Page



Who Gets A Form 1099?

- **U.S. Vendors will receive a Form 1099 unless exempt as an organization from reporting.**
 - Non-profits, governmental/state agencies are exempt
 - Corporations are exempt except for Legal and Medical
- **and they have received reportable types of payments from you that meet the IRS threshold**
 - \$600 or \$10 for Royalties for the calendar year.
 - There are no threshold amounts for backup withholding and gross proceeds to attorneys, so those types of payments would be reportable even if the total payments for the year were less than \$600.
- **and based on the payment method that was used in the payment transaction – NEXT SLIDE**

WHEN IN DOUBT, REPORT THE PAYMENT

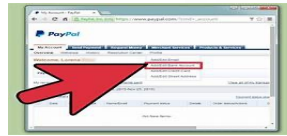


Reportable/Non-reportable Payment Methods

- **Credit Card Payments**
 - Not reportable for U.S. Vendors



- **Payments through 3rd Party**
 - Not reportable



- **Cryptocurrency**
 - Reportable



- **Vendor Electronic Payments**
 - Reportable



Form 1099 Non-Reportable Payments

- Payments for Utilities
- Purchases of goods unless incidental to services
- Insurance premiums
- Substantiated travel reimbursements to consultants
- Extended Service Contracts
- Dues/Subscriptions to professional organizations
- Settlements for personal physical injury, medical expense reimbursement, property damage claims
- Storage facilities rentals, rent paid to a real-estate agent
- Substantiated reimbursements to parents for special education expenses
- Scholarships
- Credit Card Payments to U.S. Vendors

These are examples – if in doubt, mark the payment for reporting



Scholarship Payments



Not reportable on Form 1099 when:

- Given to a U. S. candidate for a degree at an eligible educational institution
- The scholarship is used only for educational expenses excluding room and board and
- The scholarship doesn't represent a payment for teaching, research, or other services required as a condition for receiving the scholarship.
 - Be wary of payments with the wording "scholarship" that are provided for incentive payments.
 - These would be reportable if over the \$600 aggregate threshold.



Reporting Software Payments from U.S. Vendors

Payment Type		Report
Goods	If no requirements the vendor has to update the version and no license is required to use it.	No
Rental Income	If software is downloaded or installed in U.S. and there is a time limitation to use or renewal the license.	1099 Misc. Box 1
Royalties \$10 Threshold	If you have the right to make copies for distribution or rent/lease to someone else; you are free to make changes to the software and the software is downloaded or installed in the U.S. (very rare)	1099 Misc. Box 2
Services	Custom software, training, or installation	1099 NEC Box 1
Cloud Software	Software that's hosted in the cloud and that you access and use via a web browser, a dedicated desktop client, or an API that integrates with your desktop or mobile operating system.	See Next Slide

Smart business. Smart schools.™

Proposed IRS Regulations on Cloud and Digital Content

Payments for software, software licenses, apps, and cloud transactions can be classified as goods, royalties, rental payments, or payments for services for information reporting. You must determine what it is you are paying for in order to determine how to treat the payment for tax reporting purposes.

IRS has issued proposed regulations regarding the classification of cloud and digital content transactions. (Prop Reg 130700-14; Prop Reg 1.861-7; Prop Reg §1.861-18; Prop Reg §1.861-19) Digital content would include, e.g., books, movies, and music in digital format in addition to computer programs. (Prop Reg §1.861-18(a)(3)). A cloud transaction would be defined as a transaction through which a person obtains non-*de minimis* on-demand network access to computer hardware, digital content, or other similar resources. (Prop Reg §1.861-19(b))

IRS [Reg. §1.861-18\(a\)\(3\)](#) defines a computer program as “a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result” and includes “any media, user manuals, documentation, data base or similar item if the media, user manuals, documentation, data base or similar item is incidental to the operation of the computer program.”

Copyright Rights allow you to:

- Make copies for the purposes of distribution to the public by sale, rental or lease
- Prepare derivative content based upon the copyrighted digital content
- Make a public performance of the digital content; or
- Publicly display the digital content

If you have purchased any copyright rights above for a non-cloud purchase, substantially **all four** of the rights above will result in a non-reportable goods purchase; purchasing at least one of the rights will result in a royalty payment. Royalty income is sourced based on where the item is used.

If no copyright rights have been transferred, and the purchase is not a cloud transaction, then the payment is either a goods purchase or a rental payment. If the benefits and burdens of ownership have transferred, the

payment is a goods purchase. If there is a time limitation on use of the software or content, the payment is generally treated as a rental payment.

Cloud Transactions

A cloud transaction involves access to property or use of property, instead of the sale, exchange, or license of property, and would be classified as either a lease of property or a provision of services. A cloud transaction does not include network access to download digital content for storage and use on a person's computer or other electronic device.

[Code Sec. 7701\(e\)](#) and case law provide factors that are relevant for classifying a transaction as either a lease of property or a provision of services.

Factors indicating that a cloud transaction is classified as a service for 1099 reporting includes the following:

1. Customer is not in physical possession of the property;
2. The Customer does not control the property beyond the customer's network access and use of the property
3. The customer does not have a significant economic or possessory interest in the property,
4. the service provider bears any risk of substantially diminished receipts or substantially increased expenditures if there is nonperformance under the contract,
5. the service provider uses the property concurrently to provide significant services to entities unrelated to the service recipient, and
6. the total contract price substantially exceeds the rental value of the property for the contract period.

Cloud content that doesn't meet the above criteria of a service would be reported as a rental payment.

Cloud Transactions Are Reported as Services When

- The customer is not in physical possession of the property.
- The customer does not control the property, beyond the customer's network access and use of the property.
- The provider has the right to determine the specific property used in the cloud transaction and replace such property with comparable property.
- The property is a component of an integrated operation in which the provider has other responsibilities, including ensuring the property is maintained and updated.
- The customer does not have a significant economic or possessory interest in the property.
- The provider bears any risk of substantially diminished receipts or substantially increased expenditures if there is nonperformance under the contract.
- The provider uses the property concurrently to provide significant services to entities unrelated to the customer.
- The provider's fee is primarily based on a measure of work performed or the level of the customer's use rather than the mere passage of time.
- The total contract price substantially exceeds the rental value of the property for the contract period.

If the majority of factors apply Report on Form 1099 NEC as a service

If the majority of factors do not apply Report on Form 1099 Misc. as a rental



2022 Form 1099 Misc.

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents	OMB No. 1545-0115
		\$	Form 1099-MISC (Rev. January 2022) For calendar year 20__
PAYER'S TIN		2 Royalties	4 Federal income tax withheld
		\$	
RECIPIENT'S TIN		3 Other income	6 Medical and health care payments
		\$	\$
RECIPIENT'S name		5 Fishing boat proceeds	8 Substitute payments in lieu of dividends or interest
		\$	\$
Street address (including apt. no.)		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	10 Gross proceeds paid to an attorney
		\$	\$
City or town, state or province, country, and ZIP or foreign postal code		9 Crop insurance proceeds	12 Section 409A deferrals
		\$	\$
Account number (see instructions)		11 Fish purchased for resale	15 Nonqualified deferred compensation
		\$	\$
13 FATCA filing requirement <input type="checkbox"/>		14 Excess golden parachute payments	16 State tax withheld
		\$	\$
17 State/Payer's state no.		15 Nonqualified deferred compensation	18 State income
		\$	\$

Form **1099-MISC** (Rev. 1-2022) www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service

Miscellaneous Information

NOTE

Copy 1
For State Tax
Department

NEW BOX



Examples of 1099 Misc. Reportable Payments

When threshold has been met by a Non-Corporation or Non-Exempt Entity

- Rental fees for equipment and buildings
- Payments to hotels/venues
- Copyrights & Royalties of \$10 or more
- Certain software payments
- Cash/Gift card prizes or awards to non-employees
- Beneficiary payments for deceased employee wages
- Certain Medical and Healthcare Payments
- Taxable settlement agreement
 - To claimant including attorney fees
 - To attorney for Gross Proceeds



1099 Misc. Line Reporting

Box 1 – Rents \$600 Aggregate or More

- Payments for real estate rental such as office space, lease of a building, rental of parking space.
 - unless paid directly to a real estate agent
- Rental or lease payments on copiers, computers, construction equipment.
- Software License Renewal fees to continue to access software purchased from a U. S. Non-Corporation.
- Payments for rental of space such as rental of meeting space, motel/hotel rooms.



1099 Misc. Reporting

Box 2 – Royalties \$10 Aggregate Threshold

- **Payments for the right to use intellectual property such as copyrighted items in performances to the public.**
 - **Drama Dept- use of a play**
 - **Band Dept.- use of music**
- **Literary rights, publishing, licensing fees or copyrighted material**
- **Software you have copyrights to use.**



1099 Misc. Line Reporting

Box 3 – Other Income \$600 Aggregate or More

- **Items not specifically reportable in other boxes**
- **Reportable legal damages; punitive, non-physical injury, discrimination/defamation**
- **Settlement agreement awarded attorney fees to claimant**
- **Fair market value of awards/prizes not for services performed**
- **Honorariums**
- **Beneficiary or Estate payment of a deceased employee's wages**



Taxation of Payments after Death

Paid in Same Year as Death

PAYROLL PROCESS

Social security and Medicare withheld and reported as SS/Medi wages on Employee Form W-2

Amount is not reported as federal income taxable wages

ACCOUNTS PAYABLE

Gross amount of payroll check is reported on Form 1099-MISC.(Box 3) of the employee's estate or to the beneficiary who received the payment

Paid in the Next Calendar Year after Death

- No social security or Medicare tax withheld or
- No reporting on Form W-2

Gross amount of payroll check is reported on Form 1099-MISC.(Box 3) of the employee's estate or to the beneficiary who received the payment

Make sure to get Beneficiary TIN



Wages Paid After Death Example

Dies 11/15/22, paid 12/10/22

Employee's W-2

1 Wages, tips, other compensation	2 Federal income tax withheld
3 Social security wages 10000.00	4 Social security tax withheld 620.00
5 Medicare wages and tips 10000.00	6 Medicare tax withheld 145.00

Estate's 1099-MISC

3 Other income \$ 10000.00	4 Federal income tax withheld \$
--------------------------------------	-------------------------------------

Dies 11/15/22, paid 1/2/23

Estate's 1099-MISC

3 Other income \$ 10000.00	4 Federal income tax withheld \$
--------------------------------------	-------------------------------------



1099 Misc. Line Reporting

Box 4 - Federal Income Tax Withheld

Report all federal back-up withholding amounts.

- No threshold on the payment amount



1099 Misc. Line Reporting

Box 6 – Medical and Healthcare \$600 Aggregate

No Corporate Exemption

Examples:

- Ambulance Services
- Payments for Emergency Care Clinics and Physicians
- For Profit Hospitals
- X-Rays and Lab Services
- Psychiatrists & Psychologists
- Rehabilitation Centers
- Therapist
- Drug Testing
- Physicals



1099 Misc. Reporting

Box 10 Gross Proceeds Paid to an Attorney No Corporate Exemption

\$600 aggregate threshold applies

- If an attorney/law firm you are paying performed services for someone else, report these payments in box 10.
- If attorney/law firm performed services for your district, report these payments on the Form 1099-NEC in Box one.



Types of Settlement Agreements



1

1099 issued if total is \$600 Aggregate

Reportable

- Defamation
- Discrimination
- Emotional injuries not arising from physical injuries
- Monetary Losses
- Employment settlements

2

Non-reportable

- Payments for damages received due to personal physical injury or physical sickness
- Property claims
- Medical Reimbursements



Reporting a Settlement Payment

- If attorney's/legal firm's name is on the check, report the total amount of the payment on Form 1099 MISC. in box 10 in the name of the attorney/legal firm.
- If the payment to the claimant is taxable, you must also report this amount including any awarded attorney fees to the claimant on Form 1099 Misc. in box 3
 - **Even if the claimant's name is not on the check they are still the beneficial owner of the payment**



Reporting Taxable Settlement Payments

- The attorney does not need a Form 1099 if the check is written only to the claimant—
Even if the settlement agreement designates part of the settlement amount as a payment for attorneys' fees or the claimant ends up paying the attorney themselves from a portion of the settlement amount. (Reg. § 1.6045-5(f))
 - Checks made payable “in care of” the attorney are NOT reportable to the attorney.
- If more than one attorney is listed as a payee on the check
 - Issue a Form 1099 Misc. to only the attorney to whom the check is delivered



Employment Settlements

- **“Back pay” is reported on Form W-2.**
- **Any taxable payments awarding attorney fees of \$600 aggregate or more are reported to the claimant on Form 1099 Misc.- Box 3.**
- **Any interest payments are reported on Form 1099 INT.**



Special Education Settlements



Has not been specifically addressed by IRS

- **If payment qualifies as medical- usually not reportable**
- **Reimbursements to Parents –Usually not reportable**
 - **Rev. Rul. 60-280**
- **Punitive Damages- Reportable Box 3 to Claimant**
- **Attorney Fees – Reportable to Attorney and Claimant if considered a taxable payment**
- **Interest- Reportable to Claimant on Form 1099 INT.**



Reporting Special Education Settlements

Form 1099 Misc. reporting of Special Education settlement agreements has not been specifically addressed by the IRS. In general, if the special education costs can be related to Medical Expenses they are not taxable to the parents.

The following is an excerpt from IRS Publication 502

You can include in medical expenses fees you pay on a doctor's recommendation for a child's tutoring by a teacher who is specially trained and qualified to work with children who have learning disabilities caused by mental or physical impairments, including nervous system disorders.

You can include in medical expenses the cost (tuition, meals, and lodging) of attending a school that furnishes special education to help a child to overcome learning disabilities. For expenses to be deductible, a doctor must recommend that the child attend the school. Overcoming the learning disabilities must be a principal reason for attending the school, and any ordinary education received must be incidental to the special education provided. Special education includes:

- Teaching Braille to a visually impaired person,
- Teaching lip reading to a hearing disabled person, or
- Giving remedial language training to correct a condition caused by a birth defect.

The cost of sending a child with behavioral problems to a school where the course of study and disciplinary methods have a positive effect on the child's attitude cannot be included in medical expenses if the availability of medical care in the school is not a primary reason for sending the student there.

Reimbursements

Logic is that if a reimbursement or a payment is made that would be non-taxable to the claimant, then the payment would not need to be reported on Form 1099 Misc. The issue is that the district would need to determine whether the reimbursement meets the qualifications of a nontaxable medical expense.

(Page 2 Special Education Settlements)

Payment for Punitive Damages

If the payment is for damages suffered by the child or parent, they would be subject to reporting on the Form 1099 Box 3.

Attorney Fees

If legal fees are awarded and any part of the settlement is taxable, the attorney fees should be included in gross income of the claimant no matter if paid directly to the attorney. Legal fees paid as part of a non-taxable settlement agreement are excludable.

Interest

Interest payments awarded should be reported on Form 1099 INT.

Conclusion

To protect the district from underreporting settlement claims the district may choose to:

- Report the full amount of the settlement in the appropriate boxes on Form 1099 Misc. and include information to the claimant that they should seek tax advice on how to report the settlement on their tax return. Refer them to IRS Publication 502.
 - If an attorney contacts you to correct the Form 1099 Misc. have the attorney provide the information to you in writing as to why the correction should be made.
 - This may protect you in an audit situation.
- Contact a TAX ATTORNEY to have them assist you with the taxability of the reporting
- Apply for a private letter ruling from the IRS on the specifics of the settlement.

DISCLAIMER: The above is not legal advice but guidance to assist you with making your reporting decision.

When in Doubt



- **Report the full amount**
 - **include information to the claimant that they should seek tax advice- For example**
 - **“Attached is Form 1099 Misc. which includes the total amount of a settlement payment you received from Sunshine School District. This form along with your settlement agreement should be reviewed for determination on what if any amount is reportable on your federal and state income taxes.”**
- **Contact a TAX ATTORNEY or**
 - **If the payee’s attorney requests a correction ask for a citing in writing as to why the correction should be made.**
 - **This may protect you in an audit situation.**
- **Apply for a private letter ruling from the IRS**



1099 Misc. Line Reporting

Boxes 16, 17 & 18 - State Reporting

For California reporting of Nonresident Withholding or California Back Up Withholding do not use Boxes 16 through 18 on Form 1099 Misc.

Instead report on California Forms 592-B



Examples of 1099 NEC Reportable Payments **\$600 Threshold**

Prior to 2020, these payments were reported in Box 7 of Form 1099 Misc.

- **Consultants**
- **Legal services to your district (no Corporate exemption)**
- **Customized merchandise/software**
- **Catering**
- **Attorney fees**
- **Registration fees for conferences and workshops**
- **Payments to students**
- **Unsubstantiated expense/travel payments and reimbursements to Non-Employees**



Examples of 1099 NEC Reportable Payments **\$600 Threshold**

Prior to 2020, these payments were reported in Box 7 of Form 1099 Misc.

- **Training/Speaker Fees**
- **Gift cards for services**
- **Website programming**
- **Cleaning services**
- **Transportation services**
- **Printers and publishers**
- **Landscaping**
- **Parts and supplies included in providing a service**
- **Services of data centers hosting your server/software**
- **Cloud transactions of Digital Content**



1099 NEC. Line Reporting

Box 4 Federal Income Tax Withheld

Report all federal back-up withholding amounts that apply to payments reported in Box 1 of Form 1099 NEC

- No threshold on the payment amount



1099 NEC. Line Reporting

Boxes 5,6,7 - State Reporting

For California Reporting of Nonresident Withholding or California Back Up Withholding do not use Boxes 5-7 on Form 1099 NEC .

Instead report on California Forms 592-B



Test Your Knowledge



Your district awards \$6,000 to a U.S. senior student that won a writing contest promoted by the district. The district pays the award directly to the student's college of choice.

What action is needed if any?

- a) The payment is going to the college so it qualifies as a scholarship and not reportable.
- b) The college receiving the money is responsible for reporting the payment to the student.
- c) The district is responsible for reporting the payment to the student on Form 1099.
- d) The district is responsible for reporting the payment to the college on Form 1099.

TEST YOUR KNOWLEDGE



A teacher directly pays a sole proprietor \$4,500 using their personal credit card. The purchase is for custom made T-shirts for members of the French club. The vendor invoice turned in by the teacher for reimbursement breaks down the payment as \$3,200 for the T-shirts and \$1,300 for the printing costs. The district approves the purchase and reimburses the teacher for \$4,500.

What reporting if any is required of the school district?

- a) The sole proprietor receives a 1099 NEC for \$4,500.
- b) No reporting is required as the transaction is an employee reimbursement.
- c) The sole proprietor receives a 1099 NEC for the printing costs of \$1,300.
- d) No reporting is required as the transaction was paid on a credit card.

**section 5:
Filing
Requirements**

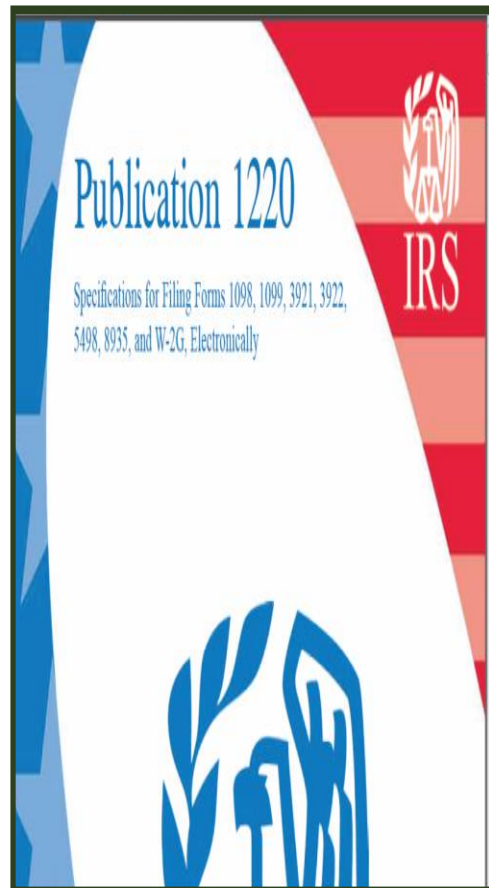
Filing Forms 1099

<http://www.irs.gov/pub/irs-pdf/p1220.pdf>

Truncation of payee's Social Security or Employer Identification Number is permitted on vendor copies

- Not allowed on IRS copies and files

Substitute Forms are permitted if following IRS Publication 1179



Due Dates - 2022 Form 1099-MISC

Copies B and 2: To vendor

Must be provided to the payee by January 31, 2023

Exception:

For amounts reported only in Boxes 8 or 10, provide to payee by February 15, 2023.

Copy A: To the IRS

Paper Forms to the IRS: by February 28, 2023

Electronic Forms to the IRS: by March 31, 2023



Due Dates - 2022 Form 1099-NEC Non-Employee Compensation

Copies B and 2: To vendor

Must be provided to the payee by January 31, 2023

Copy A: To the IRS

Paper Forms to the IRS: by January 31, 2023

Electronic Forms to the IRS: by January 31, 2023



1099 Paper Document Reporting

Form 1099s filed with the IRS must be accompanied by transmittal Form 1096, *Annual Summary and Transmittal of U.S. Information Returns*.

Do Not Staple 1096

Form **1096**

Department of the Treasury
Internal Revenue Service

Annual Summary and Transmittal of
U.S. Information Returns

CMB No. 1545-0108

2019

FILER'S name
The Business Company

Street address (including room or suite number)
123 Road Lane

City or town, state or province, country, and ZIP or foreign postal code
Anyplace, Anystate 12345

Name of person to contact
Joe Doe

Telephone number
123-456-7890

Email address
joedoe@gmail.com

For Official Use Only

1 Employer identification number
123-45-6789

2 Social security number
123-45-6789

3 Total number of forms
7

4 Federal income tax withheld
\$ 0

5 Total amount reported with this Form 1096
\$ 18,765

6 Enter an "X" in only one box below to indicate the type of forms being filed.

1099-INT	1099-DIV	1099-B	1099-C	1099-G	1099-F	1099-O	1099-T	1099-A	1099-R	1099-CAP	1099-COM	1099-CON	1099-NEC	1099-PTC	1099-LES
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1099-LTC	1099-MISC	1099-CYC	1099-PAY	1099-DA	1099-RA	1099-RE	1099-SD	1099-SS	1099-TR	1099-UB	1099-VA	1099-VE	1099-VEA	1099-VEB	1099-VEE
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7 Form 1099-MISC with NEC in box 7, check

A separate transmittal Form 1096 must be filed with each 1099 type

- 1099 Misc.
- 1099 NEC

Filing Paper Forms 1099 Misc.

Districts who file less than 250 1099 Misc. forms can file on paper following these instructions:

- Type entries using black ink in 12-point Courier font. Copy A is read by machine and must be typed clearly using no corrections in the data entry fields. Data must be printed in the middle of the blocks, well separated from other printing and guidelines.
- Do not enter 0 (zero) or “None” in money amount boxes when no entry is required.
- Send the entire page of Copy A of your information returns with Form 1096 to the IRS even if some of the forms are blank or void.
- Do not cut or separate Copies A of the forms that are printed two to a sheet.
- Send the forms to the IRS in a flat mailer (not folded).
- Do not staple, tear, or tape any of these forms. It will interfere with the IRS' ability to scan the documents.
- Do not change the title of any box on any form.
- Do not use prior year forms unless you are reporting prior year information. Do not use subsequent year forms for the current year. Because forms are scanned, you must use the current year form to report current year information.
- Use the official forms or substitute forms that meet the specifications in Pub. 1179. If you submit substitute forms that do not meet the current specifications and that are not scannable, you may be subject to a penalty for each return for improper format.
- Do not use dollar signs (\$) (they are preprinted on the forms), ampersands (&), asterisks (*), commas (,), or other special characters in money amount boxes.
- Do not use apostrophes ('), asterisks (*), or other special characters on the payee name line.

California Filing information on Paper Returns

If you file paper returns with the IRS, do not send a paper copy to the California Franchise Tax Board. IRS will forward the information to them.

Filing Information Returns Electronically

If you have to file 250 or more Forms 1099 you must file the forms electronically for both the IRS and California Franchise Tax Board. Electronic forms must be formatted in the specifications found in IRS Publication 1220.

If you are an approved “Combined Federal and State Filer” you only have to transmit your 1099 Misc. forms to the IRS. The IRS will forward the required state information fields to the state. A test file, properly coded for the program, must be submitted in order to participate in the Combined Federal/State Filing Program. Although a test file is only required for the first year, it's highly recommended that a test file be sent every year. (See Publication 1220 for more information.) Once your forms are formatted they are transmitted electronically using the *Filing Information Returns Electronically* (FIRE) system.

NOTE: You cannot file your Forms 1099 NEC through the “Combined Federal and State Reporting”. This means you will need to transmit your 1099 NEC forms directly to the state of California using the Franchise Tax Board’s Secure Web Internet File Transfer (SWIFT) system as well as transmitting a Form 1099 NEC file to the IRS.

If you are not an approved Combined Federal and State Filer, you will need to process two separate files for transmission. Both files will follow the IRS Publication 1220 file format. Send the IRS file via the internet at <http://FIRE.IRS.gov>. Send the California file to <https://swift.ftb.ca.gov>

Note: In order to file electronically through the FIRE System, you must have software or a service provider that will create the file in the standard ASCII format. A scanned or PDF document will **not** be accepted.

California Electronic Filing Via SWIFT

To request a SWIFT login name and password contact the Franchise Tax Board at:

Phone: 916 845 6304

E-Mail IRPHelp@ftb.ca.gov

You will be sent your SWIFT login name and temporary password to the business email address of the primary contact in two separate messages. Change your password the first time you access the SWIFT system.

To access SWIFT:

Connect via the Web at: <https://swift.ftb.ca.gov>

IRS Filing Information Returns Electronically “FIRE”

- **New for 2022**, User ID’s must be at least 8 and no more than 25 alpha-numeric characters with no special characters or spaces allowed.
- If your current User ID does not meet this criteria, you will be prompted to create a new User ID.
- At that point, the system will log you out and place you back on the logon page.
- You will then be able to logon using your newly created User ID.



IRS Filing Information Returns Electronically “FIRE”

- System used to file your 1099 Forms to the IRS
- To use you must establish an e-services account
- **new users** must register or sign in with ID.me, the current IRS credential service provider.
- Existing e-Services users may continue to sign in with an active IRS username and don’t need to take any action at this time.



IRS Filing Information Returns Electronically “FIRE”

FIRE Production System Availability

	From:	Through:
Down for annual updates	November 25, 2022, 6 p.m. ET	January 5, 2023
Available	January 6, 2023	Available 24 hours a day until end of year updates. Date to be determined and will be available on this page.

FIRE Test System Availability

	From:	Through:
Down for updates	October 28, 2022, 6 p.m. ET	November 1, 2022
Available	November 3, 2022, 8 a.m. ET	November 25, 2022, 6 p.m. ET

Down for annual updates	November 25, 2022, 6 p.m. ET	January 3, 2023 @12 noon ET
Available	January 4, 2023	Date to be determined and will be available on this page.

Note: The FIRE Systems (Production and Test) have regularly scheduled maintenance windows every Sunday and Wednesday from 2 a.m. ET to 5 a.m. ET.

Federal and State Electronic Filing

If you are an approved Combined Federal and State Filer and file 250 or more Forms 1099 MISC. and Forms 1099 NEC:

- Send the IRS your 1099 Misc. Forms file by March 31, 2023
- Send your 1099 NEC Forms file to the IRS by January 31, 2023
- Both files will follow the IRS Publication 1220 file format.
- Send each IRS file via the internet at <http://FIRE.IRS.gov>.
- You use your one assigned IRS Transmitter Control Code (TCC) on both files
2 Files to IRS

- **You will not need to send a separate file for your Forms 1099 to California**
 - IRS forwards the 1099 Misc. and 1099 NEC information to California.



Federal and State Electronic Filing

- **If you are not an approved Combined Federal and State Filer and file 250 or more Forms 1099 MISC. and Forms 1099 NEC:**
 - Send the IRS your 1099 Misc. Forms file by March 31, 2022
 - Send your 1099 NEC Forms file to the IRS by January 31, 2022
 - Both files will follow the IRS Publication 1220 file format.
 - Send each IRS file via the internet at <http://FIRE.IRS.gov>.
 - You use your one assigned IRS Transmitter Control Code (TCC) on both files
2 Files to IRS

 - Send a California file for 1099 MISC. to <https://swift.ftb.ca.gov> by March 31, 2022
 - Send a California File for 1099 NEC. to <https://swift.ftb.ca.gov> by January 31, 2022
2 Files to California



Federal Filing Extensions for Form 1099 Misc. Form 8809

Automatic Extensions may be requested online by completing a fill-in Form 8809 through the FIRE System at <https://fire.irs.gov> for an automatic 30-day extension.

An additional 30-day extension is also available in the case of a hardship.

Approvals are automatically displayed online if the request is made by the due date of the return.



Federal Filing Extensions for Form 1099 NEC Form 8809

- **There are no automatic extension allowed for Forms 1099-NEC.**
 - Only hardship extensions
- Requests must be submitted on paper with line 7 completed and signed by the filer/transmitter or person duly authorized to sign a return.

Where to file. Send Form 8809 to:

- Department of the Treasury Internal Revenue Service Center Ogden, UT 84201-0209



Where To Go For IRS Help



IRS Martinsburg Computing Center (MCC)

Information Reporting Program Customer Service Section (CSS)

- **Answers tax law questions relating to the filing of information returns**
- **Answers questions related to Form 1042-S.**
- **Handles inquiries dealing with backup withholding and reasonable cause requirements due to missing and incorrect taxpayer identification numbers.**

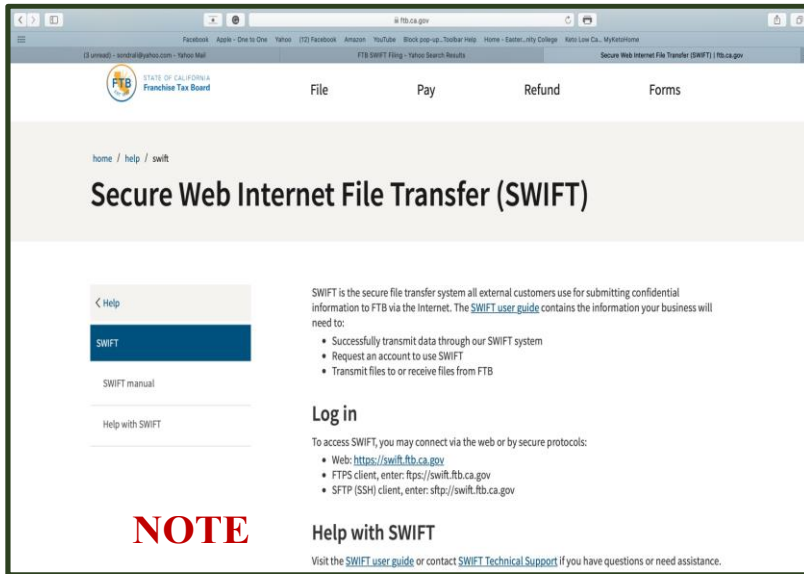
The toll-free number to call is 866-455-7438.

The CSS can be contacted via email at mccirp@irs.gov.

Hours of operation for the CSS are Monday through Friday, 8:30 a.m. to 4:30 p.m. Eastern time.



California Forms - Electronically



To register, send your request to [SWIFT Technical Support](#) and include the type of data you will transmit. Your request will be forwarded to the Program area that can assist you.



California Filing Extensions for Form 1099 FTB Form 6274A

STATE OF CALIFORNIA
DIV. OF REVENUE AND SERVICES MS A154
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO, CA 95812-1468

Extension Request to File Information Returns Electronically

Firm Name:	Date:
Mailing Address:	Federal Employer Identification Number:
City/State/ZIP Code:	Waiver Request for Due Date:
Contact Name:	Title:
	Telephone Number:

Information Return Filing Extension Requests
We consider 30-day and 90-day information return filing extensions. To request our approval, provide a written explanation for each return type extension you request.

30-Day Extension
Check the box for each return type extension request and enter your explanation in the text field.

Return Type	Extension Request Explanation
fm 1099	
fm 1099-B	
fm 1099-C	
fm W-2G	

90-Day Extension
To request a 90-day extension to file 1099-B information returns, check the box and enter your explanation in the text field.

Return Type	Extension Request Explanation
fm 1099-B	

We approve information return filing extensions only for the Franchise Tax Board. We require the payee/employer to provide payees/employees with their paper return copies postmarked by the prescribed due dates of May 31 for Internal Revenue Service Form 5498 and January 31 for all other information returns. If the corresponding due date falls on a Saturday, Sunday, or legal holiday, we extend the due date to the next business day.

I acknowledge that I examined the information provided on this form, including any accompanying statements. To the best of my knowledge and belief, it is true, correct, and complete.

Signature:	Title:	Date:
------------	--------	-------

Fax completed form to: IRPH/ELP
916.855.5555

Internet and Telephone Assistance
Website: [Go to ftb.ca.gov](http://ftb.ca.gov) and search for information returns
Telephone: 916.845.6304

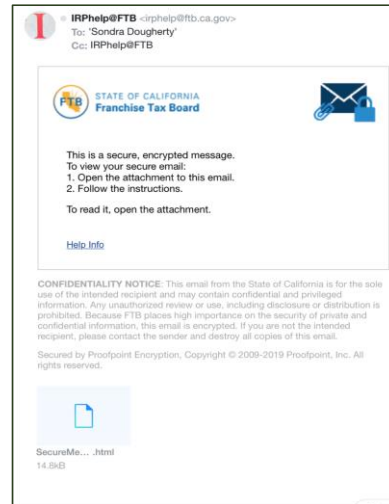
FTB 6274A-C3 (REV 02-2010)



Where To Go For FTB Help

Franchise Tax Board (FTB)

- For questions about reportable transactions, contact Information Reporting.
 - Phone: (916) 845-6304
 - Email: IRPhelp@ftb.ca.gov
 - Now required to set up a password



**Section 6:
Correcting
Forms 1099**

Correcting Forms 1099

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	OMB No. 1545-0115 Form 1099-MISC (Rev. January 2022)	Miscellaneous Information
		2 Royalties \$	For calendar year 20	
PAYER'S TIN		3 Other income \$	4 Federal income tax withheld \$	Copy 1 For State Tax Department
RECIPIENT'S TIN		5 Fishing boat proceeds \$	6 Medical and health care payments \$	
RECIPIENT'S name		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$	
Street address (including apt. no.)		9 Crop insurance proceeds \$	10 Gross proceeds paid to an attorney \$	
City or town, state or province, country, and ZIP or foreign postal code		11 Fish purchased for resale \$	12 Section 408A deferrals \$	
		13 FATCA filing requirement <input type="checkbox"/>	14 Excess golden parachute payments \$	
Account number (see instructions)		15 Nonqualified deferred compensation \$	16 State tax withheld \$	17 State Payer's state no. \$
			18 State income \$	

Form 1099-MISC (Rev. 1-2022) www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service

7171 VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116 Form 1099-NEC (Rev. January 2022)	Nonemployee Compensation
		For calendar year 20	
PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensation \$	Copy A For Internal Revenue Service Center File with Form 1096.
RECIPIENT'S name		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	
Street address (including apt. no.)		3	For Privacy Act and Paperwork Reduction Act Notices, see the current General Instructions for Certain Information Returns.
City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$	
Account number (see instructions)	2nd TIN no. <input type="checkbox"/>	5 State tax withheld \$	6 State Payer's state no. \$
		7 State income \$	

Form 1099-NEC (Rev. 1-2022) Cat. No. 72580N www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page - Do Not Cut or Separate Forms on This Page

Two types of corrections to consider

Protecting Americans from Tax Hikes Act (PATH Act).

New safe harbor / de minimis rules

Employers are not required to correct information returns for money amounts reported in error of

- single money amount errors of less than \$100
- single amount errors for withheld tax of less than \$25–

Corrections must be if the payee requests a corrected form.



Correcting Prior Years

- **If you need to make a change to a prior year 1099 form, use that prior year 1099 form.**
- **Use the current year 1099 form if you are making a correction for the current year.**
- **Make sure to use the correct form 1099 Misc. vs. 1099 NEC when making your correction.**



Correcting Paper Submitted Forms 1099

- Do not cut or separate forms that are two or three to a page.
 - Submit the entire page even if only one of the forms on the page is completed.
- Do not staple the forms to Form 1096.
- Do not send corrected returns to the IRS if you are correcting state or local information only.



Send Form 1096 Transmittal with Paper Form Corrections

Do Not Staple 6969

Form **1096** Annual Summary and Transmittal of U.S. Information Returns OMB No. 1545-0108
 Department of the Treasury Internal Revenue Service 2022

FILER'S name _____
 Street address (including room or suite number) _____
 City or town, state or province, country, and ZIP or foreign postal code _____

Name of person to contact _____ Telephone number _____
 Email address _____ Fax number _____

For Official Use Only

1 Employer identification number 2 Social security number 3 Total number of forms 4 Federal income tax withheld \$ 5 Total amount reported with this Form 1096 \$

6 Enter an "X" in only one box below to indicate the type of form being filed.

W-2G 32	1097-BTC 50	1098 81	1098-C 78	1098-E 84	1098-F 03	1098-G 74	1098-T 83	1099-A 80	1099-B 79	1099-C 85	1099-CAP 73	1099-DIV 91	1099-G 86	1099-INT 92	1099-K 10	1099-LS 16
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1099-LTC 83	1099-MISC 95	1099-NEC 71	1099-ODI 96	1099-PATR 97	1099-Q 31	1099-QA 1A	1099-R 99	1099-S 72	1099-SA 94	1099-SB 43	3921 25	3922 29	5498 28	5498-ESA 72	5498-QA 2A	5498-SA 27
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.
 Send this form, with the copies of the form checked in box 6, to the IRS in a flat mailer (not folded).
 Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

Use a Separate Form 1096 for each type of return you are correcting.



Correcting Forms 1099 Electronically

- Pub. 1220 provides the procedures for reporting your corrections electronically.
- You must have software that can produce a file in the proper format according to Pub. 1220.

Pub. 1220 is available at [IRS.gov](https://www.irs.gov).



Corrected Returns

Four types of errors which must be corrected:

- Incorrect payment amount reported
- Payment reported in the incorrect box or on an incorrect form
- Payee name
- Incorrect or no payee TIN reported on form



Type 1 Corrections

FILE WHEN:

Incorrect money
amount, code, or
checkbox

or

Return filed in error

A. Form 1099

1. Prepare a new applicable information return
2. Enter **X** in the **"CORRECTED"** box
3. Correct needed information such as money amounts.
4. Report other information as per original return

B. Form 1096

1. Prepare a new transmittal Form 1096
2. File Form 1096 and Copy A of the 1099 return with the IRS
3. Do not send a copy of the original return that was filed incorrectly

Type 2 Corrections

FILE WHEN:

No Payee TIN

Incorrect
Payee Tin

Incorrect
Payee Name

A. Correction of the Original Form 1099

1. Prepare the applicable new Form 1099
2. Enter an **X** in the **“CORRECTED”** box to back out original form with the IRS
3. Enter the payer, recipient, and account number information exactly as it appeared on the original incorrect return
4. Enter 0 for all money amounts

B. Resubmitting Information on New 1099 Form

1. Prepare a new information return
2. **Do not** enter an X in the **“CORRECTED”** box
3. Include all the correct information

C. Prepare a new Form 1096 with corrected information (to send with the IRS’s new copy of Form 1099)

1. Include one of the following phrases in the bottom margin of Form 1096: **“Filed To Correct TIN,” “Filed To Correct Name,”** or **“Filed To Correct Return”**
6. Do not send a copy of the original return that was filed incorrectly



No penalties assessed if

- Returns filed timely
- Corrected By August 1
 - Corrections limited to the greater of 10 returns or 0.5% of total returns

The screenshot shows the IRS website navigation bar with links for File, Pay, Refunds, Credits & Deductions, and Forms & Instructions, along with a search bar. Below the navigation bar is the title 'Charges for Each Information Return or Payee Statement' and a table with the following data:

Tax Year	Up to 30 Days Late	31 Days Late Through August 1	After	Intentional Disregard
			August 1 or Not Filed	
2023	\$50	\$110	\$290	\$580
2022	\$50	\$110	\$280	\$570
2021	\$50	\$110	\$280	\$560
2020	\$50	\$110	\$270	\$550

**Section 7:
California
Reporting
Issues**

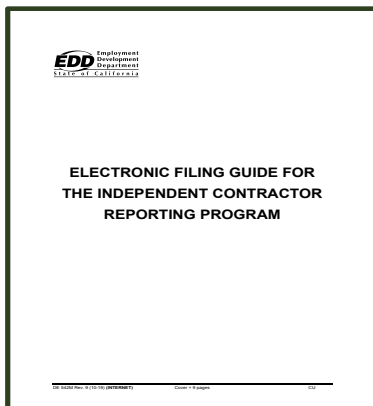
California Reporting Issues



Independent Contractor Reporting Nonresident Reporting



California Independent Contractor Reporting



DE 542M Publication
<https://eddservices.edd.ca.gov>

A sample of Form DE 542, 'Report of Independent Contractors'. The form is a grid-based document with various sections for reporting contractor information, including contractor name, address, and payment details. It includes a barcode at the top right and a header with the EDD logo and 'REPORT OF INDEPENDENT CONTRACTORS'.

Form DE 542
Print Specifications in
Publication DE 542PS

**Required on Independent
Contractors providing annual
services of \$600 or more**



California Independent Contractor Reporting- Form DE 542



REPORT OF INDEPENDENT CONTRACTOR(S)



See detailed instructions on reverse side. Please type or print.

05420101

SERVICE-RECIPIENT (BUSINESS OR GOVERNMENT ENTITY):

DATE	FEDERAL ID NUMBER	CA EMPLOYER ACCOUNT NUMBER	SOCIAL SECURITY NUMBER
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
SERVICE-RECIPIENT NAME / BUSINESS NAME			CONTACT PERSON
<input type="text"/>			<input type="text"/>
ADDRESS			PHONE NUMBER
<input type="text"/>			<input type="text"/>
CITY			STATE ZIP CODE
<input type="text"/>			<input type="text"/>

SERVICE-PROVIDER (INDEPENDENT CONTRACTOR):

FIRST NAME	MI	LAST NAME	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
SOCIAL SECURITY NUMBER	STREET NUMBER	STREET NAME	UNIT/APT
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
CITY	STATE	ZIP CODE	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
START DATE OF CONTRACT	AMOUNT OF CONTRACT	CONTRACT EXPIRATION DATE	CHECK HERE IF CONTRACT IS ONGOING
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/>

FIRST NAME	MI	LAST NAME	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
SOCIAL SECURITY NUMBER	STREET NUMBER	STREET NAME	UNIT/APT
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
CITY	STATE	ZIP CODE	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
START DATE OF CONTRACT	AMOUNT OF CONTRACT	CONTRACT EXPIRATION DATE	CHECK HERE IF CONTRACT IS ONGOING
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/>

FIRST NAME	MI	LAST NAME	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
SOCIAL SECURITY NUMBER	STREET NUMBER	STREET NAME	UNIT/APT
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
CITY	STATE	ZIP CODE	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
START DATE OF CONTRACT	AMOUNT OF CONTRACT	CONTRACT EXPIRATION DATE	CHECK HERE IF CONTRACT IS ONGOING
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/>

MAIL TO: Employment Development Department • PO Box 997350, MIC 96 • Sacramento, CA 95899-7350
or Fax to 916-319-4410



DE 542 Rev. 9 (6-17) (INTERNET)

Page 1 of 2

California Independent Contractor Reporting

- **Report within twenty (20) days of EITHER**
 - **making payments totaling \$600 or more**
 - **Entering into a contract for \$600 or more with an independent contractor in any calendar year, whichever is earlier.**
- **Threshold is annual and begins again in January**
- **Penalty \$24 for each late or non-filed form**



California Contractors State License Board

www.cslb.ca.gov

CA. Labor Code
Section 2750.5



Anyone who contracts to perform work on a project valued at \$500 or more for labor and materials in California must have a current, valid CSLB license or be treated as an employee.

- **Districts can check license status on the CSLB website**



California Nonresident Vendor Reporting



California Nonresident Vendor Reporting



California FTB Publication 1017

Resident and Nonresident Withholding Guidelines

FTB Pub. 1017 (REV 02-2020)

Go to www.ftb.ca.gov

Forms and Publications Search

1017, Resident and Nonresident Withholding Guidelines

This is only available by request. Please provide your email address and it will be emailed to you.

*=Required Field

*Email

Submit > Cancel

Copyright © 2020 State of California | Privacy Notice



California Nonresident Withholding and Reporting

Payments in excess of \$1500 to Nonresidents for rentals located in California or for services performed in California are subject to a 7% withholding rate.

Who is a California resident?

The term resident includes every individual who is in California for other than a temporary or transitory purpose and every individual domiciled in California. An individual who comes into the state to perform a particular contract of short duration will be considered a nonresident.

The following individuals and entities are exempt from withholding:

- California residents.
- Corporations with a permanent place of business in California.
- Corporations qualified through Secretary of State to do business in California.
- Partnerships and LLCs with a permanent place of business in California.
- Tax-exempt organizations, under either California or federal law.
- California trusts.
- Estates where the deceased was a California resident at the time of death.

Payees must complete FTB Form 590, *Withholding Exemption Certificate*, to certify their status.

California nonresident withholding is exempt when:

- The individual, S corporation shareholder, or partner is a California resident.
- The payee meets one of the exemptions on FTB Form 590, *Withholding Exemption Certificate*.
- The total payments or distributions of California source income to the nonresident are equal to or less than \$1,500 for the calendar year.
- The payment is for goods.
- The services provided by the nonresident are not performed in California.
- The nonresident payee or the withholding agent receives written authorization from FTB waiving the withholding.
- The payee is a bank or banking association.

Withholding is optional, at the discretion of the withholding agent, on the first \$1,500 in payments made during the calendar year. Deposits are due based on a quarterly schedule.

Period Payment Made	Due Date
January 1 through March 31	April 15
April 1 through May 31	June 15
June 1 through August 31	September 15
September 1 through December 31	January 15

If the due date falls on a Saturday, Sunday, or legal holiday, the due date will be the next business day.

Send any payment due along with Form 592-V and Form 592 to:

FRANCHISE TAX BOARD
P.O. Box 942867 SACRAMENTO, CA 94267-0651

Electronic deposits can also be sent using EFT

Nonresident Withholding Procedures

Applies To:	Reporting	Action
<p>Nonresidents of California who are paid for:</p> <ul style="list-style-type: none"> • Performing services in California • A rental/lease of property located in California 	<p>Quarterly to California on Form 592</p> <p>Annually on Form 592-B to vendor</p>	<p>Payer withholds 7% of all California source service and rental payments to a nonresident payee that exceed \$1,500 in a calendar year unless</p> <ul style="list-style-type: none"> • payee provides a Form 590 exemption or • qualifies for reduced withholding Form 588 • or waived withholding by applying on Form 589.



Exempt from Nonresident Withholding

- California Residents
- Tax Exempt/Governmental agencies
- California estates/trusts
- Military Service member or Spouse
- Insurance Companies
- Corporations, Partnerships, Limited Liability Companies
 - with a permanent place of business in California that is permanently staffed by employees or is
 - qualified through the California Secretary of State

Certifies exemptions on Form 590, Withholding Exemption Certificate



<https://businesssearch.sos.ca.gov>

Enter the Business name in search

Business Search

Search Type *

Corporation Name (UP) LLC Name Entity Number

Search Criteria * South Coast Winery Search Filter Keyword

Qualified business will appear in results

Business Search - Results

Entity Number	Registration Date	Status	Entity Name	Jurisdiction	Agent for Service of Process
C2407100	09/27/2001	ACTIVE	SOUTH COAST WINERY INC.	CALIFORNIA	JEFFREY R CARTER



Nonresident Exempt Payments

- The payee meets one of the exemptions on FTB Form 590
- The payment is for goods
- Total payments are not greater than \$1500
- The services or rental were outside of California
- The vendor is a bank or banking association
- The vendor has received a waiver from the Franchise Tax Board

No 7% Withholding



Nonresident Withholding Procedures

Phase	Forms	Tasks
Before payer (withholding agent) makes payment to nonresident payee	Form 590 , Withholding Exemption Certificate	Payee who is a California resident or a business with resident status can use Form 590 to certify exemption from nonresident withholding. No withholding required with a valid withholding exemption certificate.
	<u>Form 588</u> <u>Form 588</u> <u>Instructions</u>	Nonresident payee who qualifies can use Form 588 to get a waiver from withholding based generally on California tax filing history. Payer keeps a copy of the determination letter in records. No withholding required with a determination letter.
	<u>Form 589</u>	Nonresident payee can use a paper or electronic Form 589 to itemize expenses against the California source income. FTB provides payer with a letter stating the reduced withholding amount.
	Form 587 , Nonresident Withholding Allocation Worksheet	Nonresident payee can use Form 587 to allocate California source payments to determine if withholding is required on payments made by payer. Payer keeps a copy of Form 587 in records.
At the time payer makes payment to nonresident payee	No FTB forms to use; payers use their own internal processes for withholding.	Payer withholds 7 percent of all California source payments to a nonresident payee that exceed \$1,500 in a calendar year, unless payee meets a withholding exemption or qualifies for reduced or waived withholding.
After payer makes payment to nonresident payee	Form 592 Form 592 Instructions	Payer sends FTB a timely Form 592, either <u>electronically</u> or by mail. Form 592 contains a list of all payees withheld upon during the filing period.
	Form 592-V , Payment Voucher for Resident and Nonresident Withholding	Payer sends FTB a Form 592-V with remittance of withholding and a completed Form 592.
	Form 592-B , Resident and Nonresident Withholding Tax Statement	By January 31 following the end of calendar year, payer sends each nonresident payee a completed paper or electronic Form 592-B and keeps a copy for records. Nonresident payee claims the withholding by attaching a copy of Form 592-B when filing California tax return. Form 592-B is proof of California source income and withholding.>

2022 Withholding Exemption Certificate**590**

The payee completes this form and submits it to the withholding agent. The withholding agent keeps this form with their records.

Withholding Agent Information

Name

Payee Information

Name

 SSN or ITIN FEIN CA Corp no. CA SOS file no.

Address (apt./ste., room, PO box, or PMB no.)

City (If you have a foreign address, see instructions.)

State

ZIP code

Exemption Reason**Check only one box.**

By checking the appropriate box below, the payee certifies the reason for the exemption from the California income tax withholding requirements on payment(s) made to the entity or individual.

 Individuals — Certification of Residency:

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

 Corporations:

The corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

 Partnerships or Limited Liability Companies (LLCs):

The partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

 Tax-Exempt Entities:

The entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 _____ (insert letter) or Internal Revenue Code Section 501(c) _____ (insert number). If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

 Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit-Sharing Plans:

The entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

 California Trusts:

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return. If the trustee or noncontingent beneficiary becomes a nonresident at any time, I will promptly notify the withholding agent.

 Estates — Certification of Residency of Deceased Person:

I am the executor of the above-named person's estate or trust. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return.

 Nonmilitary Spouse of a Military Servicemember:

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

CERTIFICATE OF PAYEE: Payee must complete and sign below.

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for 1131 to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection. To request this notice by mail, call 800.338.0505 and enter form code 948 when instructed.

Under penalties of perjury, I declare that I have examined the information on this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare under penalties of perjury that if the facts upon which this form are based change, I will promptly notify the withholding agent.

Type or print payee's name and title

Telephone

Payee's signature ▶

Date

7061223

Form 590 2021

Used to certify California Residency for an exemption from 7% withholding

Vendor Must mark Exemption that applies and sign the form to be exempt from the 7% withholding.

2022 Nonresident Withholding Waiver Request

588

Part I Withholding Agent Information

Business name SSN or ITIN FEIN CA Corp no. CA SOS file no.

First name Initial Last name Telephone

Address (apt./ste., room, PO box, or PMB no.) Fax

City (If you have a foreign address, see instructions.) State ZIP code

Part II Requester Information

Check one box only. Withholding Agent Payee Authorized Representative for Withholding Agent Authorized Representative for Payee

Business name SSN or ITIN FEIN CA Corp no. CA SOS file no.

First name Initial Last name Telephone

Address (apt./ste., room, PO box, or PMB no.) Fax

City (If you have a foreign address, see instructions.) State ZIP code

Part III Type of Income Subject to Withholding

Check one type only.

A Payments to Independent Contractors

B Trust Distributions

C Rents or Royalties

D Distributions to Domestic Nonresident Partners/Members/Beneficiaries/S Corporation Shareholders

E Estate Distributions

I Other

Complete Side 2, Part IV Schedule of Payees, before signing below.

Sign Here

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for 1131 to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection. To request this notice by mail, call 800.338.0505 and enter form code 948 when instructed.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than withholding agent) is based on all information of which preparer has any knowledge.

Type or print requester's name and title	Telephone
Requester's signature	Date

Provides a nonresident a waiver from 7% withholding.
Waiver is good for up to 2 years.
Keep waiver letter in files for 5 years
Can be applied for on-line or by mail

2022 Nonresident Reduced Withholding Request

589

Part I Withholding Agent Information

Business name SSN or ITIN FEIN CA Corp no. CA SOS file no.

First name Initial Last name

Address (apt./ste., room, PO box, or PMB no.) Telephone

City (If you have a foreign address, see instructions.) State ZIP code Fax

Venue

Part II Payee Information

Business name SSN or ITIN FEIN CA Corp no. CA SOS file no.

First name Initial Last name

DBA (see instructions)

Address (apt./ste., room, PO box, or PMB no.) Telephone

City (If you have a foreign address, see instructions.) State ZIP code Fax

Part III Type of Income Subject to Withholding

Check one type only. ●

A Payment to Independent Contractor **C** Rents or Royalties **E** Estate Distributions

B Trust Distributions **D** Distributions to Domestic Nonresident Partners/Members/Beneficiaries/S Corporation Shareholders **H** Allocations to Foreign (non-U.S.) Nonresident Partners/Members

● Date(s) of Service _____ **I** Other _____
mm/dd/yyyy - mm/dd/yyyy

Part IV Withholding Computation

Expenses	1 Gross California Source Payment. See instructions	1	
	2 Advertising	2	
	3 Commissions and fees	3	
	4 Cost of labor (contract labor, excludes Form W-2 wages)	4	
	5 Insurance	5	
	6 Legal, professional, and/or management fees	6	
	7 Rent or lease	7	
	8 Supplies	8	
	9 Travel, meals, and entertainment	9	
	Other Expenses (specify). See instructions.		
	10 _____	10	
	11 _____	11	
	12 Total Amount of Expenses (may not exceed 50% of line 1). See instructions	12	
	13 Net California Source Payment. Subtract line 12 from line 1. If zero or less, enter 0	13	
14 Withholding Amount. Multiply the amount on line 13 by 7%. This is the proposed reduced withholding amount. This amount must be verified and approved by the Franchise Tax Board (FTB) prior to the payee receiving payment for services.	14		

Sign Here

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for 1131 to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection. To request this notice by mail, call 800.338.0505 and enter form code 948 when instructed. Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than the withholding agent) is based on all information of which preparer has any knowledge.

Print or type payee's name _____

Payee's signature _____ Date _____

Print or type preparer's name _____ Telephone _____

Preparer's Use Only

Preparer's signature _____ Date _____ PTIN _____

Provides for a reduced amount of the 7% withholding

Nonresident Withholding Allocation Worksheet

The payee completes this form and returns it to the withholding agent. The withholding agent keeps this form with their records.

Part I Withholding Agent Information

Withholding agent's name _____
 Address (apt./ste., room, PO box, or PMB no.) _____
 City (If you have a foreign address, see instructions.) _____ State _____ ZIP code _____

Part II Nonresident Payee Information

Payee's name _____ SSN or ITIN FEIN CA Corp no. CA SOS file no.
 Address (apt./ste., room, PO box, or PMB no.) _____
 City (If you have a foreign address, see instructions.) _____ State _____ ZIP code _____
 Nonresident payee's entity type: (Check one)
 Individual/sole proprietor Corporation Partnership Limited liability company (LLC) Estate or trust

Part III Payment Type

Nonresident payee: (Check one)
 Performs services totally outside California (no withholding required, skip to Certification of Nonresident Payee) Provides goods and services in California (see Part IV, Income Allocation)
 Provides only goods or materials (no withholding required, skip to Certification of Nonresident Payee) Provides services within and outside California (see Part IV, Income Allocation)
 Other (Describe) _____

If the nonresident payee performs all the services within California, withholding is required on the entire payment for services unless the payee is granted a withholding waiver from the Franchise Tax Board (FTB). For more information, get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines.

Part IV Income Allocation

Gross payments expected from the withholding agent during the calendar year for:

	(a) Within California	(b) Outside California	(c) Total payments
1 Goods and services:			
Goods/materials (no withholding required)			
Services (withholding required)			
2 Rents or lease payments			
3 Royalty payments			
4 Prizes and other winnings			
5 Other payments			
6 Total payments subject to withholding.			
Add column (a), line 1 through line 5			
Nonresident withholding threshold amount: . . .	\$1,500.00		
Backup withholding threshold amount:	\$0.00		

Certification of Nonresident Payee

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for 1131 to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection. To request this notice by mail, call 800.338.0505 and enter form code 948 when instructed.

Under penalties of perjury, I declare that I have examined the information on this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare under penalties of perjury that if the facts upon which this form are based change, I will promptly notify the withholding agent.

Sign Here	Print or type payee's name	Telephone
	Payee's signature X	Date
	Print or type representative's name and title	Telephone
	Authorized representative's signature X	Date

**Separates goods and materials from other payments,
 Separates services performed inside and outside of California
 Keep a copy of the form in the vendor file for four years.**

Forms 588 & 589 California Nonresident Withholding Requests

Payee applies

- FTB will send Form FTB 3952 stating the period of time the exemption applies
 - Maximum time is 2 years

Payee will need your information to file the form:

- Business name
- Address
- TIN
- Fax Number
- Daytime phone number



WITHHOLDING ON THE \$1500 THRESHOLD



- Withholding is optional on the first \$1,500 in payments each calendar year
- If you know vendor payments will total more than \$1500, withhold with the first payment.
- If you reasonably believed the vendor would not exceed \$1500 threshold- do not go back and withhold on prior payments.



Nonresident Withholding Example

Your district pays a nonresident \$3,500 to perform service in California

Withholding is optional on the first \$1,500

$$\mathbf{\$3,500 \times 7\% = \$245 \text{ or}}$$

$$\mathbf{(\$3,500 - \$1,500) \times 7\% = \$140}$$



California Nonresident Withholding and Reporting Due Dates

Send Deposits in with Form 592, and 592-V

PAYMENT QUARTER

January 1 - March 31

April 1 - May 31

June 1 - August 31

September 1 - December 31

DUE DATE

April 15

June 15

Sept. 15

Jan. 15



Nonresident Reporting Procedures

Forms	Purpose
Form 592 Form is filed each quarter to report any withholding during that quarter	Payer sends FTB a Form 592 either <u>electronically</u> or by mail. <ul style="list-style-type: none">• Form 592 contains a list of all payees withheld upon during the filing period.
Form 592-V, Payment Voucher for Resident and Nonresident Withholding	Payer sends FTB a Form 592-V with check for withholding and a completed Form 592.
Form 592-B, Resident and Nonresident Withholding Tax Statement	By January 31 following the end of calendar year, payer sends each nonresident payee a Form 592-B and keeps a copy for records. Nonresident payee claims the withholding by attaching a copy of Form 592-B when filing California tax return.

Resident and Nonresident Withholding Statement

2021

592

Amended: Prior Year Distribution

Due Date: April 15, 2021 June 15, 2021 September 15, 2021 January 15, 2022

Part I Withholding Agent Information

Business name SSN or ITIN FEIN CA Corp no. CA SOS file no.

First name Initial Last name Telephone

Address (apt./ste., room, PO box, or PMB no.)

City (If you have a foreign address, see instructions.) State ZIP code

Total Number of Payees

Part II Type of Income

Check all that apply.

- A** Payments to Independent Contractors
- B** Trust Distributions
- C** Rents or Royalties
- D** Distributions to Domestic Nonresident Partners/Members/Beneficiaries/S Corporation Shareholders
- E** Estate Distributions
- F** Elective Withholding
- G** Elective Withholding by Indian Tribe
- I** Other _____

Part III Tax Withheld

- 1** Total tax withheld from Schedule of Payees, excluding backup withholding (Side 2 and any additional pages) **1** _____
- 2** Total backup withholding (Side 2 and any additional pages) **2** _____
- 3** Add line 1 and line 2. This is the total amount of tax withheld **3** _____
- 4** Amount of prior payments not previously distributed **4** _____
- 5** Amount withheld by another entity and being distributed **5** _____
- 6** Add line 4 and line 5. This is the total amount of payments **6** _____
- 7** Total Withholding Amount Due. Subtract line 6 from line 3. Remit the withholding payment with Form 592-V, along with Form 592. **7** _____

Sign Here

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to ftb.ca.gov/forms and search for **1131**. To request this notice by mail, call 800.852.5711.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than withholding agent) is based on all information of which preparer has any knowledge.

Print or type withholding agent's name	Telephone
Withholding agent's signature	Date
Print or type preparer's name	Preparer's PTIN
Preparer's signature	Date
Preparer's address	Telephone

Preparer's Use Only

Withholding Agent Name: _____ Withholding Agent TIN: _____

Schedule of Payees (Enter business or individual name, not both.)

PRINT CLEARLY

Business name		<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.	
First name	Initial	Last name	SSN or ITIN
Address (apt./ste., room, PO box, or PMB no.)			
City (If you have a foreign address, see instructions.)			State ZIP code
Total income	<input type="checkbox"/> If backup withholding, check the box.		Amount of tax withheld

Business name		<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.	
First name	Initial	Last name	SSN or ITIN
Address (apt./ste., room, PO box, or PMB no.)			
City (If you have a foreign address, see instructions.)			State ZIP code
Total income	<input type="checkbox"/> If backup withholding, check the box.		Amount of tax withheld

Business name		<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.	
First name	Initial	Last name	SSN or ITIN
Address (apt./ste., room, PO box, or PMB no.)			
City (If you have a foreign address, see instructions.)			State ZIP code
Total income	<input type="checkbox"/> If backup withholding, check the box.		Amount of tax withheld

Business name		<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.	
First name	Initial	Last name	SSN or ITIN
Address (apt./ste., room, PO box, or PMB no.)			
City (If you have a foreign address, see instructions.)			State ZIP code
Total income	<input type="checkbox"/> If backup withholding, check the box.		Amount of tax withheld

Complete a box for each vendor you are withholding and reporting on during the quarter.

If you Need to Correct Form 592

- Complete a new Form 592 with the correct information.
- Check the “Amended” box at the top of the revised form.
- Include a letter explaining what changes were made and why.

TAXABLE YEAR 2021	Resident and Nonresident Withholding Statement	CALIFORNIA FORM 592
Amended <input checked="" type="checkbox"/>	Prior Year Distribution <input type="checkbox"/>	
Due Date: <input type="checkbox"/> April 15, 2021	<input type="checkbox"/> June 15, 2021	<input type="checkbox"/> September 15, 2021 <input type="checkbox"/> January 15, 2022
Part I Withholding Agent Information		
Business name		<input type="checkbox"/> SSN or ITIN <input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SORS file no.
First name	Initial Last name	Telephone
Address (apt./ste., room, PO box, or PMB no.)		
City (if you have a foreign address, see instructions.)		State ZIP code



Failure to withhold on Nonresidents

- **100 % withholding liability**
- **Interest on late payment from due date to date paid**
- **Penalty for not filing Information Return to FTB**
 - \$50 each or
 - If Intentional \$100 or 10% whichever is greater
- **Penalty for not providing Payee Information return**
 - \$50 each or
 - If Intentional \$100 or 10% whichever is greater



Resident and Nonresident Withholding Tax Statement

2022

592-B

Amended

Part I Withholding Agent Information

Name of withholding agent (from Form 592, 592-PTE, or 592-F)			SSN or ITIN
Address (apt./ste., room, PO box, or PMB no.)			<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.
City (If you have a foreign address, see instructions.)	State	ZIP code	Daytime telephone number

Part II Payee Information

Name of payee			SSN or ITIN
Address (apt./ste., room, PO box, or PMB no.)			<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.
City (If you have a foreign address, see instructions.)	State	ZIP code	

Part III Type of Income Subject to Withholding. Check the applicable box(es)

A <input type="checkbox"/> Payments to Independent Contractors	E <input type="checkbox"/> Estate Distributions	H <input type="checkbox"/> Allocations to Foreign (non-U.S.) Nonresident Partners/Members
B <input type="checkbox"/> Trust Distributions	F <input type="checkbox"/> Elective Withholding	I <input type="checkbox"/> Other _____
C <input type="checkbox"/> Rents or Royalties	G <input type="checkbox"/> Elective Withholding/Indian Tribe	
D <input type="checkbox"/> Distributions to Domestic (U.S.) Nonresident Partners/Members/ Beneficiaries/S Corporation Shareholders		

Part IV Tax Withheld

1 Total income subject to withholding	1		
2 Total resident and/or nonresident tax withheld (excluding backup withholding)	2		
3 Total backup withholding	3		

**Send to each Nonresident vendor you withheld on by January 31st.
Keep a copy for your records**

FTB Live Chat for Information

General chats about:

- Forms
- Using MyFTB
- FTB website
- Non-confidential tax questions



Hours of operation

8 a.m. to 5 p.m. weekdays, except state holidays.

Hours are subject to change.

<https://www.ftb.ca.gov/>



**Section 8: Foreign
Vendor Reporting**

Foreign Vendor Reporting



When a non-U.S. vendor is paid, there are additional and distinct reporting requirements. Foreign vendors are not issued a Form 1099 Misc., but are instead reported on Form 1042-S. Foreign vendors also do not submit Form W-9, but instead file Form W-8. This is true regardless of whether the foreign vendor is an individual, a partnership, or a corporation.

- Payments for tangible goods or products are not subject to U.S. reporting or tax withholding.
- Payments for services provided outside the U. S. by Foreign Entities and individuals are considered foreign source, and are not subject to U.S. reporting and possibly withholding.
- Services provided inside the U.S. are subject to U.S. Taxation which include reporting and/or tax withholding when applicable.
- Payments for Royalties, Software licenses, or Access or Use licenses purchased from foreign entities and used inside the U.S. are subject to U.S. taxation.

Foreign vendor payments that are reportable are generally subject to a 30 percent federal withholding from each payment. The US has tax treaties with a number of other countries. Residents of foreign countries are taxed at a lower rate or are exempt from U.S. taxes on certain items of income received from sources within the United States under these treaties. These reduced rates and exemptions differ depending on the country and specific items of income. These same treaties provide that residents or citizens of the United States are taxed at a lower rate or are exempt from foreign taxes on certain items of income received from foreign countries.

Foreign vendors who qualify for a tax treaty reduction or exemption must claim the exemption by filling out the appropriate section on Form W-8 or, in the case of a foreign individual, IRS Form 8233 in order to avoid taxation of U.S. source income.

IMPORTANT: California does not recognize tax treaty benefits. All reportable foreign vendors will be subject to a 7% non-resident withholding and reporting tax in California. (See California Reporting Section)

If a district makes payments subject to Foreign Vendor Withholding, they must file “Annual Withholding Tax Return for U.S. Source Income of Foreign Persons” with the IRS by March 15th of each year. Payments to foreign vendors are reported on Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, and Form 1042-T, Annual Summary and Transmittal of Forms 1042-S, with a March 15th due date to both the vendor and the IRS. It is important to note that Form 1042-S must be filed by a foreign person who is subject to US withholding, even if no tax was withheld due to an existing income tax treaty or a specific statutory exemption from withholding.

U.S. vs. Foreign Vendor Comparisons

Reporting on U.S. Vendors	Reporting on Foreign Vendors
W-9/1099 Forms	W-8 Series/8233/1042-S Forms
Some corporate exemptions	NO corporate exemptions
\$600 threshold applies on most reporting	No minimum dollar threshold for reporting
Goods/Supplies exempt from reporting	Goods/Supplies exempt from reporting
Credit Card purchases NOT reportable	Payments made on a Credit Card ARE reportable for services performed in the U.S. by a foreign vendor.
No reporting/withholding on Scholarships to U.S. Citizens	Reporting on Form 1042-S and 14% withholding on Scholarships
24% Backup withholding could apply	30% withholding applies unless tax treaty exemptions or a W-8 ECI vendor

Purchasing Goods and Products from Foreign Sources

Payments to Foreign vendors for Goods and Supplies are not subject to tax-withholding and reporting but good documentation is required

IRS presumption is that all income is from U.S. sources, so to avoid having to withhold 30% from payments of non-U.S. source income paid to non-U.S. suppliers, you have to document the income's source as non-U.S.

- **Request the applicable W-8 form from the foreign vendor**
- **On invoices or contracts state “not from U.S. sources”**
- **Be aware of “Bundled Services”**



Sourcing Rules for Foreign Vendors

Goods Purchases	ARE Not reportable
Personal Services	Reportable if the service is physically performed in the U.S..
Prizes and Awards	Reportable if the payer is located in the U.S.
Rentals/Leases	Reportable if the property is located in the U.S.
Royalties for Copyrights	Reportable where the item is used or located in the U.S.
Digital Content	Reportable if used in the U.S.
Advertising Services	Reportable if used in the U.S.



Reporting of Software from Foreign Vendors

Payment Type		Report Withhold
Goods	If no requirements that the vendor has to update the version and no license to renew to use it.	No
Rental Income	If software is used in the U.S. and there is a time limitation to use or renewal of license is required	YES
Royalties	If you have the right to make copies for distribution or rent/lease to someone else; you are free to make changes to the software and the software is downloaded or installed in the U.S.	YES
Services	Attributed to the time the foreign vendor spends in the U.S. working for you on custom software, training, or installation	YES

Reporting Digital Content Purchased from a Foreign Vendor

- A purchase for a one-time fee “Canned Software” that contains license agreements that allow you to download the software to your hardware = **Goods** and is not reportable
- Digital content that you purchase and own all the copyrights to = **Goods** and is non reportable.
- Digital content that you purchase and own 1 to 3 copyright rights = **Royalty-**Form 1042-S
- Downloaded Digital content that runs solely on your servers that you pay an on-going fee to use and have no Copyright Rights = **Rental Payment-** Form 1042-S

A “**cloud transaction**” of digital content will be reportable on Form 1042-S

Report as a “**service**” if the purchase meets the following factors:

- Customer is not in physical possession of the property;
- The Customer does not control the property beyond the customer’s network access and use of the property
- The customer does not have a significant economic or possessory interest in the property,
- the service provider bears any risk of substantially diminished receipts or substantially increased expenditures if there is nonperformance under the contract,
- the service provider uses the property concurrently to provide significant services to entities unrelated to the service recipient, and
- the total contract price substantially exceeds the rental value of the property for the contract period.
- If doesn’t meet this criteria report as a **rental**.

Claiming A Tax Treaty

- **A tax treaty is a bilateral (two-party) agreement made by two countries to resolve issues involving double taxation of passive and active income of each of their respective citizens.**
- **Withholding can be exempt or reduced from 30% only when:**
 - The vendor has properly filled Form W-8 and a treaty provision is allowed, or
 - The vendor is qualified as a Form W-8ECI vendor.
- **The foreign vendor may also be subject to 7% California Nonresident withholding**

Most Applicable Treaty Articles

- Teachers and Researchers
- Students/Training
- Royalties
- Digital Content
- Business Profits
- Independent Personal Services (non-employee compensation)
- Artists and Athletes



Tax Treaty Information



IRS Publication 901 (U.S. Tax Treaties)

<https://www.irs.gov/pub/irs-pdf/p901.pdf>

Tax treaty tables

- <https://www.irs.gov/individuals/international-taxpayers/tax-treaty-tables>
- <https://www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z>



Foreign Vendors Must Submit Proper Forms

FORM TYPE	Purpose
W-8 BEN	Foreign Individual
Form 8233	Foreign Individuals providing services claiming a Tax Treaty Exemption from 30% withholding
W-8 BEN-E	Foreign Entities
W-8 ECI	Foreign Entities that have Effectively Connective Income to the USA and files U.S. Taxes
Copies of forms and instructions are found at	www.irs.gov

Forms W-8

Certifies your payee is not a US Person.

- Faxed or e-mail copies of Forms W-8 are acceptable
- Electronic signatures are allowed
- The permanent residence of the payee cannot be a P.O. Box or “In Care Of” address
- No U.S. addresses accepted except on Form W-8 ECI
- Form W-8 is valid until the calendar year ends 3 years from signing date
 - Example: Signed September 20, 2021 is good until December 31, 2024



Signatures on Forms W-8

- Signatures on Forms W-8 must be original
 - not printed/typed words or stamps.
- Electronic signatures are allowed and should have a time and date stamp and statement that the form has been electronically signed
 - (IRS Section 1.1441-1T(e) (4) (iv) (C))

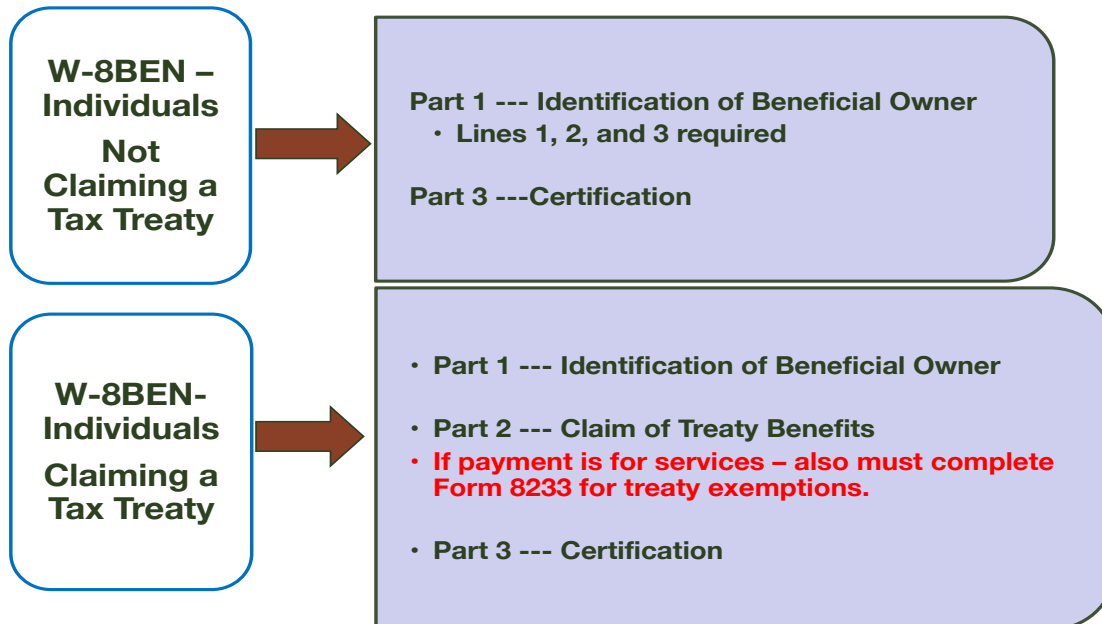


ITIN—Individual Taxpayer Identification Number.

- Issued by the IRS to individuals who are not U.S. citizens or residents, but who need a TIN to file a U.S. tax return.
- TIN consists of nine numeric characters and is hyphenated just like an SSN (123-45-6789).
 - (the hyphens are not used when reporting to the IRS.)
- ITIN normally begin with the number “98”



Form W-8-BEN - *Foreign Individuals*



Form **W-8BEN**

(Rev. July 2017)

Department of the Treasury
Internal Revenue Service

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)

► For use by individuals. Entities must use Form W-8BEN-E.
► Go to www.irs.gov/FormW8BEN for instructions and the latest information.
► Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

Do NOT use this form if:

- You are NOT an individual W-8BEN-E
- You are a U.S. citizen or other U.S. person, including a resident alien individual W-9
- You are a beneficial owner claiming that income is effectively connected with the conduct of trade or business within the U.S. (other than personal services) W-8ECI
- You are a beneficial owner who is receiving compensation for personal services performed in the United States 8233 or W-4
- You are a person acting as an intermediary W-8IMY

Instead, use Form:

Note: If you are resident in a FATCA partner jurisdiction (i.e., a Model 1 IGA jurisdiction with reciprocity), certain tax account information may be provided to your jurisdiction of residence.

Part I Identification of Beneficial Owner (see instructions)

1 Name of individual who is the beneficial owner		2 Country of citizenship	
3 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address.			
City or town, state or province. Include postal code where appropriate.		Country	
4 Mailing address (if different from above)			
City or town, state or province. Include postal code where appropriate.		Country	
5 U.S. taxpayer identification number (SSN or ITIN), if required (see instructions)		6 Foreign tax identifying number (see instructions)	
7 Reference number(s) (see instructions)		8 Date of birth (MM-DD-YYYY) (see instructions)	

Part II Claim of Tax Treaty Benefits (for chapter 3 purposes only) (see instructions)

9 I certify that the beneficial owner is a resident of _____ within the meaning of the income tax treaty between the United States and that country.

10 **Special rates and conditions** (if applicable—see instructions): The beneficial owner is claiming the provisions of Article and paragraph _____ of the treaty identified on line 9 above to claim a _____ % rate of withholding on (specify type of income): _____

Explain the additional conditions in the Article and paragraph the beneficial owner meets to be eligible for the rate of withholding: _____

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the individual that is the beneficial owner (or am authorized to sign for the individual that is the beneficial owner) of all the income to which this form relates or am using this form to document myself for chapter 4 purposes,
- The person named on line 1 of this form is not a U.S. person,
- The income to which this form relates is:
 - (a) not effectively connected with the conduct of a trade or business in the United States,
 - (b) effectively connected but is not subject to tax under an applicable income tax treaty, or
 - (c) the partner's share of a partnership's effectively connected income,
- The person named on line 1 of this form is a resident of the treaty country listed on line 9 of the form (if any) within the meaning of the income tax treaty between the United States and that country, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner. **I agree that I will submit a new form within 30 days if any certification made on this form becomes incorrect.**

Sign Here ►

Signature of beneficial owner (or individual authorized to sign for beneficial owner) Date (MM-DD-YYYY)

Print name of signer Capacity in which acting (if form is not signed by beneficial owner)

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 25047Z

Form **W-8BEN** (Rev. 7-2017)

Form **W-8BEN**

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)

(Rev. July 2017)

OMB No. 1545-1621

Department of the Treasury
Internal Revenue Service

► **For use by individuals. Entities must use Form W-8BEN-E.**
► **Go to www.irs.gov/FormW8BEN for instructions and the latest information.**
► **Give this form to the withholding agent or payer. Do not send to the IRS.**

- Do NOT use this form if:**
- You are NOT an individual **W-8BEN-E**
 - You are a U.S. citizen or other U.S. person, including a resident alien individual **W-9**
 - You are a beneficial owner claiming that income is effectively connected with the conduct of trade or business within the U.S. (other than personal services) **W-8ECI**
 - You are a beneficial owner who is receiving compensation for personal services performed in the United States **8233 or W-4**
 - You are a person acting as an intermediary **W-8IMY**

Instead, use Form:

Note: If you are resident in a FATCA partner jurisdiction (i.e., a Model 1 IGA jurisdiction with reciprocity), certain tax account information may be provided to your jurisdiction of residence.

Part I Identification of Beneficial Owner (see instructions)

1 Name of individual who is the beneficial owner
James Byrd

2 Country of citizenship
Canada

3 Permanent residence address (street, apt. or suite no., or rural route). **Do not use a P.O. box or in-care-of address.**
2390 Willmas Street
City or town, state or province. Include postal code where appropriate. Toronto, On. M4V 6V4 Country Canada

4 Mailing address (if different from above)

City or town, state or province. Include postal code where appropriate. Country

5 U.S. taxpayer identification number (SSN or ITIN), if required (see instructions)
98 4782323

6 Foreign tax identifying number (see instructions)

7 Reference number(s) (see instructions)

8 Date of birth (MM-DD-YYYY) (see instructions)

Part II Claim of Tax Treaty Benefits (for chapter 3 purposes only) (see instructions)

9 I certify that the beneficial owner is a resident of Canada within the meaning of the income tax treaty between the United States and that country.


10 **Special rates and conditions** (if applicable—see instructions): The beneficial owner is claiming the provisions of Article and paragraph Article VII of the treaty identified on line 9 above to claim a 0 % rate of withholding on (specify type of income):
Teacher Training
Explain the additional conditions in the Article and paragraph the beneficial owner meets to be eligible for the rate of withholding:
Under Article VII, business profits are exempt from U.S. tax unless the individual has a permanent business in the U.S.

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the individual that is the beneficial owner (or am authorized to sign for the individual that is the beneficial owner) of all the income to which this form relates or am using this form to document myself for chapter 4 purposes.
- The person named on line 1 of this form is not a U.S. person.
- The income to which this form relates is:
 - (a) not effectively connected with the conduct of a trade or business in the United States,
 - (b) effectively connected but is not subject to tax under an applicable income tax treaty, or
 - (c) the partner's share of a partnership's effectively connected income.
- The person named on line 1 of this form is a resident of the treaty country listed on line 9 of the form (if any) within the meaning of the income tax treaty between the United States and that country, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner. **I agree that I will submit a new form within 30 days if any certification made on this form becomes incorrect.**

Sign Here  James Byrd Date 12/6/2021

Signature of beneficial owner (or individual authorized to sign for beneficial owner) Date (MM-DD-YYYY)

James Byrd Capacity in which acting (if form is not signed by beneficial owner)

Print name of signer

Foreign Vendors can provide either a U.S. Taxpayer Number or a Foreign Taxpayer Number per lines 5 & 6 unless they are performing services and applying for a tax treaty benefit.

In that case, they must provide a U.S. Taxpayer Number on Line 5.



Form 8233 for Tax Treaty Exemption

- Used by individuals to make treaty claims on U.S. source services income for services performed in the U.S.
- Faxed/email copies are now acceptable.
- Form must be signed by both the individual and the payer
- Signatures must be original or electronic
- U.S. Tin (SSN or ITIN) must be furnished on Line 2
- Send to the IRS for verification of treaty claims within five days of receiving the form.
- IRS has 10 days to respond to the claim; if they do not respond, payer can assume the treaty claim is valid and release funds without withholding
- Forms must be renewed annually.

Sample Form 8233

Form 8233	Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual		OMB No. 1545-0705
Department of the Treasury Internal Revenue Service	▶ See separate instructions.		
Who Should Use This Form?	IF you are a nonresident alien individual who is receiving . . .	THEN , if you are the beneficial owner of that income, use this form to claim . . .	
Note: For definitions of terms used in this section and detailed instructions on required withholding forms for each type of income, see Definitions on pages 1 and 2 of the instructions.	Compensation for independent personal services performed in the United States	A tax treaty withholding exemption (Independent personal services, Business profits) for part or all of that compensation and/or to claim the daily personal exemption amount.	
	Compensation for dependent personal services performed in the United States	A tax treaty withholding exemption for part or all of that compensation. Note: Do not use Form 8233 to claim the daily personal exemption amount.	
	Noncompensatory scholarship or fellowship income and personal services income from the same withholding agent	A tax treaty withholding exemption for part or all of both types of income.	
DO NOT Use This Form . . .	IF you are a beneficial owner who is . . .	INSTEAD , use . . .	
	Receiving compensation for dependent personal services performed in the United States and you are not claiming a tax treaty withholding exemption for that compensation	Form W-4 (See page 2 of the Instructions for Form 8233 for how to complete Form W-4.)	
	Receiving noncompensatory scholarship or fellowship income and you are not receiving any personal services income from the same withholding agent	Form W-8BEN or, if elected by the withholding agent, Form W-4 for the noncompensatory scholarship or fellowship income	
	Claiming only foreign status or treaty benefits with respect to income that is not compensation for personal services	Form W-8BEN	
This exemption is applicable for compensation for calendar year <u>2022</u> , or other tax year beginning _____ and ending _____.			
Part I Identification of Beneficial Owner (See instructions.)			
1 Name of individual who is the beneficial owner	2 U.S. taxpayer identifying number	3 Foreign tax identifying number, if any (optional)	
James Byrd	464 78 2323		
4 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box.			
2390 Willmas Street			
City or town, state or province. Include postal code where appropriate.		Country (do not abbreviate)	
Toronto, On. M4V 6V4		Canada	
5 Address in the United States (street, apt. or suite no., or rural route). Do not use a P.O. box.			
City or town, state, and ZIP code			
Note: Citizens of Canada or Mexico are not required to complete lines 7a and 7b.			
6 U.S. visa type	7a Country issuing passport	7b Passport number	
WB Visa Waiver			
8 Date of entry into the United States	9a Current nonimmigrant status	9b Date your current nonimmigrant status expires	
November 7, 2021	WB	January 3, 2023	
10 If you are a foreign student, trainee, professor/teacher, or researcher, check this box <input type="checkbox"/>			
Caution: See the line 10 instructions for the required additional statement you must attach.			
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.		Cat. No. 62292K	Form 8233 (Rev. 3-2009)

If the Individual is from a country other than Mexico or Canada, they must also complete lines 7a and 7b



1-2009

Page 2

Part II Claim for Tax Treaty Withholding Exemption and/or Personal Exemption Amount

- 11 Compensation for independent (and certain dependent) personal services:
- a Description of personal services you are providing
Training to teachers on writing skills curriculum
- b Total compensation you expect to be paid for these services in this calendar or tax year \$ **4000.00**
- 12 If compensation is exempt from withholding based on a tax treaty benefit, provide:
- a Tax treaty and treaty article on which you are basing exemption from withholding
US/Canada Tax Treaty, Article VII
- b Total compensation listed on line 11b above that is exempt from tax under this treaty \$ **4000.00**
- c Country of permanent residence **Canada**
- Note: Do not complete lines 13a through 13c unless you also received compensation for personal services from the same withholding agent.**
- 13 Noncompensatory scholarship or fellowship income:
- a Amount \$ _____
- b Tax treaty and treaty article on which you are basing exemption from withholding _____
- c Total income listed on line 13a above that is exempt from tax under this treaty \$ _____
- 14 Sufficient facts to justify the exemption from withholding claimed on line 12 and/or line 13 (see instructions) _____

Under Article VII, business profits are exempt from U.S. tax unless the individual has a permanent business in the U.S.

Note: Lines 15 through 18 are to be completed only for certain independent personal services (see instructions).

- 15 Number of personal exemptions claimed ▶
- 16 How many days will you perform services in the United States during this tax year? ▶
- 17 Daily personal exemption amount claimed (see instructions) ▶
- 18 Total personal exemption amount claimed. Multiply line 16 by line 17 ▶

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates.
- The beneficial owner is not a U.S. person.
- The beneficial owner is a resident of the treaty country listed on line 12a and/or 13b above within the meaning of the income tax treaty between the United States and that country.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner.

Sign Here ▶ James Bryd 12/2/2021
Signature of beneficial owner (or individual authorized to sign for beneficial owner) Date

Part IV Withholding Agent Acceptance and Certification

Name Sunnyside School District Employer identification number 95-2323434

Address (number and street) (Include apt. or suite no. or P.O. box, if applicable.)
69 Mission Trail

City, state, and ZIP code Murrieta, Ca 92562 Telephone number 951-896 5629

Under penalties of perjury, I certify that I have examined this form and any accompanying statements, that I am satisfied that an exemption from withholding is warranted, and that I do not know or have reason to know that the nonresident alien individual is not entitled to the exemption or that the nonresident alien's eligibility for the exemption cannot be readily determined.

Signature of withholding agent ▶ Hope Johnson Date ▶ 12/6/2021



Test Your Knowledge



District employees are traveling to Canada for a Conference and using the district's credit card to pay for their lodging when they arrive. Is this a reportable purchase?

If the hotel is foreign-owned and located outside the U.S., the payment is non-U.S. source income and is not reportable.

- **Obtain a W-8BEN-E from the entity to document its non-U.S. status.**

Form W-8 BEN-E

W-8BEN-E

For payments to Foreign
Companies, Partnerships
and Corporations

Payments of:

Rental for property in the
U.S.

Services performed in the
U.S.

Software licenses

Royalties

Digital Content

PART I

- Line 1 – Name of Organization
- Line 2 – Country of incorporation
- Line 3 – Probably skip
 - Only needed if payment is going to a third party accounting institution
- Line 4 – Type of entity for Chapter 3 purposes
- Line 5 – Entity FATCA Status
 - Doesn't apply to school district vendors
- Line 6 – Permanent residence address
- Line 7- Skipped if same as Line 6
- Line 8 – U.S. TIN or Line 9b – Foreign TIN
- **Part III** – Treaty section if claiming treaty reduction or exemption
- **Part XXX – Certification** Signature, printed name, date, and capacity check box

W-8 BEN-E Example of Software License Vendor

Form W-8BEN-E (Rev. July 2017) Department of the Treasury Internal Revenue Service		Certificate of Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities) OMB No. 1545-1021	
<p>Do NOT use this form for:</p> <ul style="list-style-type: none"> • U.S. entity or U.S. citizen or resident W-9 • A foreign individual W-8BEN (Individual) or Form 8233 • A foreign individual or entity claiming that income is effectively connected with the conduct of trade or business within the U.S. (unless claiming treaty benefits) W-8ECI • A foreign partnership, a foreign simple trust, or a foreign grantor trust (unless claiming treaty benefits) (see instructions for exceptions) W-8IMY • A foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession claiming that income is effectively connected U.S. income or that is claiming the applicability of section(s) 115(f), 501(c), 892, 895, or 1443(b) (unless claiming treaty benefits) (see instructions for other exceptions) W-8ECI or W-8EXP • Any person acting as an intermediary (including a qualified intermediary acting as a qualified derivatives dealer) W-8IMY 			
<p>Instead use Form:</p>			
<p>Part I Identification of Beneficial Owner</p>			
1 Name of organization that is the beneficial owner Pensoft Software Solutions		2 Country of incorporation or organization United Kingdom	
3 Name of disregarded entity receiving the payment (if applicable, see instructions)			
<p>4 Chapter 3 Status (entity type) (Must check one box only):</p> <p><input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Disregarded entity <input type="checkbox"/> Partnership</p> <p><input type="checkbox"/> Simple trust <input type="checkbox"/> Grantor trust <input type="checkbox"/> Complex trust <input type="checkbox"/> Estate <input type="checkbox"/> Government</p> <p><input type="checkbox"/> Central Bank of Issue <input type="checkbox"/> Tax-exempt organization <input type="checkbox"/> Private foundation <input type="checkbox"/> International organization</p> <p>If you entered disregarded entity, partnership, simple trust, or grantor trust above, is the entity a hybrid making a treaty claim? # "Yes" complete Part III. <input type="checkbox"/> Yes <input type="checkbox"/> No</p>			
<p>5 Chapter 4 Status (FATCA status) (See instructions for details and complete the certification below for the entity's applicable status.)</p> <p><input type="checkbox"/> Nonparticipating FFI (including an FFI related to a Reporting IGA FFI other than a deemed-compliant FFI, participating FFI, or exempt beneficial owner). <input type="checkbox"/> Nonreporting IGA FFI. Complete Part XII.</p> <p><input type="checkbox"/> Participating FFI. <input type="checkbox"/> Foreign government, government of a U.S. possession, or foreign central bank of issue. Complete Part XIII.</p> <p><input type="checkbox"/> Reporting Model 1 FFI. <input type="checkbox"/> International organization. Complete Part XIV.</p> <p><input type="checkbox"/> Reporting Model 2 FFI. <input type="checkbox"/> Exempt retirement plans. Complete Part XV.</p> <p><input type="checkbox"/> Registered deemed-compliant FFI (other than a reporting Model 1 FFI, sponsored FFI, or nonreporting IGA FFI covered in Part XII). See instructions. <input type="checkbox"/> Entity wholly owned by exempt beneficial owners. Complete Part XVI.</p> <p><input type="checkbox"/> Sponsored FFI. Complete Part IV. <input type="checkbox"/> Territory financial institution. Complete Part XVII.</p> <p><input type="checkbox"/> Certified deemed-compliant nonregistering local bank. Complete Part V. <input type="checkbox"/> Excepted nonfinancial group entity. Complete Part XVIII.</p> <p><input type="checkbox"/> Certified deemed-compliant FFI with only low-value accounts. Complete Part VI. <input type="checkbox"/> Excepted nonfinancial start-up company. Complete Part XIX.</p> <p><input type="checkbox"/> Certified deemed-compliant sponsored, closely held investment vehicle. Complete Part VII. <input type="checkbox"/> Excepted nonfinancial entity in liquidation or bankruptcy. Complete Part XX.</p> <p><input type="checkbox"/> Certified deemed-compliant limited life debt investment entity. Complete Part VIII. <input type="checkbox"/> 501(c) organization. Complete Part XXII.</p> <p><input type="checkbox"/> Certain investment entities that do not maintain financial accounts. Complete Part IX. <input type="checkbox"/> Nonprofit organization. Complete Part XXIII.</p> <p><input type="checkbox"/> Owner-documented FFI. Complete Part X. <input type="checkbox"/> Publicly traded NFFE or NFFE affiliate of a publicly traded corporation. Complete Part XXIII.</p> <p><input type="checkbox"/> Restricted distributor. Complete Part XI. <input type="checkbox"/> Excepted territory NFFE. Complete Part XXIV.</p> <p><input type="checkbox"/> <input type="checkbox"/> Active NFFE. Complete Part XXV.</p> <p><input type="checkbox"/> <input type="checkbox"/> Passive NFFE. Complete Part XXVI.</p> <p><input type="checkbox"/> <input type="checkbox"/> Excepted inter-affiliate FFI. Complete Part XXVII.</p> <p><input type="checkbox"/> <input type="checkbox"/> Direct reporting NFFE.</p> <p><input type="checkbox"/> <input type="checkbox"/> Sponsored direct reporting NFFE. Complete Part XXVIII.</p> <p><input type="checkbox"/> <input type="checkbox"/> Account that is not a financial account.</p>			
6 Permanent residence address (street apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address (other than a registered address).			
City or town, state or province. Include postal code where appropriate. London		Country UK	
7 Mailing address (if different from above)			
City or town, state or province. Include postal code where appropriate.		Country	
8 U.S. taxpayer identification number (TIN), if required 9a GIN		b Foreign TIN 786354 52441	
10 Reference number(s) (see instructions)			

W-8 BEN-E vendors can provide either a U.S. or Foreign Tax ID Number.

- A U.S. number is required if claiming benefits under an income tax treaty and have **not** provided a foreign TIN on line 9b.



W-8 Ben-E Page 2 Example of Software License Vendor

Form W-8BEN-E (Rev. 7-2017) Page **2**

Part II Disregarded Entity or Branch Receiving Payment. (Complete only if a disregarded entity with a GILN or a branch of an FFI in a country other than the FFI's country of residence. See instructions.)

11 Chapter 4 Status (FATCA status) of disregarded entity or branch receiving payment
 Branch treated as nonparticipating FFI Reporting Model 1 FFI U.S. Branch.
 Participating FFI Reporting Model 2 FFI.

12 Address of disregarded entity or branch (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address (other than a registered address).

 City or town, state or province. Include postal code where appropriate.

 Country

13 GILN (if any) _____

Part III Claim of Tax Treaty Benefits (if applicable). (For chapter 3 purposes only.)

14 I certify that (check all that apply):
 a The beneficial owner is a resident of United Kingdom within the meaning of the income tax treaty between the United States and that country.
 b The beneficial owner derives the item (or items) of income for which the treaty benefits are claimed, and, if applicable, meets the requirements of the treaty provision dealing with limitation on benefits. The following are types of limitation on benefits provisions that may be included in an applicable tax treaty (check only one; see instructions):
 Government Company that meets the ownership and base erosion test
 Tax exempt pension trust or pension fund Company that meets the derivative benefits test
 Other tax exempt organization Company with an item of income that meets active trade or business test
 Publicly traded corporation Favorable discretionary determination by the U.S. competent authority received
 Subsidiary of a publicly traded corporation Other (specify Article and paragraph): _____
 c The beneficial owner is claiming treaty benefits for U.S. source dividends received from a foreign corporation or interest from a U.S. trade or business of a foreign corporation and meets qualified resident status (see instructions).

15 **Special rates and conditions** (if applicable—see instructions): Article 7 Paragraph 1
 The beneficial owner is claiming the provisions of Article and paragraph _____
 of the treaty identified on line 14a above to claim a 0 % rate of withholding (specify type of income): Royalty
 Explain the additional conditions in the Article the beneficial owner meets to be eligible for the rate of withholding:
Royalties arising in a Contracting State and beneficially owned by a resident of the
other Contracting State shall be taxable only in that other State

Part IV Sponsored FFI

16 Name of sponsoring entity: _____

17 Check whichever box applies.
 I certify that the entity identified in Part I:
 • Is an investment entity;
 • Is not a QI, WP (except to the extent permitted in the withholding foreign partnership agreement), or WT; and
 • Has agreed with the entity identified above (that is not a nonparticipating FFI) to act as the sponsoring entity for this entity.
 I certify that the entity identified in Part I:
 • Is a controlled foreign corporation as defined in section 957(a);
 • Is not a QI, WP, or WT;
 • Is wholly owned, directly or indirectly, by the U.S. financial institution identified above that agrees to act as the sponsoring entity for this entity; and
 • Shares a common electronic account system with the sponsoring entity (identified above) that enables the sponsoring entity to identify all account holders and payees of the entity and to access all account and customer information maintained by the entity including, but not limited to, customer identification information, customer documentation, account balances, and all payments made to account holders or payees.

Form **W-8BEN-E** (Rev. 7-2017)

Part III (3) to Claim a Tax Treaty

- Line 14 (a) should be same country as on line 6
- Line 14 (b) should be marked and have one box marked as well.
- Line 14 (c) only required for interest and dividend payments
- Line 15- All are required:
 - Treaty article and paragraph number
 - % rate of withholding
 - Type of income
 - Explanation of conditions in the article



Form W-8 ECI

The district can rely on a properly completed Form W-8ECI to treat the payment associated with the Form W-8ECI vendor as a payment to a foreign person;

- who beneficially owns the amounts paid and
- is entitled to an exemption from withholding because the income is effectively connected with the conduct of a trade or business in the United States.

Form W-8ECI (Rev. July 2017)	Certificate of Foreign Person's Claim That Income Is Effectively Connected With the Conduct of a Trade or Business in the United States	OMB No. 1545-1821
Department of the Treasury Internal Revenue Service	▶ Section references are to the Internal Revenue Code. ▶ Go to www.irs.gov/FormW8ECI for instructions and the latest information. ▶ Give this form to the withholding agent or payer. Do not send to the IRS.	
Note: Persons submitting this form must file an annual U.S. income tax return to report income claimed to be effectively connected with a U.S. trade or business. See instructions.		
Do not use this form for: <ul style="list-style-type: none"> A beneficial owner solely claiming foreign status or treaty benefits A foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession claiming the applicability of sections 115(i), 501(c), 892, 895, or 1443(b) These entities should use Form W-8ECI if they received effectively connected income and are not eligible to claim an exemption for chapter 3 or 4 purposes on Form W-8EXP. A foreign partnership or a foreign trust (unless claiming an exemption from U.S. withholding on income effectively connected with the conduct of a trade or business in the United States) A person acting as an intermediary 		
Instead, use Form: <ul style="list-style-type: none"> W-8BEN or W-8BEN-E W-8EXP W-8BIMY 		
Note: See instructions for additional exceptions.		
Part I Identification of Beneficial Owner (see instructions)		
1 Name of individual or organization that is the beneficial owner		2 Country of incorporation or organization
3 Name of disregarded entity receiving the payments (if applicable)		
4 Type of entity (check the appropriate box):		
<input type="checkbox"/> Partnership <input type="checkbox"/> Simple trust <input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Government <input type="checkbox"/> Grantor trust <input type="checkbox"/> Complex trust <input type="checkbox"/> Estate <input type="checkbox"/> Private foundation <input type="checkbox"/> International organization <input type="checkbox"/> Central bank of issue <input type="checkbox"/> Tax-exempt organization		
5 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address.		
City or town, state or province. Include postal code where appropriate.		Country
6 Business address in the United States (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address.		
City or town, state, and ZIP code		
7 U.S. taxpayer identification number (required—see instructions)		8 Foreign tax identifying number
<input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN		
9 Reference number(s) (see instructions)		10 Date of birth (MM-DD-YYYY)
11 Specify each item of income that is, or is expected to be, received from the payer that is effectively connected with the conduct of a trade or business in the United States (attach statement if necessary).		
_____ _____ _____		
Part II Certification Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:		
<ul style="list-style-type: none"> I am the beneficial owner (or I am authorized to sign for the beneficial owner) of all the payments to which this form relates. The amounts for which this certification is provided are effectively connected with the conduct of a trade or business in the United States. The income for which this form was provided is includable in my gross income (or the beneficial owner's gross income) for the taxable year, and The beneficial owner is not a U.S. person. 		
Sign Here Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the payments of which I am the beneficial owner or any withholding agent that can disburse or make payments of the amounts of which I am the beneficial owner. I agree that I will submit a new form within 30 days if any certification made on this form becomes incorrect.		
Signature of beneficial owner (or individual authorized to sign for the beneficial owner)		Print name Date (MM-DD-YYYY)
<input type="checkbox"/> I certify that I have the capacity to sign for the person identified on line 1 of this form.		
For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 25045D Form W-8ECI (Rev. 7-2017)		



W-8 ECI Entity Exemption

Used primarily by the payee or beneficial owner indicating that they have a physical location of business in the U.S. and all the income listed on the form is effectively connected with the conduct of a trade or business within the U. S.

- Line 1 – Name
- Line 2 – Country of incorporation or organization
- Line 4 – Type of entity
- Line 5 – Permanent residence address (Not U.S.)
- Line 6 – Business address in the U.S.
- Line 7 – U.S. taxpayer identification number
- Line 11 – Specify each item of income received from the payer that is “ECI”
(Required)
- Signature, printed name, date, and capacity check box

Must be a Non-U.S. entity and have a physical presence in the U.S.

Must have a U.S. TIN and file U.S. tax returns

With a valid W-8 ECI, no 30% withholding is required

Payments are still reportable on Form 1042-S. Use exemption code “01” in Box 3a of 1042-S

Foreign Reporting Forms

Forms	Purpose
Annual Form 1042	<p>To reconcile deposits of tax withheld on foreign income</p> <p>File Form 1042 if you must file any 1042-s forms</p> <p>•Attach a copy of Form 8233 for each W-8 Ben individual treaty exemption.</p>
Form 1042-S	Used to report amounts subject to withholding to foreign payees and the IRS
Form 1042-T	To transmit any original paper forms 1042-S

All due March 15, 2023

Forms 1042-S and 1042-T are available as fill-in forms



Depositing Foreign Vendor Taxes

30% Withholding or Treaty Reduction Amounts

- Tax liability less than \$200- due with the Form 1042 by March 15th.
- Tax liability more than \$200 but less than \$2,000- due by the 15th day of the following month
- Tax liability of \$2000 or more on the 7th, 15th, 22nd, and last day of the month –due within 3 banking days of the end of the quarter month period.

Must Deposit Electronically

Form 1042 – Annual Foreign Withholding

Form 1042 Annual Withholding Tax Return for U.S. Source Income of Foreign Persons
 Department of the Treasury Internal Revenue Service
 OMB No. 1545-0086
2021

If this is an amended return, check here Go to www.irs.gov/Form1042 for instructions and the latest information.

Name of withholding agent _____ Employer identification number _____

For IRS Use Only

Ch. 3 Status Code _____ Ch. 4 Status Code _____ CC _____ FD _____
 Number, street, and room or suite no. (if a P.O. box, see instructions.) _____ RD _____ FF _____
 CAF _____ FP _____
 City or town, state or province, country, and ZIP or foreign postal code _____ CR _____ I _____
 EDC _____ SIC _____

If you do not expect to file this return in the future, check here Enter date final income paid

Section 1 Record of Federal Tax Liability (do not show federal tax deposits here)

Line No.	Period ending	Tax liability for period (including any base assessed on Form(s) 1000)	Line No.	Period ending	Tax liability for period (including any base assessed on Form(s) 1000)	Line No.	Period ending	Tax liability for period (including any base assessed on Form(s) 1000)
1	7	21	7	7	41	7	7	41
2	15	22	15	15	42	15	15	42
3	22	23	May	22	43	22	22	43
4	31	24	31	31	44	30	30	44
5	Jan. total	25	May total	45	Sept. total	45	Sept. total	45
6	7	26	7	7	46	7	7	46
7	15	27	June	15	47	15	15	47
8	22	28	22	22	48	22	22	48
9	28	29	28	28	49	31	31	49
10	Feb. total	30	June total	50	Oct. total	50	Oct. total	50
11	7	31	7	7	51	7	7	51
12	15	32	15	15	52	15	15	52
13	22	33	July	22	53	22	22	53
14	31	34	31	31	54	30	30	54
15	Mar. total	35	July total	55	Nov. total	55	Nov. total	55
16	7	36	7	7	56	7	7	56
17	15	37	Aug.	15	57	15	15	57
18	22	38	22	22	58	22	22	58
19	30	39	30	30	59	31	31	59
20	Apr. total	40	Aug. total	60	Dec. total	60	Dec. total	60

Note: The totals from the above table are to be entered on lines 64a through 64d (as indicated in the instructions for those lines).

61 No. of Forms 1042-S filed: a On paper _____ b Electronically _____

62 Total gross amounts reported on all Forms 1042-S and 1000:

a Total U.S. source FDAP income (other than U.S. source substitute payments) reported _____ 62a

b Total U.S. source substitute payments reported:

(1) Total U.S. source substitute dividend payments reported _____ 62b(1)

(2) Total U.S. source substitute payments reported other than substitute dividend payments _____ 62b(2)

c Total gross amounts reported (add lines 62a-b) _____ 62c

d Enter gross amounts actually paid if different from gross amounts reported _____ 62d

Do you want to allow another person to discuss this return with the IRS (see instructions)? Yes, Complete the following: No

Third Party Designee
 Designer's name _____ Phone no. _____ Personal identification number (PIN) _____

Sign Here
 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than withholding agent) is based on all information of which preparer has any knowledge.

Your signature _____ Date _____ Capacity in which acting _____
 Preparer's name _____ Preparer's signature _____ Date _____ Check if self-employed PFTN _____
 Firm's name _____ Firm's EIN _____
 Firm's address _____ Phone no. _____

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 11384V Form 1042 (2021)

Form 1042 (2021) Page 2

63 Total tax reported as withheld or paid by withholding agent on all Forms 1042-S and 1000:

a Tax withheld by withholding agent _____ 63a

b Tax withheld by other withholding agents:

(1) For payments other than substitute dividends _____ 63b(1)

(2) For substitute dividends _____ 63b(2)

c Adjustments to withholding:

(1) Adjustments to overwithholding _____ 63c(1)

(2) Adjustments to underwithholding _____ 63c(2)

d Tax paid by withholding agent _____ 63d

e Total tax reported as withheld or paid (add lines 63a-d) _____ 63e

Computation of Tax Due or Overpayment

64 Total net tax liability

a Adjustments to total net tax liability _____ 64a

b Total net tax liability under chapter 3 _____ 64b

c Total net tax liability under chapter 4 _____ 64c

d Excise tax on specified federal procurement payments (total payments made x 2% (0.02)) _____ 64d

e Total net tax liability (add lines 64a-d) _____ 64e

65 Total paid by electronic funds transfer (or with a request for extension of time to file):

a Total paid during calendar year _____ 65a

b Total paid during subsequent year _____ 65b

66 Enter overpayment applied as credit from 2020 Form 1042 _____ 66

67 Credit for amounts withheld by other withholding agents:

a For payments other than substitute dividend payments _____ 67a

b For substitute dividend payments _____ 67b

68 Total payments. Add lines 65 through 67 _____ 68

69 If line 64e is larger than line 68, enter balance due here _____ 69

70a Enter overpayment attributable to overwithholding on U.S. source income of foreign persons _____ 70a

b Enter overpayment attributable to excise tax on specified federal procurement payments _____ 70b

71 Apply overpayment (sum of lines 70a and 70b) to (check one):
 Credit on 2022 Form 1042 or Refund

Section 2 Reconciliation of Payments of U.S. Source FDAP Income

1 Total U.S. source FDAP income required to be withheld upon under chapter 4 _____ 1

2 Total U.S. source FDAP income required to be reported under chapter 4 but not required to be withheld upon under chapter 4 because:

a Amount of income paid to recipients whose chapter 4 status established no withholding is required _____ 2a

b Amount of excluded nonfinancial payments _____ 2b

c Amount of income paid with respect to grandfathered obligations _____ 2c

d Amount of income effectively connected with the conduct of a trade or business in the U.S. _____ 2d

e Total U.S. source FDAP income required to be reported under chapter 4 but not required to be withheld upon under chapter 4 (add lines 2a-d) _____ 2e

3 Total U.S. source FDAP income reportable under chapter 4 (add lines 1 and 2e) _____ 3

4 Total U.S. source FDAP income reported on all Forms 1042-S (from line 62a, b(1), and b(2)) _____ 4

5 Total variance, subtract line 3 from line 4; if amount other than zero, provide explanation on line 6 _____ 5

6 _____

Section 3 Potential Section 871(m) Transactions
 Check here if any payments (including gross proceeds) were made by the withholding agent under a potential section 871(m) transaction, including a notional principal contract or other derivatives contract that references (in whole or in part) a U.S. stock or other underlying security. See instructions

Section 4 Dividend Equivalent Payments by a Qualified Derivatives Dealer (QDD)
 Check here if any payments were made by a QDD: _____
 If box is checked, you must:
 (1) Attach Schedule Q (Form 1042). See instructions.
 (2) Enter the EIN (not the QI-EIN of the QDD) _____

Form 1042 (2021)

New 2022 Form usually released by December
 Due to IRS By March 15, 2023



Completing Form 1042

You must round off all reported amounts to the nearest dollar

LINE	NOTES
Lines 1-60	Report Federal tax liabilities and not amount of deposits
The IRS will	Match the reported Form 1042 liabilities against the recorded deposits to identify any short payments; <ul style="list-style-type: none">• you will automatically receive an assessment for late payments
Line 61	Report the total number of Form 1042-S - filed by broken down by paper and electronic
Line 62a	Amount should equal sum of all amounts shown on Form 1042-S Box 2
Line 62b	Sum of all Form 1042-S Box 7 minus Box 8
Line 63a	Must equal the sum of the monthly totals listed on Lines 1-60
Line 65	Total amount of tax deposits
Line 66-71	You may claim overpayments if applicable

Form 1042-S

UNIQUE FORM IDENTIFIER

- Cannot be a TIN #
- Must be exactly 10 digits all numeric
- # Must be unique on each 1042 S Form



Copy A to IRS
Copies B,C,D, to Vendor
Copy E to Payor

Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding		2022		OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		Go to www.irs.gov/Form1042S for instructions and the latest information.				Copy A for Internal Revenue Service	
		UNIQUE FORM IDENTIFIER		AMENDED		AMENDMENT NO.	
1 Income code	2 Gross income	3 Chapter indicator. Enter "3" or "4"	3a Exemption code	4a Exemption code	13e Recipient's U.S. TIN, if any	13f Ch. 3 status code	13g Ch. 4 status code
		3b Tax rate	4b Tax rate		13h Recipient's GILN	13i Recipient's foreign tax identification number, if any	13j LOB code
5 Withholding allowance		6 Net income		7a Federal tax withheld		13k Recipient's account number	
7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions)		7c Check if withholding occurred in subsequent year with respect to a partnership interest		14a Primary Withholding Agent's Name (if applicable)		13l Recipient's date of birth (YYYYMMDD)	
8 Tax withheld by other agents		9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions)		14b Primary Withholding Agent's EIN		15 Check if pro-rata basis reporting	
10 Total withholding credit (combine boxes 7a, 8, and 9)		11 Tax paid by withholding agent (amounts not withheld) (see instructions)		15a Intermediary or flow-through entity's EIN, if any		15b Ch. 3 status code	15c Ch. 4 status code
12a Withholding agent's EIN		12b Ch. 3 status code	12c Ch. 4 status code	15d Intermediary or flow-through entity's name		15e Intermediary or flow-through entity's GILN	
12d Withholding agent's name		12e Withholding agent's Global Intermediary Identification Number (GIIN)		15f Country code		15g Foreign tax identification number, if any	
12f Country code		12g Foreign tax identification number, if any		15h Address (number and street)		15i City or town, state or province, country, ZIP or foreign postal code	
12h Address (number and street)		12i City or town, state or province, country, ZIP or foreign postal code		16a Payer's name		16b Payer's TIN	
13a Recipient's name		13b Recipient's country code		16c Payer's GILN		16d Ch. 3 status code	16e Ch. 4 status code
13c Address (number and street)		13d City or town, state or province, country, ZIP or foreign postal code		17a State income tax withheld		17b Payer's state tax no.	17c Name of state

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 11386R Form **1042-S** (2022)

Due to IRS and Vendor by March 15, 2023



Filling Out Form 1042-S

Typical fields a district would be filling out.

- If not applicable to vendor payments, the fields explanation is skipped.*

Box 1 – Income code* 12 for Royalties/income code 17 for services to an individual/Income code 23 if services were paid to a company, partnership or corporation

Box 2 – Gross income paid; cannot be zero

Box 3 – Chapter indicator; enter “3”

If you withheld any percentage enter the % tax rate amount in 3b (e. g. 30) and 00 in Box 3a

If no withholding applied enter Exemption Code* 04 in 3a and 00 in Box 3b

Box 4a- Use code 16 which is excluded non-financial payment

Box 4b Use 00

Box 7a – Federal tax withheld; if any, in not 0 in 7a

- The tax amount withheld can be calculated by multiplying box 6 (net income) by box 3b (tax rate).

Line 10 – Amount reported in Box 7a

Line 12a – Your district’s Employer Identification Number

Line 12 b District’s Chapter 3 status codes – Use code 20 Tax exempt Organization

Line 12 c- District Chapter 4 status code – Use code 24 Tax Exempt Organization

Line 12d- Your district name

Line 12 h & i – District address

Lines 13 a, c, d- Required Information on the vendor

Line 13b- Vendor’s country of residence. The Country Codes table can be found on the IRS website:

<https://www.irs.gov/e-file-providers/foreign-country-code-listing-for-modernized-e-file>

Line 13e – Enter vendor U.S. Tin number if it was provided on Form W-8 (required for treaty claims on Form 8233)

Line 13f- Enter status code of vendor from list in Form instructions

- (e. g. 16 for an individual, 15 for a corporation).*

Line 13g- If you withheld on the vendor payment enter the vendor’s chapter 4 status code from the list in Form instructions. (e. g. 23 for individual)

Box 13 j – Leave blank if you are paying an individual/ If paying an entity LOB codes* to choose from will be in instructions of Form.

* The List of Codes referenced above will be found in the instructions with Form 1042-S

Form 1042-S Foreign Person's U.S. Source Income Subject to Withholding 2022 OIG No. 1545-0365
 Department of the Treasury Internal Revenue Service
 Go to www.irs.gov/Form1042-S for instructions and the latest information.
 Copy A to Internal Revenue Service
 UNIQUE IDENTIFIER AMENDMENT NO.

1 Recipient's U.S. TIN, if any
 2 Gross income code
 3 Chapter indicator: Enter "3" or "4"
 4a Exemption code
 4b Tax rate
 4c Tax rate
 5a Recipient's TIN
 5b Recipient's foreign tax identification number, if any
 5c LIR code
 6 Withholding allowance
 7 Net income
 7a Federal tax withheld
 7b Recipient's account number
 7c Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions)
 7d Check if withholding occurred in a subsequent year with respect to a partnership interest
 7e Recipient's date of birth (YYYYMMDD)
 8 Tax withheld by other agents
 8a Primary Withholding Agent's Name (if applicable)
 8b Derivatively tax withheld pursuant to adjustment procedure (see instructions)
 8c Primary Withholding Agent's EIN
 8d Check if pro-rata basis reporting
 9 Total withholding credit (combine boxes 7a, 8, and 9)
 9a Intermediary or flow-through entity's EIN, if any
 9b Country code
 9c Check status code
 10 Tax paid by withholding agent (amounts not withheld, see instructions)
 10a Withholding agent's EIN
 10b Country code
 10c Status code
 10d Intermediary or flow-through entity's EIN
 10e Withholding agent's name
 10f Country code
 10g Foreign tax identification number, if any
 10h Withholding agent's Social Intermediary Identification Number (SIN)
 10i Address (number and street)
 10j City or town, state or province, country, ZIP or foreign postal code
 10k Address (number and street)
 10l City or town, state or province, country, ZIP or foreign postal code
 10m Recipient's name
 10n Recipient's country code
 10o State income tax withheld
 10p Recipient's state tax no.
 10q Name of state
 10r Address (number and street)
 10s City or town, state or province, country, ZIP or foreign postal code
 10t Recipient's TIN
 10u Recipient's TIN
 10v Recipient's TIN
 10w Recipient's TIN
 10x Recipient's TIN
 10y Recipient's TIN
 10z Recipient's TIN

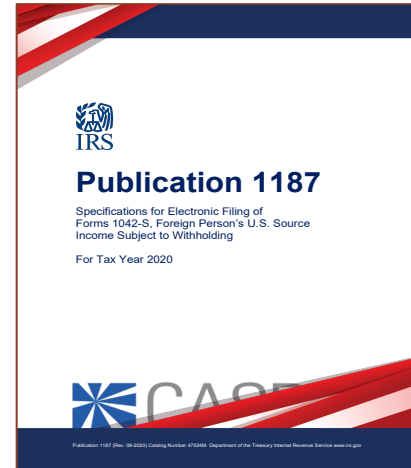
For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 11389F Form 1042-S 2022

Round off all reported amounts to the nearest dollar



Filing Forms 1042-S Electronically

- Electronic forms must be formatted in the specifications found in IRS Publication 1187.
- Once formatted - forms are transmitted electronically via: <http://FIRE.IRS.gov>
- Electronic reporting for Form 1042-s requires a separate Transmitter (TCC) code from the one used for filing Forms 1099.



1042-S Data Integrity Tool



Register at [Quick Modules Online](#)

- Input Form 1042-S information in the Form 1042-S Data Integrity Tool
- Receive a notification when the error-checking results file is ready for download.

Form 1042-S data can be input by:

- uploading a file in the format required by the IRS's FIRE system,
- uploading a comma separated values (CSV) spreadsheet using the template available in the tool,
- uploading Form 1042-S in PDF form, or
- manually entering individual Form 1042-S data in a substitute form provided by the tool.

<https://www.irs.gov/businesses/international-businesses/form-1042-s-data-integrity-tool>



Federal Filing Extensions for Form 1042-S Form 8809

Extensions may be requested online by completing a fill-in Form 8809 through the FIRE System at <https://fire.irs.gov> for an automatic 30-day extension and an additional 30-day extension request

Approvals are automatically displayed online if the request is made by the due date of the return.

8809
(Rev. August 2020)

Department of the Treasury
Internal Revenue Service

**Application for Extension of Time
To File Information Returns**
(For Forms W-2, W-2C, 1042-S, 1094-C, 1095, 1097, 1098, 1099, 3021, 3022, 5498, and 8027)

▶ **This form may be filed out online. See How to file below.**
▶ **Go to www.irs.gov/Form8809 for the latest information.**

Do not use this form to request an extension of time to: (1) file Form 1042 or 1042-S (use Form 4868), (2) file Form 1042 (use Form 7004), or (3) furnish statements to recipients (see Extensions under part III in the General Instructions for Certain Information Returns).

OMB No. 1545-1021

1 Payer's information. Type or print clearly in black ink.

Payer's name _____

Address _____

City _____ State _____ ZIP code _____

Contact name _____ Telephone number _____

Small address _____

2 Check your method of filing information returns. (Check only one box). Use a separate Form 8809 for each method.

Electronic Paper

3 If you are requesting an extension for more than one payer/filer, enter the total number of payer/filers and attach a typed list of names and filers. If sending an individual Form 8809 for each request, do not enter an amount. See how to file below for details. ▶

4 If you are requesting an extension for more than one payer/filer, enter the total number of payer/filers and attach a typed list of names and filers. If sending an individual Form 8809 for each request, do not enter an amount. See how to file below for details. ▶

5 Check this box **only** if you already requested the automatic extension and you now need an **additional** extension. See instructions. ▶

6 Check **only** the boxes that apply. Do not enter the number of returns.

Form(s)	✓ here	Form(s)	✓ here	Form(s)	✓ here
W-2		5498		8027	
1097, 1098, 1099, 3021, 3022, W-2C		5498-ESA		1094-C, 1095-C	
1099-NEC		5498-GA		1095-B	
1042-S		5498-SA		1099-QA	

7 If you are requesting an extension for Forms W-2 or 1099-NEC, or if you checked the box on line 5, you must meet one of the following criteria. Check the applicable box(es) that describes your need for an extension.

The filer suffered a catastrophic event in a federally declared: Death, serious illness, or unavoidable absence of the individual responsible for filing the information returns affected the operation of the filer

The filer was in the first year of establishment

The filer did not receive data on a payer statement such as Schedule K-1, Form 1042-S, or the statement of sick pay required under section 31.6051-3(a)(1) in time to prepare an accurate information return

File, casualty, or natural disaster affected the operation of the filer

Under penalties of perjury, I declare that I have examined this form, including any accompanying statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature ▶ _____ Title ▶ _____ Date ▶ _____

General Instructions

Purpose of form. Use Form 8809 to request an initial or additional extension of time to file only the forms shown on line 6 for the current tax year.

Note. Extension requests for Forms 1099-NEC, 1099-QA, 5498-GA, and W-2 must be submitted on paper.

Who should file. Payers/filers who need more time to file information returns with the IRS should file this form before the filing due date. See When to file, later.

How to file. Extensions may be requested:

- Online by completing a fill-in Form 8809 through the FIRE System at <https://fire.irs.gov> for an automatic 30-day extension not available for Form W-2, 1099-NEC, 1099-QA, 5498-GA, or additional 30-day extension requests for all form types listed in box 6.
- Acknowledgements are automatically displayed online if the request is made by the due date of the return. **Note:** A list that contains names and filers cannot be attached to the filer Form 8809.
- Electronically through the FIRE System in a file formatted according to the specifications in Pub. 1220.
- On paper Form 8809. Mail the form to the address shown in Where to file, later. You are encouraged to submit your requests electronically.

WARNING There are no automatic extension requests for Forms W-2 or 1099-NEC. Requests must be submitted on paper with line 7 completed and signed by the filer/transmitter or person duly authorized to sign a return.

Where to file. Send Form 8809 to:
Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84203-1099

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10322N Form 8809 (Rev. 8/2020)



Form 1042-T Transmittal

**Send Form 1042-T along with Copy A of Forms 1042-S to
Ogden Service Center
P.O. Box 409101
Ogden, UT 84409**

Do not use Form 1042-T if you submit Forms 1042-S electronically.

DO NOT STAPLE

Form 1042-T	Annual Summary and Transmittal of Forms 1042-S	OMB No. 1545-0046
Department of the Treasury Internal Revenue Service	Go to www.irs.gov/Form1042T for the latest information.	2021
Name of withholding agent	Ch. 4 Status Code Ch. 3 Status Code	Employer identification number
Number, street, and room or suite no.		
City or town, state or province, country, and ZIP or foreign postal code		

1 Type of paper Forms 1042-S attached:

a Choose only one: Chapter 4 or Chapter 3 (enter 4 or 3)

b Check only one box: Original Amended

c Check if pro rata

d Enter the number of paper Forms 1042-S attached ▶

e Check if you are a partnership reporting withholding that occurred in the subsequent year (see instructions) ▶

2 Total gross income reported on all paper Forms 1042-S (box 2) attached \$

3 Total federal tax withheld on all paper Forms 1042-S attached:

a Total federal tax withheld under Chapter 4 \$

b Total federal tax withheld under Chapter 3 \$

Caution: If you have already filed a Form 1042 and an attached Form 1042-S causes the gross income or tax withheld information shown on your previously filed Form 1042 to change, you must file an amended Form 1042. See the instructions on page 2.

If this is your FINAL return, enter an "X" here (see instructions) ▶

Please return this entire page to the Internal Revenue Service.

Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Your signature	Title	Date	Daytime phone number
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For more information and the Privacy Act and Paperwork Reduction Act Notice, see Form 1042-S. Cat. No. 38448W Form 1042-T (2021)

Due by March 15, 2023



Test Your Knowledge



You are paying a Canadian Corporation for on-line tutoring services they provide from their Canadian offices, consisting of live-help with chat-based access for students to the tutors.

Your district teachers are granted access to see their student's tutoring interactions to receive insights to help with class assessments.

The vendor submitted a Form W-8BEN-E and claimed no treaty provisions.

Which is the most applicable?

- a) The service is not reportable because tutors are not in U.S.
- b) The service is reportable with 30% withholding
- c) The service is reportable but no withholding is required
- d) The service is exempt from reporting based on the vendor is a Corporation

Test Your Knowledge



Your Accounting department is receiving customer service training at your district office from a Canadian consulting firm.

- The vendor has submitted a Form W-8BEN-E and has properly filled out the required section on the form to claim a treaty exemption.
- The vendor provided a Foreign TIN instead of a U.S. TIN on the Form W-8BEN-E

How is the payment to the vendor handled?

- a) The payment is subject to 30% withholding and is reportable on Form 1042-S
- b) The payment is not subject to 30% withholding or reportable on Form 1042-S
- c) The payment is subject to 24% backup withholding and reportable on Form 1042-S
- d) The payment is not subject to 30% withholding but is reportable on Form 1042-S