

North Dakota University System

ConnectND Finance 9.0

1099 Withholding

Version 1a

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SECTION 1 UPDATE VOUCHER 1099 WITHHOLDING

PURPOSE: This process will update voucher 1099 withholding reporting on completed vouchers. Examples of updates may include some of the following.

1. Withholding should not have been applied on a voucher or a specific voucher line.
2. Withholding should have been applied to a voucher or a specific voucher line.
3. Withholding is applicable but the wrong withholding class was selected.
4. Withholding does not report due to vendor location selected on the voucher does not report 1099 withholding.

OVERVIEW: Update vouchers for 1099 reporting first starts with identifying the voucher to be changed which determines what procedure to use on the voucher. Procedure may include changes on the vendor set up along with the update of the voucher. Updating vouchers may be done anytime throughout the calendar year.

PROCEDURES: Navigation for processes can be done in two ways: Vendors> 1099/Global Withholdings for available links, **or** Accounts Payable> Accounts Payable Center> 1099 Reports for available links. This document will use Accounts Payable navigations for specific 1099 procedures.

STEP 1 IDENTIFYING POSSIBLE PROBLEM VOUCHERS

1. **PAYCYCLE** withholding exceptions link, when highlighted, provides information of a 1099 withholding error upon completion of a paycycle. The error generally is an issue with the reporting class on the vendor record or the payment location does not have 1099 withholding available.
This correction completed at the time the exception is identified on the paycycle will be paid on the next paycycle and also should eliminate any further action at the end of the calendar year for 1099 reporting processes.
2. **QUERIES** provide withholding information to assist in identifying vouchers or voucher lines that should be changed.
 - a. NDU_A76_1099 PMT_DETAIL
 - b. NDU_AP77_1099_LINES
 - c. NDU_AP67_Vchr_By_Vndr_CF
 - d. NDU_GL53_VOUCHERS_FOR_ACCT
 - e. NDU_AP78_1099_EMP_OR_HRMS_VNDR
3. **REPORTS/INQUIRIES**
 - a. Mismatch Report
Navigation: Accounts Payable> Accounts Payable Center> 1099> General Reports> Wthd Voucher/Vendor Mismatch. Tip: A specific time period on the run control can be selected to keep this report manageable and the Vendor ID field may be left blank. An example of a mismatch report can be a voucher has a voucher line with 1099 withholding used, ie speaker fees and another voucher line which does not have 1099 withholding applicable, ie travel reimbursement. This mismatch is ok and will not require any action.
 - b. Vendor Balance by Class
Navigation: Accounts Payable> Accounts Payable Center> 1099> Review> Vendor Balance by Class.
The information provided from this inquiry will give vendor 1099 reporting for all business units for a specific period. The following example is for Vendor: B & H Photo for

calendar year 2005 where 5 business units have 1099 reporting used on their vouchers. Do a Find or View All for your Business Unit.

Vendor Balance

SetID: SHARE **Vendor:** 0000018760 **B & H PHOTO** **Location:** REMIT-PO

Payment

Start Date: 01/01/2005 **End Date:** 12/31/2005 **Fetch**

Business Units Find | View All First 1 of 5 Last

Business Unit: 30100 Health Department

Withholding Balances Customize | Find First 1 of 1 Last

Entity	Type	Jurisdiction	Class	Description	Basis Amt	Liability Amt	Paid Amount	Currency
IRS	1099	FED	07	Non-Employee Compensation	641.050	0.000	0.000	USD

STEP 2 VENDOR SETUP

If the voucher requires 1099 withholding, does not require 1099 withholding reporting, needs a withholding class added, or a 1099 location identified the following details should be used.

1. If there is no 1099 withholding information set up, add this information to the vendor record: check the withholding on the Identifying Information Tab and add the 1099 information on the Location tab, 1099 link.
2. If 1099 withholding is not required for the vendor, on the Identifying Page of the vendor set up, uncheck the withholding box. SAVE
3. If the reporting class is not available, review the vendor 1099 set up. If the class is not on the setup, then add it. SAVE. It has been recommended that 1099 vendor withholding for higher education use have the following classes:
 - i. 01 – Rents
 - ii. 02 – Royalties
 - iii. 03 – Other Income
 - iv. 07 – Non-Employee Compensation

STEP 3 UPDATE VOUCHERS

Navigation: Accounts Payable> Accounts Payable Center> Update Voucher Withholding. It is recommended by ConnectND Finance to use the Update Vchr Line Withholdings as this offers more control over each voucher line. The following pages will show examples of 1099 Update Voucher Withholding procedures.

EXAMPLES OF UPDATE VOUCHER 1099 WITHHOLDING

EXAMPLE 1 WITHHOLDING SHOULD NOT HAVE BEEN APPLIED

A voucher was created for reimbursement to a withholding Vendor and payment was processed during the past calendar year. This payment is not 1099 reportable. The following process shows how to correct (update) the voucher.

Step 1 Identify Voucher

A review of query: NDU_AP76_1099_PMT_DETAILS showed 1099 reporting for vendor #34385 should not have 1099 reporting by the type of expenses (reimbursement) paid.

Step 2 Vendor Setup

Vendor was reviewed, no work was needed.

Step 3 Update Voucher

Navigation: Accounts Payable> Accounts Payable Center> Update Voucher Withholding

Use Add a New Value Tab

Vendor Set ID: Share

Vendor ID: Enter Vendor ID from the voucher to be updated.

Vendor Location: Enter vendor location used on the voucher(s) to be updated

Click ADD: This brings up search results. Click on the link to the vendor.

Withholding Line Update

Enter any information you have and click Search. Leave fields blank for a list of all values.

Find an Existing Value

Limit the number of results to (up to 300): 300

Vendor SetID: = [SHARE]

Vendor ID: begins with []

Vendor Location: begins with []

Vendor Name 1: begins with []

Case Sensitive

Search Clear Basic Search Save Search Criteria

The Withd Line Updt screen appears

Enter your Business Unit

The start date should be the beginning of the calendar year (1-1-XXXX).

The end date should be current date or the end of the calendar year (12-31-XXXX).

Click Search

Withholding Invoice Line Update Action: [] Run

Vendor

Vendor SetID: SHARE Vendor Name: KK AUTO & EQUIPMENT

Vendor ID: 0000012333 Location: MAIN Withholding: Y

Criteria

*Business Unit: [] *From Date: 01/01/2011 [BT] Search

Clear Updated Withholding *To Date: 12/08/2011 [BT]

Defaults

Withhold Entity: IRS Jurisdiction: [] Set All Lines to No Withd

Withhold Type: [] Class: [] Set All Lines to Withd

Tax Reporting Year

*Start Date: 01/01/2011 [BT] *End Date: 12-31-11 [BT]

Details

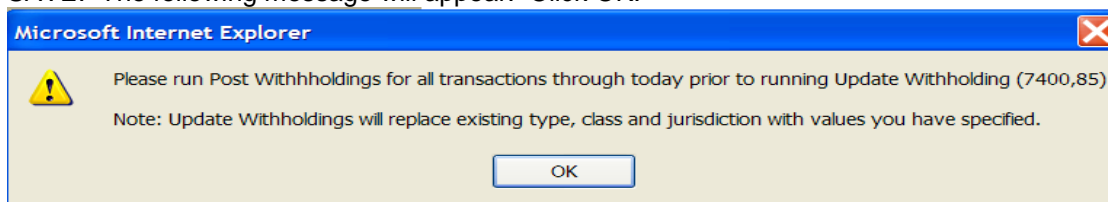
Current Withhold	New Withhold	Entity	Type	Jurisdiction	Class	Business Unit	Voucher	Line	Invoice	Payment Date	Amount
1	<input type="checkbox"/>	[]	[]	[]	[]	[]					

The search results show all voucher lines the business unit paid to the vendor during the specified calendar year. Review and update lines for reporting or not reporting applicable.

Notice Line 2, 3, and 4: Curr W/H is checked and also the invoice description is provided.

Use the column titled *New W/H to update the withholding on each of the listed voucher lines by Y (yes) to withhold or N (no) to not withhold.

SAVE. The following message will appear. Click OK.



Note: Post Withholdings is completed in the Nightly Batch Process

The query NDU_AP76_1099_PMT_DETAILS will verify no reporting on the updated vouchers if 'N' was selected.

EXAMPLE 2 WITHHOLDING SHOULD HAVE BEEN APPLIED

Use the same procedure from Example 2, but use 'Y' for yes for the voucher lines that require 1099 withholding reporting, and complete the fields for Type, Jurisdiction, and Withholding Class.

EXAMPLE 3 WITHHOLDING IS APPLICABLE, BUT THE WRONG CLASS WAS USED.

Step 1 The voucher has been identified as withholding; however the withholding class is incorrect.

Step 2 Check that the vendor record has the required withholding class entered on the 1099 withholding setup. If the class you need is not there, enter it. If the class you need is available proceed with next step.

Step 3 Update Voucher using the Update Voucherline Withholding procedure.

EXAMPLE 4 VENDOR LOCATION DOES NOT REPORT 1099 WITHHOLDING

Step 1 The voucher has withholding, but a warning on the withholding exceptions link on your paycycle appears.

Wthd Exception

[Go To Pay Cycle Manager](#)

Withholding/1099 Exceptions Find | View All First 1 of 1

Business Unit: UND01 **Voucher ID:** 00004773 **Invoice:** xx12

Payee

Remit to: 0000059097 HUDSON MAINTENANCE
Location: REMIT **Addr:** 2 PO BOX 982

Withholding Information

Voucher Line Number:	Entity:	Type:	Jurisdiction:	Class:
1	IRS	1099	FED	07

Exception

Could NOT find Vendor setup for SHARE, 0000059097, REMIT AND Withholding IRS, 1099, FED. (7400,38)

Step 2 The vendor is a withholding vendor, but the location used on the voucher (remit) does not have withholding set up. On the vendor record to the Remit Location tab and click on the 1099 Link. Add a row, add 1099 information and select the required class.



Step 3 Update Voucher: this step will not be needed as the paycycle will pick up the voucher and process. If desired, verification of correct withholding can be viewed by using the Vendor Balance by Class.


Other Examples

Voucher updates for specific vendors can be processed for such examples, use the Defaults section of the Wthd Line Updt screen.

Other: If all payments to a vendor are not 1099 reportable, by using the Defaults section of the Withholding LineUpdt page, click on Set All Lines to No Wthd.

Defaults

Withholding Type:  **Jurisdiction:**  [Set All Lines to No Wthd](#)

Withholding Class:  [Set All Lines to Wthd](#)

SECTION 2 WITHHOLDING ADJUSTMENTS

PURPOSE: This process is to make adjustments on withholding balances for a vendor 1099 withholding reporting. Examples of adjustments may include the following.

1. A voucher line dollar amount should only partially have 1099 withholding applied.
2. Duplicate vendors where vouchers used one or both throughout the calendar year.
3. A vendor received payment and it was later determined the vendor requires 1099 reporting.

OVERVIEW: Withholding adjustments applies a vendor's total balance for a calendar year; however adjustments can be made throughout the year.

Identifying possible vouchers or vendor balances which will need adjusting can be completed by the information provided in Step1 Identifying Possible Problem Vouchers in Section 1.

EXAMPLES OF WITHHOLDING ADJUSTMENTS

EXAMPLE 1 VOUCHER LINE TOTAL SHOULD HAVE PARTIAL 1099 WITHHOLDING

A voucher was created with one voucher line in a total amount of \$27573.43 with the entire amount checked as withholding applicable. A review resulted in the need to adjust the withholding by a decrease of 7924.68. .

Navigation: Accounts Payable> Accounts Payable Center> Maintain> Adjust Withholding.

On the Find Existing Value enter in the Vendor ID then Search. Click on the Search Results link for your vendor.

The Withhold Adjustments page will appear.

Enter your business unit and start/end dates: use the beginning CY year date of 1-1-xxxx and the end CY of 12-31-xxxx. Click SEARCH. The Adjustments Section will populate; do not delete any rows but add a row where the adjustment will be made.

Withhold Adjustments

Vendor: SHARE 0000126342 MAIN AMENT,WILLIAM

Search Criteria

Business Unit: WSC01

Entity: Jurisdiction: Start Date: 01/01/2010

Type: Class: End Date: 12/31/2010

Adjustments

Customize | Find | View All | First 1-2 of Last

	*Business Unit	*Entity	*Type	*Jurisdiction	*Class	*Rule	
Legacy	WSC01	IRS	1099	FED	07	RULE0	+
Legacy	WSC01	IRS	1099	FED	07	RULE0	+

On the Transaction Info tab enter the adjusted amount and be certain the dates for Payment Date and Declaration date are in the correct 1099 reporting calendar year: in this case 12-31-2010.

Basis Amt	Liability Amt	Paid Amount	Payment Date	Declaration Date
27573.43	0.00	0.00	12/31/2010	12/31/2010
-7924.68	0.00	0.00	12/31/2010	12/31/10

The Payment Information tab does not need any work.

The Adjustment Reason tab is completed with a description 'reason' as shown.

Creation Date	User ID	Description
01/25/2011	RWALERY@ND.GOV	
01/31/2011	Iromuld	Correct Reporting amount-(user ID)

SAVE

You may review the reporting by using the Vendor Balances by Class.

EXAMPLE 1A VOUCHER CREATION WITH BASIS AMOUNT CHANGED at the time of creating the voucher. When vouchers are created with the total amount on one voucher line, you may at that time enter the basis amount on the withholding link of the voucher.

The same vendor was used as Example 1 with an amount of \$1,500.00. It was determined that only \$750.00 will be 1099 withholding reportable. On the voucher withholding link, use the basis amount field and enter the 1099 withholding amount. Return 'Back to the Invoice, SAVE.

EXAMPLE 2 DUPLICATE VENDORS

This example (Note: screen shots are from PSoft version 8.4) will show an adjustment on duplicate vendors where the solution will be to move all 1099 withholding reporting to one vendor and inactivate the other vendor.

Vendor set up has been done twice or Dave Wenger: or vendors # 21689 and #224513. A review shows vendor #21689 has been used by 2 business units and a vendor # 224513 has been used by 3 business units. The review navigation was the 1099 Home Page> Withholding Adjustment link.

NOTE: Because this was done centrally, the Business Unit was not entered. When business units use this function, the Unit field should be populated with their business unit ID.

A review of vendor #21689 shows 2 business units have transactions with this vendor and the 1099 withholding class has different selections.

Vendor #21689 Review

Adjustments

Vendor: SHARE 000021689 MAIN WENGER,DAVE

Search Criteria

Unit:

Entity: Type: Jurisdiction: Class:

Start Date: 01/01/2005 End Date: 12/31/2005 Search

Adjustments

	*Unit	*Entity	*Type	*Jurisdiction	*Class	*Rule	Basis Amt	Liability Amt	Paid Amount	Payment Date	Declarat. Date	Bank SetID	Bank Code	Bank
Original	DSU01	IRS	1099	FED	03	RULE0	85.800	0.000	0.000	02/03/2005	02/03/2005	DSU01	BND	BND
Original	DSU01	IRS	1099	FED	03	RULE0	90.000	0.000	0.000	01/20/2005	01/20/2005	DSU01	BND	BND
Original	WSC01	IRS	1099	FED	07	RULE0	70.000	0.000	0.000	11/04/2005	11/04/2005	WSC01	BND	BND
Original	WSC01	IRS	1099	FED	07	RULE0	210.000	0.000	0.000	12/02/2005	12/02/2005	WSC01	BND	BND
Original	WSC01	IRS	1099	FED	07	RULE0	252.000	0.000	0.000	03/09/2005	03/09/2005	WSC01	BND	BND
Original	WSC01	IRS	1099	FED	07	RULE0	70.000	0.000	0.000	04/12/2005	04/12/2005	WSC01	BND	BND

A review of vendor #224513 shows 3 business units have transactions with this vendor and the 1099 withholding class has different selections.

Vendor #224513

Adjustments

Vendor: SHARE 000024513 MAIN WENGER,DAVE

Search Criteria

Unit:

Entity: Type: Jurisdiction: Class:

Start Date: 01/01/2005 End Date: 12/31/2005 Search

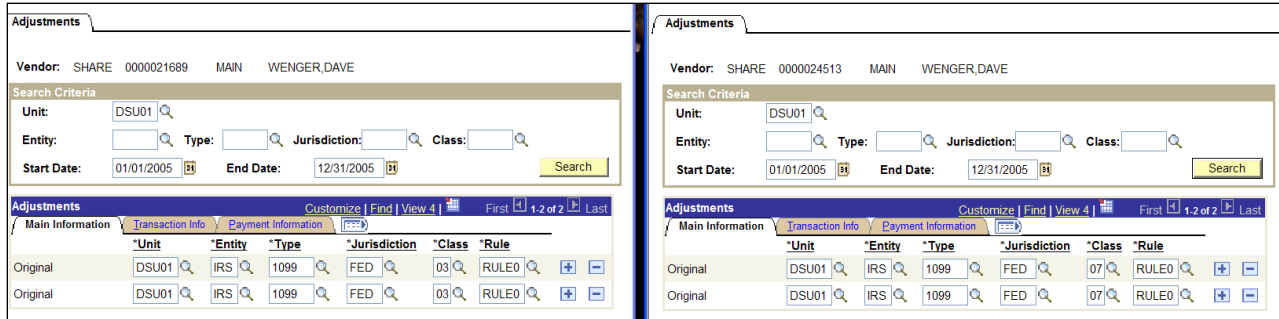
Adjustments

	*Unit	*Entity	*Type	*Jurisdiction	*Class	*Rule	Basis Amt	Liability Amt	Paid Amount	Payment Date	Declarat. Date	Bank SetID	Bank Code	Bank
Original	DSU01	IRS	1099	FED	07	RULE0	95.000	0.000	0.000	11/28/2005	11/28/2005	DSU01	BND	BND
Original	MISU1	IRS	1099	FED	07	RULE0	95.000	0.000	0.000	10/27/2005	10/27/2005	MISU1	BND	BND
Original	MISU1	IRS	1099	FED	07	RULE0	95.000	0.000	0.000	11/10/2005	11/10/2005	MISU1	BND	BND
Original	MISU1	IRS	1099	FED	07	RULE0	90.000	0.000	0.000	01/08/2005	01/08/2005	MISU1	BND	BND
Original	MISU1	IRS	1099	FED	03	RULE1	90.000	0.000	0.000	02/09/2005	02/09/2005	MISU1	BND	BND
Original	WSC01	IRS	1099	FED	07	RULE0	70.000	0.000	0.000	01/28/2005	01/28/2005	WSC01	BND	BND

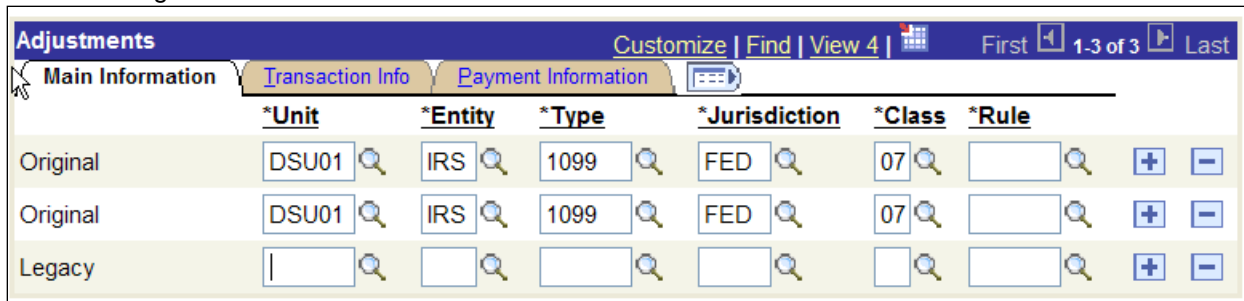
Solution:

1. Vendor #21689 was created first and with transactions in place prior to the duplicate vendor setup, it will be the vendor to keep active.
2. Each business unit will be notified to make voucher adjustments.
3. Once all adjustments have been made by the business units, vendor # 24513 will be inactivated.
4. All future transactions to Dave Wenger should use vendor #21689.

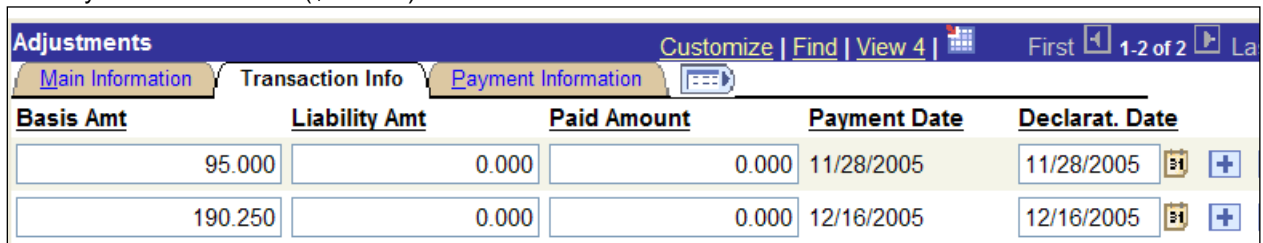
Procedure for Business Unit: DSU01, it is suggested to have 2 windows open; 1 for vendor each vendor as shown next. Vendor #21689 will remain the active vendor and the 1099 withholding reporting information will be adjusted from #24513 which will become inactive.



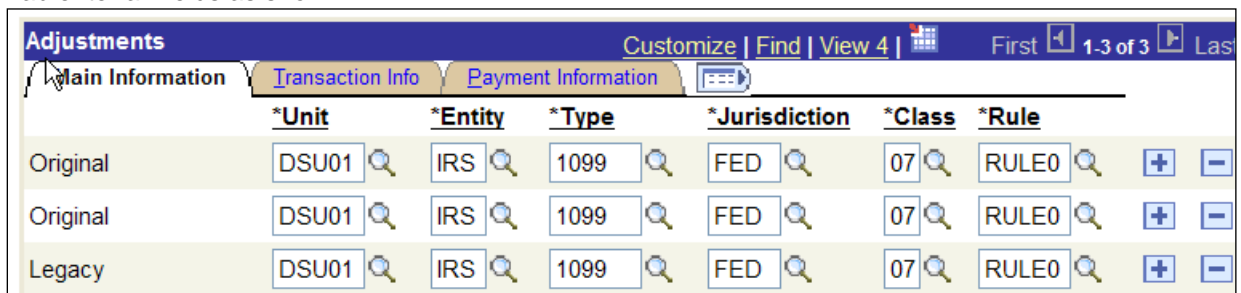
Step 1 Correct the class for Vendor #21689, here it will be changed to 07 on both voucher lines and add one line using the + on the second line.



Step 2 Go to the Transaction Info tab of vendor #24513 to determine the basis amount, total them so you will only have 1 amount. (\$285.25).



Step 3 Return to Vendor 21689 and complete the new row you added, starting with the Main Information Tab enter all fields as shown.



On the Transactions Info tab enter in the basis amount of \$285.25; change the payment date to 12-31-05 and the Declarat. Date to 12-31-05. SAVE. The results are shown next.

Adjustments					
Main Information		Transaction Info		Payment Information	
Basis Amt	Liability Amt	Paid Amount	Payment Date	Declarat. Date	
90.000	0.000	0.000	01/20/2005	01/20/2005	
85.800	0.000	0.000	02/03/2005	02/03/2005	
285.250	0.000	0.000	12/31/2005	12/31/2005	

Step 4 Return to Vendor 24513 and delete each row using the – sign. SAVE. You will finish with one row remaining; however all data fields will not have any 'old' information in them.
Results of the adjustment:

Adjustments

Vendor: SHARE 0000021689 MAIN WENGER,DAVE

Search Criteria

Unit: DSU01

Entity: Type: Jurisdiction: Class:

Start Date: 01/01/2005 End Date: 12/31/2005

Adjustments

	Unit	Entity	Type	Jurisdiction	Class	Rule
Original	DSU01	IRS	1099	FED	07	RULE0
Original	DSU01	IRS	1099	FED	07	RULE0
Legacy	DSU01	IRS	1099	FED	07	RULE0

Adjustments

Vendor: SHARE 0000024513 MAIN WENGER,DAVE

Search Criteria

Unit: DSU01

Entity: Type: Jurisdiction: Class:

Start Date: 01/01/2005 End Date: 12/31/2005

Adjustments

	Unit	Entity	Type	Jurisdiction	Class	Rule
Legacy						

The results for Vendor #21689 have the total reporting for DSU01 of \$461.05 which is the original total from that vendor (\$175.80) and the adjusted amount from the duplicate vendor #24513 (#285.25).
Note: DSU01 no longer is reported on the duplicate vendor # 24513. Work needs to be done to move (adjust) business unit MISU1 and WSC01 totals from vendor #24513 to vendor #21689.

SetID: SHARE Vendor: 0000021689 WENGER,DAVE Location: MAIN

Payment

Start Date: 01/01/2005 End Date: 12/31/2005

Business Units

Business Unit: DSU01 Dickinson State University

Withholding Balances

Entity	Type	Jurisdiction	Class	Description	Basis Amt	Liability Amt	Pa
IRS	1099	FED	07	Non-Employee Compensation	461.050	0.000	

Business Unit: WSC01 Williston State College

Withholding Balances

Entity	Type	Jurisdiction	Class	Description	Basis Amt	Liability Amt	Pa
IRS	1099	FED	07	Non-Employee Compensation	602.000	0.000	

SetID: SHARE Vendor: 0000024513 WENGER,DAVE Location: MAIN

Payment

Start Date: 01/01/2005 End Date: 12/31/2005

Business Units

Business Unit: MISU1 Minot State University

Withholding Balances

Entity	Type	Jurisdiction	Class	Description	Basis Amt	Liability Amt	Pa
IRS	1099	FED	07	Non-Employee Compensation	560.000	0.000	

Business Unit: WSC01 Williston State College

Withholding Balances

Entity	Type	Jurisdiction	Class	Description	Basis Amt	Liability Amt	Pa
IRS	1099	FED	07	Non-Employee Compensation	70.000	0.000	