

1099 Preparation and Reporting Checklist

	Completed	Date Completed
Setting up 1099 Preferences		
1. Select "Preferences" from the "Edit" menu.	<input type="checkbox"/>	<input type="text"/>
2. Select "Tax: 1099" from the "Preferences" scroll box.	<input type="checkbox"/>	<input type="text"/>
3. Check "Yes" to the question, "Do you file 1099-MISC forms?" on the "Company Preferences" tab.	<input type="checkbox"/>	<input type="text"/>
4. Select the applicable general ledger account and subaccounts for each 1099 category reported to the IRS.	<input type="checkbox"/>	<input type="text"/>
5. If more than one general ledger account or subaccount is used to track payments for a single 1099 category (which is usually the case), identify the accounts by choosing "Selected accounts" from the "Account" drop-down list and checking each applicable account and subaccount in the "Select Accounts" window.	<input type="checkbox"/>	<input type="text"/>
6. Verify that the 1099 threshold amounts are correct.	<input type="checkbox"/>	<input type="text"/>
Setting up 1099 Vendors		
7. Select "Vendor List" from the "Lists" menu.	<input type="checkbox"/>	<input type="text"/>
8. Edit the "Additional Info" tab for vendors that should receive 1099-MISC forms.	<input type="checkbox"/>	<input type="text"/>
9. Enter the vendor's "Tax ID" number and check the "Vendor eligible for 1099" box. (If the vendor is an individual, enter the person's Social Security number as the taxpayer's identification number.)	<input type="checkbox"/>	<input type="text"/>
10. Edit the information in the vendor's "Address Info" tab to verify that the vendor's address contains the state abbreviation and zip code.	<input type="checkbox"/>	<input type="text"/>
11. If the vendor is an individual, enter the vendor's name in the first name, middle initial, and last name fields.	<input type="checkbox"/>	<input type="text"/>
Verifying 1099 Information		
12. Verify that the 1099 threshold amounts in the "Tax: 1099" company preferences match current IRS amounts.	<input type="checkbox"/>	<input type="text"/>
13. Generate the "1099 Summary" report to verify that the		

appropriate vendors are set up as 1099 vendors.

- a. Select "Vendors & Payables" and then "1099 Summary" from the "Reports" menu.
- b. Specify the correct date range for the report.
- c. Print a copy of the report in its current format. (QuickBooks automatically generates the report to include only 1099 vendors.)
- d. Modify the report by selecting "All vendors" from the "1099 Options" drop-down list.
- e. Print the report for all vendors and compare it to the report for 1099 vendors to verify whether the appropriate vendors have been set up as 1099 vendors.
- f. Change the set up for any vendor by selecting "Vendor List" from the "Lists" menu and editing the 1099 information in the "Additional Info" tab.

14. Generate the "1099 Detail" report to verify that the appropriate general ledger accounts are linked to 1099 payments.

- a. Select "Vendors & Payables" and then "1099 Detail" from the "Reports" menu.
- b. Specify the correct date range for the report.
- c. Print a copy of the report in its current format. (QuickBooks automatically generates the report to include only 1099 accounts and 1099 vendors.)
- d. Modify the report by selecting "All allowed accounts" from the second "1099 Options" drop-down list.
- e. Print the report for all accounts and compare it to the report for 1099 accounts to verify whether any payments to a 1099 vendor have been incorrectly charged to an account that is not linked to a 1099 category.
- f. Change a particular 1099 vendor payment by double-clicking the applicable "Paid Amount" in the modified "1099 Detail" report and changing the account in the "Expenses" tab on the check detail.
- g. Change whether a particular account is linked to a 1099 category by selecting "Preferences" from the "Edit" menu and then selecting "Tax: 1099" from the "Preferences" scroll box and changing which accounts are linked to 1099 categories in the "Company Preferences" tab.

15. Generate the "1099 Summary" report to verify that the appropriate amounts are reported as 1099 payments.

- a. Select "Vendors & Payables" and then "1099 Summary" from the "Reports" menu.
- b. Specify the correct date range for the report.
- c. Modify the report by selecting "Ignore thresholds"

from the third "1099 Options" drop-down list.
(QuickBooks automatically generates the report to include only cumulative payments that equal or exceed the 1099 threshold amounts.)

- d. Review the modified report.
 - (1) Double-click on any amount that seems too low for a particular 1099 vendor. QuickBooks then generates the "1099 Detail" report that lists all transactions relating to that amount.
 - (2) Display any missing transactions by selecting "All allowed accounts" from the second "1099 Options" drop-down list.
 - (3) Review the detail report for missing transactions. (A transaction may be missing if the payment was not charged to an account linked to a 1099 category.)
 - (4) Double-click on any payment charged to an incorrect account.
 - (5) Select the correct account in the "Expenses" tab of the check detail.
16. Generate the "1099 Summary" again after verifying 1099 vendors, accounts, and amounts.
- a. Select "Vendors & Payables" and then "1099 Summary" from the "Reports" menu.
 - b. Specify the correct date range for the report.
 - c. Set the 1099 options for "Only 1099 vendors," "Only 1099 accounts," and "Use thresholds."
 - d. Verify that the report includes the correct amounts for each vendor that should receive Form 1099-MISC.

Printing 1099s

17. Verify that maintenance releases and other updates have been downloaded.
18. Verify the information in the "1099 Summary" report.
19. Verify taxpayer identification numbers and address information for 1099 vendors.
- a. Select "Print 1099" from the "Vendors" menu and review the "Select 1099s to Print" window to verify whether a valid identification number and address have been set up for each 1099 vendor.
 - b. Select "Preview" in the "Select 1099s to Print" window and verify vendors' taxpayer identification numbers and addresses.
 - c. Correct missing or incorrect addresses and taxpayer identification numbers by selecting "Vendor List" from the "Lists" menu and editing the "Address Info" and "Additional Info" for 109

vendors.

20. Verify the accuracy of the company's address, phone number, and federal taxpayer identification number by selecting "Company Information" from the "Company" menu. [Users of versions prior to 2002 (Release 4) should enter the company's telephone number in the "Address" field, because the telephone field does not print on Form 1099-MISC in those versions. The IRS requires companies to include their phone number on Form 1099-MISC.]

21. Select "Print Forms" and then "1099s" from the "File" menu (or "Print 1099s" from the "Vendors" menu).

22. Specify the correct date range in the "Printing 1099-MISC Forms" window and click "OK."

23. In the "Select 1099s to Print" window, verify that each vendor for which a Form 1099-MISC should be printed is checked.

24. Click the "Preview" button in the "Select 1099s to Print" window.

25. Click the "Print" button in the "Print Preview" window to print the 1099s on blank paper.

26. After reviewing the 1099s for accuracy and making any necessary corrections, reselect "Print Forms" and "1099s" from the "File" menu.

27. After selecting the correct date range and previewing the 1099s, click the "Print" button in the "Select 1099s to Print" window and print the 1099-MISC forms on the actual forms.

Completing Form 1096

28. Use the "1096 Summary Information" at the bottom of the "Select 1099s to Print" window to complete Form 1096.

29. Verify that the company's name, address, and taxpayer identification number on Form 1096 match the company information on the supporting Forms 1099-MISC.

30. If an error on a vendor's Form 1099-MISC is detected *after* the form is mailed to the vendor but *before* Forms 1099-MISC and Form 1096 are filed with the IRS, make any necessary corrections and issue corrected 1099 forms.

- a. Select "Print Forms" and "1099s" from the "File" menu.
 - b. Specify the correct date range in the "Printing 1099-MISC Forms" window and click "OK".
 - c. Note the "1096 Summary Information" at the bottom of the "Select 1099s to Print" window. (QuickBooks automatically updates that information to reflect any corrections.)
 - d. Select only those vendors that need to receive a new Form 1099-MISC.
 - e. Preview and print the selected 1099s. (Do not reprint 1099s for all vendors unless corrections are being made for all vendors.)
 - f. Give the corrected copy of Form 1099-MISC to the vendor after manually marking an "X" in the "Corrected" box at the top of the vendor's copies.
 - g. Void Copy A of the original Form 1099-MISC by manually marking an "X" in the "Void" box at the top of the form.
 - h. Send the voided original Copy A and the corrected Copy A to the IRS when all of the Forms 1099-MISC are filed. The corrected Copy A should not be marked corrected.
31. If a Form 1099-MISC already has been filed with the IRS but does not include a taxpayer identification number or includes an incorrect number or an incorrect name *and* address, generate two new 1099 forms.
- a. Manually create the first new Form 1099-MISC.
 - (1) Enter an "X" in the "Corrected" box at the top of the form.
 - (2) Enter the payer, recipient, and account number information exactly as it appeared on the original incorrect form.
 - (3) Enter "0" (zero) for all money amounts.
 - b. Correct the information in QuickBooks and use QuickBooks to print the second new Form 1099-MISC. Include all the correct information on this form (including the correct taxpayer identification number, name, and address). Do *not* enter an "X" in the "Corrected" box at the top of this form.
 - c. Manually prepare a new Form 1096 and write "Filed To Correct TIN, Name, and/or Address" in the bottom margin of the form.
 - d. File Form 1096 and Copy A of the two new Forms 1099-MISC with the IRS. Do *not* include a copy of the original return that was filed incorrectly.
32. If a Form 1099-MISC already has been filed with the IRS but the form should not have been filed or the form includes an incorrect money amount or address, generate one new 1099 form.

- a. Correct the information in QuickBooks and use QuickBooks to print the new Form 1099-MISC. Include the payer, recipient, and account number information exactly as it appeared on the original incorrect form. However, include the recipient's correct address and all correct money amounts as they should have appeared on the original form.
- b. Mark an "X" in the "Corrected" box at the top of the form.
- c. Manually prepare a new Form 1096.
- d. File Form 1096 and Copy A of the new Form 1099-MISC with the IRS. Do *not* include a copy of the original return that was filed incorrectly.