1099s Made As Simple As Possible

In a nutshell, a 1099 is an IRS form that you, as treasurer, must fill out and give to each person or non-incorporated business who received $600 or more from your church in any calendar year, as payment for a service as an Independent Contractor (this doesn't apply to employees).
Following are some examples of who this does or does not apply to: *(Tutorial #6520 for more detail)*

YES - 1099 Needed (if checks total $600 or more in a calendar year)

- Lawn service – business or person
- Cleaning the church – business or person
- Treasurer stipend
- Rent you pay to a person (not to a realty company or property management company)
- Musicians or song leaders
- Evangelists or speaker for seminar, etc. (for speaker's fees, not expense reimbursement)
- Plumbing, electrical, painting, roofing
- Remodeling or repairing of buildings or anything on church property
- Piano tuning
- Heating and air repair and installation
- Pest control
- Security monitoring
- Parking lot paving or sealing
- Window replacement
- Pressure washing
- Locksmith
- Tree services
- Carpet replacement or cleaning
- New sign, if labor and materials are combined

NO 1099 Needed for checks to/for:

- Georgia-Cumberland Conference
- Payroll or insurance – GCC
- ABC or Pacific Press or any magazines or books
- Any school, church or other non-profit entity
- Property taxes
- Any purchases of products, equipment, food, supplies
- Utility, water, phone, cable or Internet payments
- Reimbursements to members when they turn in receipts
- Credit card payments
- Rental **income** (not payments)
- Benevolent fund disbursements

NOTE: *The $600 and over threshold does not apply to Georgia-Cumberland Conference employees. If your church gave financial assistance or a gift of any amount to your pastor or other church employee, a 1099 must be issued. Since any GCC employee will certainly receive $600 or more of taxable income within the year, anything you pay a GCC employee is over the annual threshold and is considered taxable income from their employer, since you are a part of the GCC.*

1099s have to be in the mail or e-filed by January 31 at the latest.
Ignoring 1099s is not a good option. There are penalties both for failure to file and for filing late.

NOTE: *Jewel does not prepare or print the 1099 for you. All Jewel will do is give you a list of possible candidates. From there, you can figure out the actual recipients. Here is how to do it: (Also see Tutorials 6520, 6530 and 6540)*

Open Jewel and do the following:

1. Go to "*Reports & Graphs*"
2. At the VERY BOTTOM of the list, select "*Form 1099 Payments*"
3. Select the "*Choose Form 1099 Payments*" at the top of the next page.

What you are looking at now is a list (in descending $ amount order) of all the people / organizations / businesses that your church has paid money to in the current year. The Conference usually tops the list, and it goes down from there.

Look at each name, one by one. Pass over utility companies, mortgage companies, credit card companies, insurance providers and businesses that you *purchased items but not services*. They do not require a 1099.

Click on each name that provided you a service. Once you click on it, you will see below it a list of all the checks that you wrote to that person/business.

Hopefully, you wrote strong memos so you can tell what each payment was for (if you didn't, note how much easier this would be if you had, and work on that for next year). Look at the checks. Were you paying for a product or a service? Was it a reimbursement? If so, products or reimbursements do not require a 1099.

Click on each check that was payment ***for a service***. Click on "Select All" if they all were. If the job required parts and labor, but the vendor didn't give you a separate invoice for each, you should give a 1099 for the total amount.

Move on down the list. Consider each vendor. When you get down to where you paid less than $600, you can stop.

Now look to see if you paid your pastor or anyone else on GCC payroll a financial gift of any amount. Click on those payments to add them to the list.

Now you can click on the green OK in the top right corner. You will now have a list that tells you how many vendors you have chosen as possible 1099 recipients.

<u>1099s Made as Simple as Possible:</u> Part 2 – *Form W-9* *(More detail - Tutorial #6530)*

In order to actually file a 1099, you need to find out certain information about the individual or business. Things like their mailing address and social security number or EIN. To get that information, <u>you need them to fill out *Form W-9*</u>. You will keep this form in your permanent files, the ones that are locked securely with your other church records. <u>DO NOT LEAVE ANY COMPLETED Form W-9 LYING AROUND UNSECURED.</u>

<u>NOTE</u>: if you already have a *Form W-9* that was filled out by them in a previous year, they do <u>not</u> need to fill out another one.

Form W-9 is fairly simple. There is one page for the form and 3 pages for the instructions, but most people can fill out the form without the instructions. I am attaching page one with the instructions to this information sheet, or you can download one from the IRS here:
https://www.irs.gov/pub/irs-pdf/fw9.pdf

You need to hand deliver or mail *Form W-9* to every person and unincorporated business that is on your list (<u>see part 3 on how to know if they are incorporated or not</u>).

Ideally, you would ask them to fill out *Form W-9* while they are doing the work for the church. But if you did not do it then, do it now. If you mail it, put a note in the letter, asking them to fill it out within the next week if possible. Putting in a stamped, self-addressed envelope would be a nice gesture, and might help you get it back sooner. If you know the person and see them often, just take it to them and ask them to fill it out. If they/you have questions, call me.

Most of the businesses will be accustomed to filling this out. Some of the other individuals may ask what it is for. Just tell them it is a requirement for the IRS and you are following your auditor's instructions. If you have a person who refuses to fill it out, contact me.

If one of your 1099s is yourself and you have not filled one out yet, do it now. You will be keeping all *Form W-9*s on file for future reference.

If a week passes and you have not heard from your vendor, try calling them to remind them that you mailed it and you need it back. Go to the business if it is local. Whatever it takes. <u>It is important that you have a completed *Form W-9* from everyone on your list by December 31.</u>

TIP FOR NEXT YEAR: From now on, it is much easier to get a person/business to fill out *Form W-9* <u>while they are doing the work</u>. In fact, <u>before</u> you write them a check that would bring them up over $600 for the year, hand them the W-9 and say "I will give you this check, but I need this from you first." Then you won't have to be scrambling when December comes!

<u>1099s Made as Simple as Possible:</u> Part 3 – EIN Numbers and Exceptions *(More detail - Tutorial #6540)*

There is one more bit of information you will need in order to fill out your 1099s. And that is your church's EIN or TIN #. This is a federal number (not your TN state tax exempt #, for you TN treasurers). You should have, in your permanent files, your IRS Notice from when they issued this number (or LTR147C if you had lost it and requested a copy). If you cannot find one of those documents, and you have filled out 1099s before, you can find it on a previous year 1099. It is a 9-digit number that is configured like this: XX–XXXXXXX. If you do not know what it is, email me and I will look it up for you.

The rest of the information you need to fill out the 1099 will be found on the *Form W-9* from each of the vendors.

I recommend that you file these online, using a website such as:

- https://www.efile1099now.com/
- https://www.tax1099.com/1099-forms/efile-1099-misc-form
- https://www.1099online.com/

The charge is less than $5 for each form filed, and is more than worth it to avoid the hassle of obtaining paper forms and filling them out and mailing them.

If you are not comfortable filing online and don't have anyone who can help you, contact your conference.

<u>The one exception: businesses that are incorporated in your state do NOT need 1099s.</u>

To find out if a business you have used is incorporated, find your state's website below or do a Google search for "(Your state) secretary of state business search."

- ✓ **<u>Tennessee treasurers use this link.</u>**
  https://tnbear.tn.gov/Ecommerce/FilingSearch.aspx
- ✓ **Georgia treasurers use this link**.
  https://ecorp.sos.ga.gov/businesssearch
- ✓ **<u>North Carolina treasurers use this link.</u>**
  https://www.sosnc.gov/online_services/search/by_title/_Business_Registration
- ✓ **<u>Alabama Treasurers use this link.</u>**
  http://arc-sos.state.al.us/CGI/CORPNAME.MBR/INPUT

You may have to scroll through a lot of businesses or check addresses, etc., to know for sure that your "Whitehouse Plumbing" (for example) is the one you are seeing on the page. Also make sure and check that their filing is current. Sometimes it expires and they don't renew it but they still have "Inc." on their invoices.

If you can't find them in the database and are not sure, it is better to send a 1099 that they don't need than to miss one that should have been sent.

Corresponding videos: 11.1 through 11.3 – 1099s. Find at https://www.gccsda.com/auditing/10963

For more tutorials on IRS AND LABOR DEPT RELATED POLICIES, see section 6500 on the gccsda.org auditor webpage.