

 VILLANOVA UNIVERSITY	Policy: 1099 REPORTING
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Financial Affairs Department Procurement Policies and Procedures	Approved: 1/31/2005

Policy

1099 reporting is used to report most non-employee compensation, rents, royalties, and certain other vendor payments to the IRS. *The Procurement Department is responsible for providing properly formatted 1099 data to the Internal Revenue Service (IRS) at the end of each year.* 1099-MISC forms will be sent to vendors who have received payments from Villanova University totaling \$600 or more in a calendar year. 1099 payments are classified according to specific 1099 codes assigned by the Internal Revenue Service. The attached IRS publication becomes part of this policy (Rev. Proc. 2004-43).

The following payments must be reported on a 1099 form (as required by the IRS):

- * Payments made to an individual who is not employed by the University and not a corporation. Examples include:
 - Payments to speakers
 - Payments to consultants
 - Payments to volunteers for research
 - Payments for any type of service
 - Payments made directly to performers
- * Payments made to a sole proprietorship.
- * Payments made to a partnership for services or rents.
- * Payments made to a corporation ONLY when the payment is for medical or health care services.
- * Payment made for awards and prizes.
- * Payments to professionals (physicians, attorneys, etc.).

Procedure

It is the Procurement Department's responsibility to obtain proper Tax ID information when creating new vendors and paying invoices. The Procurement Department will make the final decision as to how a vendor will be classified based upon the 1099 codes assigned by the IRS.

1. As new vendors are created in the system, the Procurement Department is responsible for obtaining the proper tax information and updating the vendor records in the Banner Financial System. This information may be obtain by either a Villanova Vendor profile form or IRS W-9 Form.
2. As invoices are processed by the Procurement Department, each invoice will be reviewed for 1099 compliance and either the vendor record will be updated to reflect the correct 1099 status or an individual invoice will be marked as a 1099 when appropriate.

3. The Procurement Department requests that all Departments include tax ID numbers or social security numbers for all 1099 vendors. It is also important to include business or home address for all vendors in order for Procurement to send 1099 information. If this information is not included with the submitted request, it may delay payment.
4. The Procurement Department will periodically request updated 1099 status from its vendors via a mass mailing and will in turn update its vendor profiles.
5. 31% backup withholding must be deducted from 1099 reportable payments and paid directly to the Internal Revenue Service when a vendor:
 - * has refused to provide the University with their TIN, or
 - * fails to certify, under penalties of perjury, that the TIN provided is correct, or
 - * fails to certify, under penalties of perjury, that they are not subject to backup withholding and
 - * for whom the University has received notice of an incorrect TIN by IRS.
6. By the end of January of each year, the Procurement Department along with the assistance of FISS, will prepare the 1099 report and mail all forms to individuals. An electronic copy of this file is then sent to the IRS by March.
7. Procurement will review 1099 information on a quarterly basis and update records as needed.

Attachments:

[Rev. Proc.2004-43](#)

[W- 9 Form](#)