

Accounting Services Bureau, Inc.
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Savannah, GA 31410
912-898-1707

Dear Client:

Re: QuickBooks Procedures for 1099s

We will export 1099 information directly from your QuickBooks file instead of re-typing 1099 data into another program. As a result, it is imperative that your QuickBooks file be ready to process 1099s before we get your data. We depend on you to make sure your vendors are set up correctly.

Since you control your own QuickBooks file, we will not research which 1099s need to be processed, unless we are specifically hired to do so.

Of course, we are happy to ready the file for you, but keep in mind that it is very time consuming to start and stop your work when we find missing data. We must correspond back and forth with you regarding who is liable for 1099s and spend time hunting for missing or invalid W-9s, ID #s and addresses.

You can save on our labor bill if you are willing to ready the data, with the instructions listed below. It is best to do these chores during the year as you pay bills, collect W9s and set up new vendors.

SETTING UP A VENDOR

The name on the 1099 must match the IRS name on file for that ID number, or you will be notified. Each incorrectly filed 1099 has a potential \$50 penalty. A sole proprietor's name must be listed first, before the d/b/a business name even if they use an EIN number instead of a social security number. The W-9 will tell you exactly how the IRS has the legal name on file that corresponds to the ID#. If it doesn't, obtain a correct W9.

Note -

All attorneys get 1099s; even if they are a Professional Corporation. (P.C.)
In addition to attorneys, you must issue a 1099 for all rent payments made.

In addition to checking the "Eligible for 1099" checkbox and entering the Tax ID number on the "Additional Information" tab, you will need to make sure that the vendor name is typed "just so" in the vendor file. QuickBooks requires that the vendor names be entered a particular way for the 1099s to print correctly.

Here is how the system grabs the vendor name for the 1099s:

1. The system first looks at the First, Middle and Last Name fields
2. Then it grabs the Company Name field
3. Then it drops down and grabs line TWO and three of the address box.

If there is no First, M, Last Name or Company Name, then it hops up and grabs the Vendor Name!
In many cases, this name is abbreviated or has "1099" or "Has W9" typed after the name.
So, it always ignores the first line of the address in the Name and Address box.

Warning!

If you want a company name to print first, you must leave the First, M, Last name fields empty.
Do not type a comma after the last name and before a "Jr" or the 1099 will print the last name with "Jr" first.

Hint: Use separate vendor names for 1099 recipients if they also receive reimbursements

Set up vendor names like so; "Smith, Joe **Has W-9"

And "Smith, Joe *Reimb" for non 1099 payments

Complete the "Print on Check as" field so they system does not default to the vendor name

PROCESS TO DETERMINE 1099s

Note that the 1099s are determined by the date of payments, not the date of bills entered into accounts payable.

- Step 1 – Determine who needs a 1099 by designing and reading an “All checks written subtotaled by payee” report
- Step 2 – Verify that all Vendor address and ID #s are complete and accurate, matching the W9s
- Step 3 – Create and Review a 1099 Vendor list
- Step 4 – Print a 1099 Summary
- Step 5 – Print draft 1099s to white paper, Name and Address printing OK?**
- Step 6 – Send QuickBooks backup file, 1099 Summary report and the draft 1099s to ASB

The best way to determine which vendor or payee should receive a Form 1099 is to design, print and read a Check Register that lists every single check that you have written in the last year, subtotaled by payee.

As you read the report:

Flag or highlight any vendor or payee that is not a C-Corp, S-Corp or LLC filing as a corporation.

Ignore any payments for expenses such as utilities, dues, or reimbursements.

You may skip any payee who received under \$600.00

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Design a report entitled “CHECKS WRITTEN SORTED BY PAYEE”

>Go to Reports

>Custom Transaction Detail Report

>Display Tab:

Date Range - January 1 until December 31st.

Report basis - Accrual (even if you are cash basis)

Columns Type, Date, Num, Memo, SSN/Tax ID, Amount

Total by Payee

>Filter Tab:

Account – All Bank Accounts

Transaction Type – Selected or “multiple” Transaction Type

Click on both Check and Bill Payment, OK

>Header/Footer Tab:

Report Title – Type “Checks Written Sorted by Payee” Click “OK”

Using the diamond that is in between the columns, click and drag the column widths to make the report easy to read and so all of the information will print on one page wide. Reduce the “Type” field and widen the Memo and Number fields.

Memorize this report to your memorized report list so you have it for next year! (Ctrl M)

If you are cash basis, adding a column for “Split” will show you where you posted the checks.

If you are accrual basis, the split will only show you “Accounts payable.”

PRINT A VENDOR ADDRESS & ID # LIST

Go to >Reports, >List >Vendor Contact List

Display Tab:

Select Columns - Vendor, Address, Tax ID, Eligible for 1099, any custom field such as "W9 on file?"
If you do have a custom field for "W9 on File"? Where you have been entering Y or N,
Select this field to "SORT BY" This will put problem vendors at the top.

Filter Tab:

Eligible for 1099 – Click YES

Header/Footer Tab:

Report Title – Type "1099 Vendor List"

Click "OK" Then MEMORIZE

Hint: Use separate vendor names for 1099 recipients if they also receive reimbursements

PRINT THE 1099S TO WHITE PAPER FOR ACCOUNTANT

QuickBooks provides a 1099 Wizard.

Go to VENDORS, Print 1096/1099s

- A) The first step is an option to look at your entire Vendor list and see if there are any 1099s vendors not marked "eligible for 1099." Look for individual names, companies without "Inc" and companies who are LLCs. Make sure that you have W9s on file for all your service vendors.
- B) The next step is to map the 1099s to the G/L accounts.
You must be in single user mode. If you pay rent, find Box 1 and enter the Rent expense account.
Find Box 7 & and "selected" or "multiple" accounts. Click most of the accounts, except the rent. (Including legal)
You can skip accounts such as child support, office supplies, loans etc. and accounts that never go to a 1099.
- C) The next step is look at a 1099 report.
If you see a vendor listed with a -0-, then they received less than \$600 last year.
"Unallocated" means a vendor was paid for something that does not belong on a 1099.
- D) The last step is to print the 1099s on white paper to review. Again, you must be in single user mode.

Verify that the names and addresses are printing correctly.

Once you are pleased with the 1099s, sign the colored authorization form and return with the data to our office for processing.

Please call if you need any assistance!



Sara Laidlaw