Office of the State Controller

OFFICIAL MEMORANDUM

To: Chief Financial Officers, NCAS Fiscal Contacts

From: Clayton Darnell
Deputy State Controller, North Carolina Financial Systems Division

Date: September 30, 2022

Subject: Annual 1099 Processing for the North Carolina Accounting System

CC:

The final 1099 processing for the North Carolina Accounting System (NCAS) begins in early December. **The deadline for submitting the 2022 1099 electronic file is January 31, 2023.** The North Carolina Office of the State Controller (OSC) will file the Internal Revenue Service (IRS) 1099 file electronically for all NCAS agencies the week of **January 23-27, 2023**.

Individual state agencies are responsible for filing their own 1099 information to the North Carolina Department of Revenue (NCDOR). For details regarding when to file any required 1099s to NCDOR please see the NCDOR website. https://www.ncdor.gov/taxes-forms/withholding-tax

Agencies are responsible for printing the 1099 forms utilizing the North Carolina Department of Information Technology's reporting software tool, NCXCloud. Also, agencies are responsible for procuring the needed supplies and mailing the 2022 1099 forms to recipients by **January 31, 2023**. OSC **will not** supply envelopes for printed 1099s or blank 1099/1096 forms for 1099 changes. If blank 1099/1096 forms are needed for 1099 corrections, these forms can be ordered from the IRS free of charge (https://www.irs.gov/businesses/online-ordering-for-information-returns-and-employer-returns) or purchased from an office supply store. All 1099 changes must be issued to the IRS on pre-printed scannable 1099 forms and summary 1096 forms. Instructions for using the NCXCloud software to print 1099s is located on the OSC's website under the training section. **https://www.osc.nc.gov/ncas-2-printing-instructions-calendar-year-2022-1099s**

In December, communication will be sent to each agency's 1099 contact to complete the **1099 Printing Security Access Request** to grant security access to the agency personnel who will print the 2022 1099s from NCXCloud software.

In the 2020 1099 memo, NCAS agencies were informed of the IRS Taxpayer First Act – IRS Modernization that reduced the threshold for electronic filing for 1099 changes. This new IRS act required an electronic 1099 change file to be generated for 1099 corrections after the initial 1099 file was generated and submitted to the IRS. Currently, the IRS has stated that these thresholds have not been reduced for 1099s for calendar year 2022. These threshold changes have been postponed until future notice by the IRS. Any 1099 corrections must be recorded in NCAS, the system of record.

Recording all changes will provide historically accurate reporting and OSC the ability to prepare for implementation of reporting all corrections electronically to the IRS.

Attached are the schedule and procedures for 2022 NCAS 1099 processing. Please review the schedule for specific 1099 deadlines. To aid the agencies in 1099 verification, reports are available in XPTR and NCXCloud. These reports are titled **1099-1 AP 1099 Reports**, **1099 Compare List** and **1099 Compare List Excel**. Additional information about these reports can be found in attachment 2.

Due to the centralization of the 1099 reporting process, it is critical that all reports and NCAS 1099 data are reviewed by your agency for accuracy by the requested deadlines so that the central data file for OSC transmission to the IRS can be created.

If you have any questions or require assistance with NCAS 1099 activities, please contact OSC Support Services at (919) 707-0795 or osc.support.services@osc.nc.gov.

Thank you.

Attachments

NO. NCFS 23-1