



Form 1099 Processing Procedures for Calendar Year 2021 – Attachment 1

Below is the revised time schedule and activities for this year’s 1099 form processing. All information, including any interest paid on tax exempt bonds, should have been recorded throughout the 2021 year by flagging invoices with the appropriate 1099 codes and reviewing the monthly 1099 reports. The end-of-year tasks should consist primarily of a final review of reports for errors and accuracy of data. To aid in this review process, the Office of the State Controller (OSC) will begin producing the 1099 reports daily starting **December 1, 2021**.

As indicated in the 1099 form processing schedule, OSC will create the 1099 print file and the electronic IRS file on **January 14, 2022**. After this date, the 1099 forms will be available for printing by the agencies in the NCXCloud software using the PDF overlay instructions provided by OSC. OSC will send one file with all the NCAS agencies’ data to the IRS. Each agency will be reported under its own Federal ID number and is responsible for its data but is not responsible for filing the original electronic file. **There should be no direct reporting of original NCAS data by the agency to the IRS.** As in the past, any 1099 information that is not maintained within NCAS will be the responsibility of the agency.

As stated in the 2021 1099 Memo, the IRS has postponed until further notice the reducing of the threshold for submitting 1099 changes to the IRS electronically. OSC requests that the agencies continue recording 1099 changes in NCAS so that those changes can be tested. The agencies are still responsible for submitting corrected 1099 forms manually to the IRS and recipients for any 1099 changes that occurred after the 1099 print file is created on January 14, 2022. The agencies are required to submit a 1096 form to the IRS to report any 1099 changes.

It is the responsibility of the individual state agencies to file any required 1099 information to NCDOR based on NCDOR requirements. Details regarding when to file any required 1099s to NCDOR please see the NCDOR website. <https://www.ncdor.gov/taxes-forms/withholding-tax>

The following time schedule has been established to process **2021** calendar year 1099 information:

1099 PROCESSING SCHEDULE FOR CALENDAR YEAR 2021	
April 1-November 30, 2021	Review monthly 1099 reports for 1099 reporting
December 1-31, 2021	Review 1099-1 Agency Contact List in XPTR for accuracy before the 1099 print file is created on January 14, 2022 (only the phone number will be printed on the 1099, names and extensions will not be shown on the forms).
December 1, 2021	OSC begins running 1099 reports daily.
December 31, 2021	2021 calendar year reporting cycle ends.
January 14, 2022	Last day to make changes to 1099 data in NCAS prior to OSC creating the 1099 print file and the electronic IRS file.
January 18, 2022	2021 1099 forms are available for printing by the NCAS agencies using the NCXCloud software.



January 18, 2022 and forward	Agencies will record 1099 changes in the NCAS for 2021 1099s for OSC testing. Agencies are responsible submitting any corrected 1099s to the IRS and recipients for 1099 changes and sending the 1096 form to the IRS for those 1099s changes.
January 24-28, 2022	OSC will submit the initial electronic 1099 file to the IRS.
January 31, 2022	IRS required deadline date for issuing printed 1099 forms to recipients and filing the IRS electronic file.

Effective January 1, 2011, Section 6050W of the Internal Revenue Code requires a payment settlement entity to report payments made to merchants for goods and services in settlement of payment card and third-party payment network transactions. To avoid duplicate reporting of these transactions, 1099 eligible payments made with a P-Card should not be recorded in NCAS.

The North Carolina Department of Revenue (NCDOR) requires the withholding of income tax from certain payments made to nonresident (of the State of NC) individuals and entities. Additionally, NCDOR requires withholding on payments made to contractors that possess an Individual Taxpayer Identification Number (ITIN). For detailed information on this withholding, please reference the Department of Revenue's website <https://www.ncdor.gov>. The state withholding amount from NCAS payments will not be reflected on the IRS 1099 forms that are printed from NCAS. Further, if an "ST" withholding code is used in the 1099 field on an invoice line, the state withholding amount will be reflected in the payment, but this withholding will not generate a 1099-MISC form to print from NCAS. To report the state withholding, please use the appropriate NC-1099 forms and directions found on the NCDOR website. If you have any additional questions regarding the proper coding within NCAS, please contact OSC Support Services at (919) 707-0795 or NCDOR for further withholding and reporting directions.

Non-resident Aliens (Foreign Nationals) are not eligible to receive IRS Form 1099. These transactions receive a 1042-S form which will be provided by OSC to each reporting agency.
