



State of North Carolina Office of the State Controller

Michael F. Easley, Governor

Robert L. Powell, State Controller

December 1, 2003

MEMORANDUM NO. FSD04-0004

TO: Chief Financial Officers/Accounts Payable Personnel
NCAS Agencies

FROM: Don Waugh, Assistant State Controller
Office of the State Controller

SUBJECT: 2003 Time Schedule for 1099 Processing

Attached is the time schedule and contact list for this year's 1099 processing activities. All information should have been recorded throughout the 2003 year by flagging invoices with the 1099 codes and reviewing the monthly 1099 reports. The end-of-year tasks should primarily consist of 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 on a weekly basis starting December 15, 2003. Due to the centralization of these functions it is critical that all reports are reviewed and the NCAS 1099 data is accurate by the requested deadlines so that the central data files can be created.

The process for reporting state and federal withholding remains the same as last year. Refer to the following link in the SIG for detailed procedures on 1099 withholding:
http://www.osc.state.nc.us/sigdocs/sig_docs/sigStepbySteps.html. NC1099PS forms can be obtained from the Department of Revenue or by contacting Randy Thomas at the OSC, (919) 981-5488.

As indicated in the 1099-processing schedule, the OSC will begin printing 1099's on January 13, 2004. To ensure accurate and prompt delivery, all forms will be printed and held at the OSC until an agency representative picks them up during the week of January 19, 2004. All agencies regardless of the number of 1099's will be printed by the OSC and must be picked up. **The 1099's will be printed on laser paper, to ensure each copy will be legible for the recipient and the agency. Each agency will be responsible for stuffing their 1099's and mailing them.** Envelopes will be provided by the OSC and should be picked up with the forms.

In March, the OSC will be the only transmitter for filing with the IRS, sending one file with all the NCAS agencies' data using an OSC Transmitter Control Code (TCC). Each agency will be reported under its own Federal ID number and is responsible for its data, but will no longer be responsible for mailing in magnetic tapes of paper forms. The OSC will be filing with the IRS electronically in order to provide additional time for 1099 reporting. **There should be no direct reporting of NCAS data by the agency to the IRS.** As in the past, all 1099 information that is not on the NCAS will be the responsibility of the agency.

Should your agency need 1099 forms for non-NCAS systems, it is your agency's responsibility to obtain its own forms unless prior arrangements have been made with the OSC to place the order. For agencies ordering forms for their own use, the 2003 state contract for 1099 forms is with Safeguard in Wilmington, NC. Laura Woods, the contact person, can be reached at (800) 438-5507 or at Fax (910) 392-6648.

The following time schedule has been established to process 2003 calendar year 1099 information.

2003 - 1099 PROCESSING SCHEDULE	
December 15-December 31, 2003	"Zero-dollar checks" will run for all paying entities.
December 15, 2003	OSC begins running 1099 reports weekly.
December 31, 2003	The 2003 tax year reporting cycle ends.
January 12, 2004	This is the last day to make changes to 1099 data on NCAS.
January 13, 2004	OSC will print 1099 forms.
January 13- March 23, 2004	Agency can produce manual 1099 corrections and update NCAS for IRS electronic filing.
January 20-31, 2004	Agencies can pick up 1099 forms from OSC. OSC will call 1099 contact when forms are ready.
January 21-31, 2004	Agencies will review 1099 forms.
January 31, 2004	This is the due date for issuing 1099 forms to recipients.
March 24, 2004	OSC will produce 1099 electronic file for filing with IRS.
March 24 and forward, 2004	Agency will produce manual 1099 corrections and manually report these to IRS.
March 31, 2004	This is the due date for OSC filing electronically to IRS.

A new report has been placed in XPTR, the 1099-1 Agency Contact. Please verify the report to make sure the 1099 contact information for your agency is correct before 1099s are printed on January 13, 2004. The phone number will be printed on the 1099. This is a 10 digit field, 3 digit area code and the 7 digit number, (XXX) XXX-XXXX. The names and extensions will not show on the 1099.

Please call the **OSC NCAS Client Support** at **(919) 875-HELP** if you have any questions, concerns, or require assistance with NCAS 1099 activities.

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