



Form 1099 Processing Procedures for Calendar Year 2020 – Attachment 1

Below are 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 2020 year by flagging invoices with the 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 **November 30, 2020**.

As indicated in the 1099 Form processing schedule, OSC will create the 1099 print file and the electronic IRS file on **January 18, 2021**. 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.

OSC will generate a weekly electronic 1099 change file for calendar year 2020. The 1099 change file will contain all 1099 changes that have occurred in NCAS since the previous 1099 electronic file was created. **It is imperative that the agencies make all 1099 changes in NCAS so that OSC can create an accurate 1099 change file to test with the IRS. For calendar year 2020, the agencies need to continue submitting corrected 1099 forms manually to the IRS and recipients for any 1099 changes that occurred after the 1099 print file was created on January 18, 2021. The agencies also will be required to submit a 1096 form to the IRS to report any 1099 changes.**

Due to an automatic waiver from the North Carolina Department of Revenue (NCDOR), OSC is **not required** to file the 1099 data electronically for calendar year 2020 to NCDOR. It is the responsibility of the individual state agencies to file any required 1099 information to NCDOR based on NCDOR requirements.

The following time schedule has been established to process 2020 calendar year 1099 information:

1099 PROCESSING SCHEDULE FOR CALENDAR YEAR 2020	
April 1-November 30, 2020	Review monthly 1099 reports for 1099 reporting
December 1-31, 2020	Review 1099-1 Agency Contact List in XPTR for accuracy before the 1099 print file is created on January 18, 2021 (only the phone number will be printed on the 1099, names and extensions will not be shown on the forms).
November 30, 2020	OSC begins running 1099 reports daily.
December 31, 2020	The 2020 calendar year reporting cycle ends.
January 15, 2021	This is the 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, 2021	The OSC will create the electronic IRS file and the 1099 print file to be printed with the NCXCloud software.



January 25-29, 2021	The OSC will submit the initial electronic 1099 file to the IRS.
January 18-April 9, 2021	Agencies will make any needed changes to 1099 data in the NCAS to be generated in the weekly "change" IRS electronic file for testing.
January 18, 2021 and forward	Agencies will create and submit any corrected 1099s to the IRS and recipients for 1099 changes entered in the NCAS and submit the 1096 form to IRS for those 1099 changes.
January 31, 2021	This is the IRS required deadline date for issuing printed 1099 forms to recipients and filing the IRS electronic file.
February 1, 2021 and Monday of each week until April 5, 2021.	OSC will create the 1099 "change" electronic file for testing. Since the file is for testing only in calendar year 2020, the agencies are responsible for submitting any corrected 1099s to the recipients and the 1096 form to the IRS for 1099 changes. The OSC will not print corrected 1099s.

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.
