

1099 Tips & News

- Always review all 1099 instructions and publications from the IRS before filing
- Download 1099 updates for OGwin versions 1.80 and 2.2 from our website www.ogsys.com. Then, apply the updates to your database. To receive 1099 changes, you must upgrade to at least version 1.80. Contact OGSYS for an OGsql 1099 update.
- Consider filing 1099s electronically through the IRS website <http://fire.irs.gov>

Hottest FAQ about 1099s

Q: What's the difference between "Print Non-qualifying Amounts?" and "Print Non-flagged Vendors?" on the Vendor 1099 Proof Report?

A: Printing all "non-qualifying amounts" will print all amounts . . . regardless of the minimum you have set on the 1099 run. Printing "Non-flagged vendors" will print all vendors . . . regardless of the flag in the master file for "Send-1099:"

Q: What if I void a 2008 check in 2009, after I have already sent out 1099s?

A: When the 2008 check was voided, OGSYS updated the 1099 file for 2008, which you will not see unless you decide to re-run your 2008 1099s. What happens in 2009 depends on whether you re-issue the check. If you issue it with a 2009 date, OGSYS will update the 1099 file for 2009, so that the amount is reported for 2009. If this is not the desired result, you can adjust the 1099 amount using the adjustment entry screens.

Q: Does the system allow me to print 1099s more than once?

A: Yes. You may print 1099s repeatedly until the information is purged. OGSYS does not purge 1099 information until the 1099s have been printed after the December month has been closed for that module.

Q: OGSYS says I didn't print 1099s for last year, but I did. What does this mean?

A: Run the December close prior to the final 1099 run. If 1099s are run prior to the December close (not after), OGSYS does not recognize the 1099 run as an "official" run. Therefore, it does not purge the information for that year and could blend it into the next year.

Q: Can I run electronic 1099s more than once?

A: Yes. You may generate electronic 1099s as many times as necessary until the information is purged. Make sure you generate 1099 information to an electronic file before closing January for the module.

Q: *Which address box do I use for 1099s?*

A: 1099 forms take the address from the default screen of the master file record. Electronic and substitute 1099 forms also take the address from the first screen.

Q: *How do I get Vendor 1099s to print in the "Rentals" box?*

A: By default, Vendor 1099s print in Box 7 (the non-employee compensation box). However, it is possible to choose the payment type, and therefore the box for a vendor's 1099 amount. Vendor maintenance allows you to choose from the following payment types: 1 – Rents, 2 – Royalties, 3 – Other Income, 6 – Medical Payments, 7 – Non-employee Compensation, and 14 – Gross Attorney Fees.

Q: *What are substitute 1099s?*

A: The IRS gives you the option to send substitute 1099 rather than the standard 1099 for Owners/Vendors. If you file electronically, the substitute form is the way to go. Send the electronic file to the IRS, then print substitute 1099s to send to the Owners/Vendors. A side benefit is, you don't have to buy the standard 1099 forms. NOTE: *Do not send substitute forms to the IRS. You will be charged a penalty fee for filing incorrectly.*

Q: *The 1099s for electronic ask the question, "Prior Filing Year?" Does this mean I can run 1099s for 2007?*

A: Under normal processing, you would not be able to print 1099s for 2007 now, since that information was purged in 2008. This field is part of the record layout for electronic 1099s, so it must be included here. To answer "Yes" in this field, you would have to take extra steps to ensure that the data is available.

Q: *May I select and sort by vendor/owner codes for 1099s?*

A: Yes. You have entity selecting and sorting capabilities for all 1099 processes.

Q: *I need a list of all the vendors/owners with no federal ID. How do I get it?*

A: You may select and sort by a federal ID number any place where you have entity selection capabilities, including all the 1099 processes and entity listings. When you sort by federal ID, it places all vendors/owners without an ID at the beginning of the report. The federal ID also prints on the brief entity listing.

A Timely Refresher — 1099 Procedures

1099s and 1099 balances are integral parts of OGSYS. Enter balances only during installation, as OGSYS maintains 1099 information automatically. OGSYS provides 1099 updates as a normal part of the support services. The system supports 1099 forms, electronic 1099 reporting, and substitute 1099 forms. Make sure you have loaded the latest release (either 1.8, 2.0, 2.1 or 2.2) and service pack for current 1099 programs. Remember, the IRS will not return problem files. Keep a copy of the 1099 files you submit to the IRS.

Five Rules for Processing 1099s

1. Always run an Accounts Payable Close Month for December before printing Vendor 1099s for a year. Always run a Revenue Close Month for December before printing Owner 1099s for a year. Always run a Lease Records Close Month for December before printing Land-Owner 1099s for a year. You may print the 1099 Proof Reports at any time during the year.
2. Print the 1099 Proof Report to verify 1099 amounts and which entities should receive a 1099.
3. You may adjust 1099 amounts. For vendor 1099 adjustments use the Vendor 1099-History Entry function from the Vendor History/1099s Menu. OGSYS will display a screen showing the check detail total and the 1099-history amount. The sum of these two figures is equal to the amount that will be printed on the 1099 form. To make adjustments to a Vendor's 1099 amount, increase or decrease the 1099-history amount as needed. This is a replacement amount, and it will be added to the check detail total to give you the actual 1099 amount.

Vendor 1099-History Entry

Enter the Currency type and Vendor Code, then click the Retrieve button to view and edit the amounts

Vendor Selection

Vendor Code: AR0001 ... ARCHER CONSTRUCTION

Last Vendor:

History Entry

History	Detail	Totals
Year: 2007		
Gross Amount: \$853.00	Payments: \$0.00	\$853.00
Federal WH: \$0.00	Federal WH: \$0.00	\$0.00
State WH: \$0.00	State WH: \$0.00	\$0.00

Buttons: Close, Help, Retrieve, Save, Discard

For Owner 1099 adjustments, use the 1099 Adjustment Entry function from the Owner 1099s/Balances menu. Enter adjustments as replacement amounts in the appropriate fields.

Owner 1099-History Entry

Enter an Owner code, the Well code and the year and edit the appropriate values.
Click the Save button when changes are completed.

Owner Selection

Owner Code: 100007 ANDOVER PARTNERS Last:

Well Code: TX1000 1 ANDERSON UNIT Year: 2007

Owner Data

	NonWork	Working		NonWork	Working
Net Value:	\$1,377.27	\$3,675.00	OtherDeds #1:	\$0.00	\$0.00
Rev. Tax#1:	\$132.00	\$0.00	OtherDeds #2:	\$0.00	\$0.00
Rev. Tax#2:	0.00	\$0.00	WPT Withheld:	\$0.00	\$0.00
Rev. Tax#3:	\$0.00	\$0.00	Federal W/H:	\$0.00	
Rev. Tax#4:	\$0.00	\$0.00	Amount Paid:	\$4,920.27	
			Amount Netted:	\$0.00	

Buttons: Save, Discard, Close, Help, Retrieve

For Land-Owner 1099 adjustments, use the Land-owner 1099-History Entry screen on the Lease-records Maintenance menu. Enter the adjustment as a replacement amount in the appropriate field.

Land-Owner 1099 - History Entry

Click the Save button when changes are complete.

Last owner:

Owner Selection

Owner code: 100004 WESTER GAS RESOURCES, INC.

Lease code: 42039-0313-0 FERNE DAHLIN

Year: 2007

Owner Data

Rental paid: \$2,563.40 State W/H: \$0.00

Royal paid: \$0.00

Federal W/H: \$100.00

Buttons: Save, Discard, Close, Help, Retrieve

4. Always verify 1099 amounts for at least one vendor/owner prior to mailing 1099s.
5. If December Close Month is not run prior to printing 1099s, subsequent years' 1099s will include amounts from the prior year. To correct, reprint 1099s for the prior year, and run the module Close Month for December of the current year.

NOTE: OGSYS includes items netted within the current 1099 calendar year in that year's 1099 amounts. Therefore, do not run the cross-clear program using a December voucher date, unless the items being netted are to be included in the current year's 1099s. Items to be included in the next year's 1099 must have a January-or-later voucher date.

Substitute 1099s are available for Vendor 1099s, Owner Royalty 1099s and Land-owner 1099s. Use these substitute forms to mail to the Vendors/Owners. These forms are not intended for the IRS. You will see Substitute 1099s in each respective 1099s menu.

Waltz through Year-end with Fewer Problems

- **Make a year-end backup before closing the General Ledger**

Most important -- include ALL OGwin files; data, programs, and control files. By copying all of OGwin, you are ensuring that you can restore the database for that time period, if necessary. Retain this backup permanently, do not overwrite with a later backup. *NOTE: If only the data files are backed up and your current database has been upgraded with a release, you will not be able to use the year-end backup.*

- **The year-end General Ledger Close performs some extra steps**

The close routine will take the balances in the Profit and Loss (P & L) accounts and zero them into the Retained Earnings account for corporations, and into the Capital account for partnerships. Because of this, it is important to make sure your Fixed Account Maintenance is set up accurately. Make certain the first P & L account is specified correctly. The system will take every account from the first P & L account forward and zero it to Retained Earnings.

Also, make sure the Retained Earnings or Capital account is coded correctly in the fixed accounts. DO NOT close the General Ledger for the year without having the first P & L, Retained Earnings, and Capital accounts coded correctly. Otherwise, you will not be able to correct the incorrect balances by re-closing the year for the P & L accounts without restoring your database. The year-end General Ledger may be re-closed, however, for any adjusting entries that are posted in the new year.