

RESOURCE

Updated January 2022

Form 1099 Filing for Desktop QuickBooks Users

Overview of 1099s

1099s are similar to a W-2 form, but are for reporting payments to non-employees. Businesses are required to issue 1099s to non-corporate **service providers** and certain incorporated **service providers** for payments made during the year. The specific rules are listed below.

Unfortunately, the Internal Revenue Service can fine you \$50 for each 1099 that you fail to file. *Significantly larger penalties apply for willful neglect to file.* In addition, the IRS now requires you and your tax preparer (us) to indicate on your federal tax return whether these forms are completed each year. Failure to answer will likely result in an audit or penalties.

Beginning with the tax year 2012, the Internal Revenue Service requires you to exclude from Form 1099-MISC any payments you made by credit card, debit card, gift card or third-party payment networks such as PayPal. (These payments are being reported by the card issuers and third-party payment networks on Form 1099-K).

Save Time, Money and Fees

The purpose of this resource is to provide you with guidelines to assist you in gathering the information and setting up your vendors in QuickBooks so you can properly file your 1099s. Doing this now will help you file on a timely basis and avoid IRS penalties.

1099s – The General Requirements

Federal law requires that all **business owners** file Forms 1099 for certain payments made during the year. Those most likely to apply to dentists are:

- **Payments of \$600 or more to individuals** (does not include corporations) **for “services” performed during the year.** Services include laboratories, contract employees, unincorporated maintenance people, bookkeepers, accountants (including Dental Group, LLC), etc.
- **Rent** (as in your office lease).
- **Legal fees of \$600 or more. (Whether they are an incorporated entity or not).**
- **Interest paid other than to a financial institution** (i.e. **paid to an individual** – such as with a seller financed business loan) **of more than \$10.**
 - **PLEASE NOTE:** 1099-INT cannot be prepared through QuickBooks. Please give us a call for further instructions should you have a 1099-INT to prepare.
- **Non-Employee Compensation** – Form 1099-NEC is used to report non-employee compensation (which was introduced last year). This essentially took everything that used to be reported in Box 7 of Form 1099-MISC and moved it to its own form. Form 1099-MISC still exists for other payments such as rent.

- **Almost all practices will need to issue 1099s for rent, unincorporated laboratories and Dental Group, LLC if not paid by credit card; and, may have other service payees, attorneys or interest payments to report.**
 - ✓ **You will need to issue a 1099 to us if you have not paid us by credit card. Please be sure if you are issuing checks to us that they are in the name of Dental Group, LLC (Not Martin-Boyle, PLLC) EIN: 91-1941528.**
 - ✓ **A 1096 must accompany your paper filing copies of Forms 1099.**
- **PLEASE NOTE: 1099-NEC is due to both the recipient and IRS on or before January 31st whether you paper file or e-file. 1099-MISC is due on or before February 28th if paper filing or March 31st if e-filing.**

Obtaining Information from Your Vendors

In order to issue Forms 1099, you will need the name, identification number and address of the vendor. This information can be obtained by sending a request to them with a **Form W-9**. Blank W-9s are available at the Internal Revenue Service website (www.irs.gov).

- **Print or type your name and address in the box “Requester’s name and address” of the Blank W-9 and then make photocopies!**

You should document your mailing of the Form W-9. If the vendor fails to provide you with the information you will have to submit an incomplete Form 1099 **and you will be required to begin withholding a portion of their payment and sending that to the IRS (called back-up withholding)**.



YOU WANT TO AVOID THE MAJOR HASSLE OF BACK-UP WITHHOLDING AT ALL COSTS. Consequently, you should work very hard to get vendors to provide you with W-9’s or applicable information! If you need more resources to convince a vendor to comply, please give us a call!

Setting Up QuickBooks to Capture Data

Your QuickBooks file must be properly set up to capture data in order to issue Forms 1099. By entering all of the applicable data in QuickBooks, generating your 1099 information at year-end is as simple as printing reports!

Change Your QuickBooks Preferences to Indicate You Issue Forms 1099

Select: Edit
Select: Preferences
Select: Tax: 1099 (icon towards to the end)
Select: Company Preferences (2 nd tab)
Select: “Yes” for the Do you file 1099-MISC forms?
Close

Make Sure Your Company Information Is Up-to-date in Your File

Select: Company
Select: My Company
Be sure the legal name of the company is listed along with the correct address, federal tax identification number, phone number, payroll contact and payroll tax form information.

If updates are needed, click the pencil icon for edit. Once updated, click OK to save all the changes.

Begin to Prepare 1099s

Go to **Vendors/1099 Forms** and click on **Print/E-file 1099s** then select **1099 Wizard**

There are six steps, click “Get Started” to begin – note that you will need to do this separately for 1099-NEC and 1099-MISC if you are required to prepare both types of forms

1. Select your 1099 vendors:

Select the vendors that need a Form 1099-Misc. (Changing the selections also changes the vendors’ 1099 status in your company file.)

Create Form 1099-MISC	Vendor Name	Account Used
<input checked="" type="checkbox"/>	Another Dental lab	Lab Fees
<input checked="" type="checkbox"/>	Cleanup Janitorial	Janitorial
<input checked="" type="checkbox"/>	Dental Consulting	Consulting
<input checked="" type="checkbox"/>	Dental Group LLC	Accounting Services
<input checked="" type="checkbox"/>	Dental Lab	Lab Fees
<input checked="" type="checkbox"/>	My Attorney	Legal and Other Professional
<input checked="" type="checkbox"/>	Rental People Management	Multiple
<input checked="" type="checkbox"/>	Your Janitorial	Janitorial
<input type="checkbox"/>	Home Depot	
<input type="checkbox"/>	Lake Washington Dental Lab Inc.	

Click **Continue** once you have selected all applicable vendors

2. Verify your 1099 vendors’ information:

Edit each vendor’s information as needed. If you hover your cursor over the address, it will show you the complete address. Be sure you have complete addresses for each vendor that will receive a 1099. Please note that you have only one line for the address that will print on the 1099.

Vendor Name	Tax ID*	Company Name	First Name	M.I.	Last Name	Address*	Phone
Another Dental lab	91-9876541					34567 8th Ave	
Cleanup Janitorial	222-22-2222	Cleanup Janitorial	Ed		Harris	5879 3rd Avenue	
Dental Consulting	111-11-1111	Dental Consulting	Jane		Doe	1234 4th Avenue	
Dental Group LLC	91-1941528					625 4th Avenue, #205	
Dental Lab	91-1234567					1542 Maple Drive	
My Attorney	91-0563789					1111 1st Ave S	
Rental People Management	46-1472583					625 4th Avenue, #408	
Your Janitorial	552-13-1234	Your Janitorial	Jack		Johnson	1234 Main Street	

Please note that if the vendor provides a social security number (xxx-xx-xxxx), the name of the vendor must be the individual's name. If the vendor provides a business name, then you should receive an employer identification number (xx-xxxxxxx).

In order for your 1099 to print correctly, if you have a vendor that has a social security number, you will need to fill in the Company Name field as well as the First Name and Last Name of the individual. If this is not completed correctly, you will most likely receive a notice from the IRS stating that the Tax ID number and the name do not match.

Click **Continue** once you have completed this step.

3. Map vendor payment accounts:

Choose **Show All Accounts** in the drop-down list.

These are the accounts you have used to track payments to your 1099 vendors. You will need to apply the payments to the appropriate box on Form 1099.

For **1099-NEC**, you will almost always use Box 1 for all selections. It will be very unlikely that you have any federal or state withholding. Form 1099-NEC will include applicable payments for:

- | | | |
|-------------|----------------------|----------------------------|
| Accountants | Repair & Maintenance | Computer Support & Repairs |
| Consulting | Contract Labor | Janitorial |
| Labs | Legal | Professional |
| Landscaping | | |

For **1099-MISC**, there are a few more possible options, but again your most likely selection will be Box for rent, including other applicable accounts such as storage and parking.

Accounts used for 1099	Account type	Apply payments to this 1099 box
Accounting Services	Expense	NEC Box 1: Nonemployee Compensation
Consulting	Expense	NEC Box 1: Nonemployee Compensation
Janitorial	Expense	NEC Box 1: Nonemployee Compensation
Lab Fees	Expense	NEC Box 1: Nonemployee Compensation
Legal and Other Professional	Expense	NEC Box 1: Nonemployee Compensation
Telephone & Internet	Expense	Omit these payments from 1099

Click **Continue** to the next step.

4. Review payments for exclusions:

Beginning with QuickBooks 2012, Intuit upgraded the software to exclude payments made through the credit card accounts. However, when you use bank accounts (via Pay Bills, Write Checks or directly in a bank register) to record a vendor payment made with a credit card, debit card or gift card or using a third party payment network such as PayPal, you should note the payment method in the check number field. QuickBooks recognizes and automatically excludes from Forms 1099 any "check" payment containing one of the following notations in the check number filed (limited to 8 characters):

- | | | | | |
|----------|----------|----------|----------|--------|
| Debit | DBT card | Visa | Debit cd | MCard |
| Debitcar | DCard | Chase | Masterc | PayPal |
| DBT | Diners | Discover | MC | |

When preparing Forms 1099 via the QuickBooks 1099 Wizard (Vendors > Print/E-file 1099s), you can review payments made to vendors eligible to receive Form 1099 to ensure appropriate payments are being captured and inappropriate payments are being excluded.

- Click **View Included Payments**.

QuickBooks shows you all the vendor payments being included on Forms 1099-MISC. Review the list to be sure there are no payments made using credit cards, debit cards, gift cards, or PayPal. If you find any payments that should be excluded from Forms 1099-MISC, edit the check number field to include one of the notations that QuickBooks recognizes.

- Click **View Excluded Payments**.

QuickBooks shows you all the vendor payments being automatically excluded from Forms 1099-MISC. Review the list to be sure there are no payments that should be included.

Click **Continue** once done reviewing.

5. Confirm your 1099 entries:

This is your summary page of the 1099-MISC forms and amounts that you are reporting for the year.

Vendor Name	Tax ID	Box 1: Nonemployee Compensation	Total Included on 1099	Total Unmapped Payments	Total
The Dental Group	91-1941528	8,580.00	8,580.00	0.00	8,580.00
TOTAL		8,580.00	8,580.00	0.00	8,580.00

Click **Continue** to the final step

6. Choose a filing method:

At this point we are recommending E-filing rather than printing and paper filing of the 1099s. If you choose to paper file, you will need to be sure you have preprinted Forms 1099 and 1096.

Choose a filing method



You can print and mail the forms to IRS or file electronically with IRS using 1099 E-File Service.
[Learn more about filing options](#)

You can print **Form 1099-NEC** on preprinted forms and mail to IRS.

[Print Form 1099-NEC](#) Order 1099 forms

File **Form 1099-NEC** electronically with IRS using 1099 E-File Service. Fees apply.

[Go to 1099 E-File Service](#)

[Need more information?](#)

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E-Filing 1099s through QuickBooks:

Choose **“Go to Intuit 1099 E-file Service”** and follow the prompts. This service will e-file your 1099s for a fee. When you e-file, you will not be required to provide a 1096. You can then print the vendor copies and mail to your vendors or email a PDF copy, whichever works best for you.

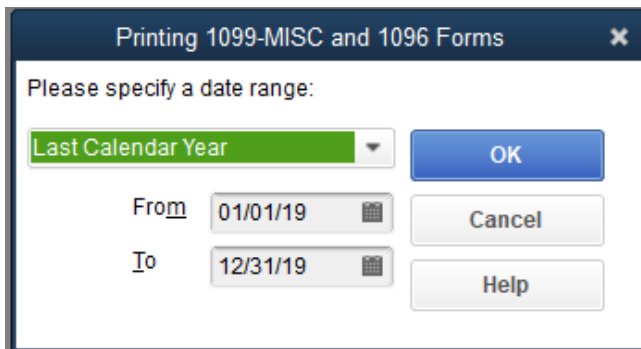
Note: You will need to open QuickBooks from the computer where the Intuit Sync Manager is running – usually the administrator’s computer – in order to E-file the 1099s.

E-Filing through a 3rd Party IRS approved Site:

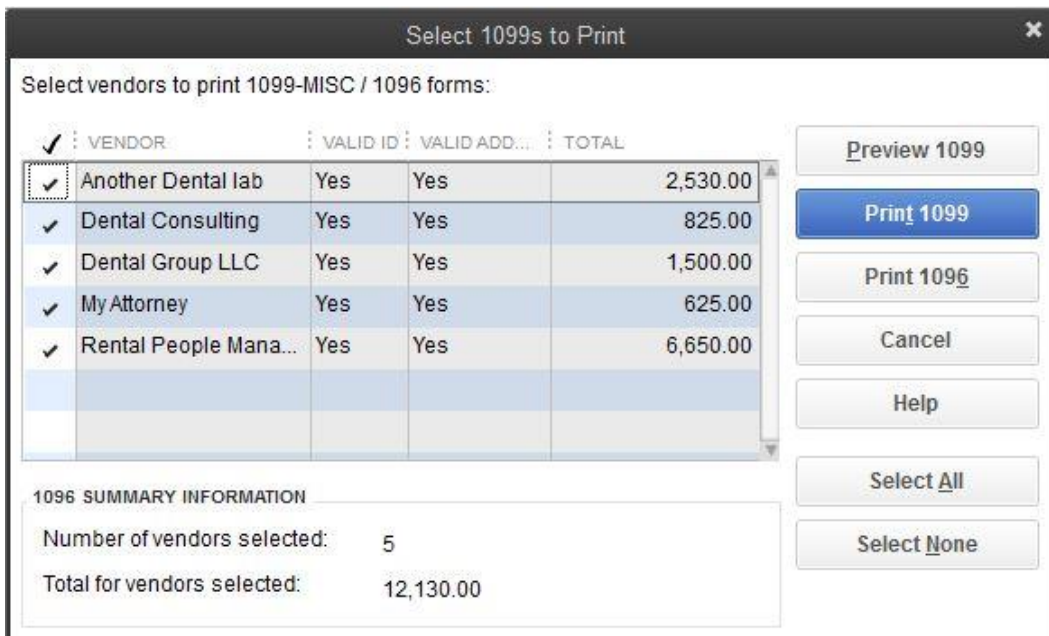
There are a number of Forms sites you can use. We have used Tax 1099 and it is easy to use and reasonably priced. <https://www.tax1099.com/>

Paper File 1099s:

Click on the **Print 1099s** button and the following box will appear. Make sure the date range is correct. For 2021: 01/01/21 – 12/31/21. Click **OK**.



The following box will pop up and show you the vendors you have selected, whether you have a valid ID and address and the amount that will be on the 1099. Make sure the ID & Address columns both show Yes; if there is a No, please double check in the Vendor Center.



Click the **Preview 1099** button. This will show you exactly what each 1099 will look like. This is a good final review to be sure you have all the correct information entered. You will also be able to verify if you have a vendor with a Social Security Number that their first name appears above the Company Name. When you are sure all looks correct, click on **Close**.

Black and White copies of Form 1099-MISC (Copy B) – these will be the forms that you will separate and send to each of your vendors once they are printed.

Black and White copies of Form 1099-MISC (Copy C) – For employer to keep as a record of what has been filed.

Red copies of Form 1099-MISC – these will **NOT** be separated and will be sent to the Internal Revenue Service along with a 1096.

Red Form 1096 – This is a summary page of the 1099's you have prepared and will be sent with the red Forms 1099-MISC.

The Forms 1099-MISC must be printed on these pre-printed forms. These are 2-up forms and will print two 1099's per page. Example: Another Dental Lab and Dental Consulting are the first two vendors on the above list – these will both print on one page.

To Print Forms 1099 and 1096:

1. Put the **black and white Forms 1099-MISC and 1099-NEC** in your printer. (The above sample shows a total of 5 vendors so you would want to put 3 of these Forms in your printer). Click Print 1099.
2. Put the same quantities of **red Forms 1099-MISC and 1099-NEC** in your printer and click the Print 1099 button again.
3. Put one 1096 in the printer and click on the Print 1096 button.
 - a. This will ask for a Contact Name – Use the Doctor's Name.
 - b. **Do NOT** click on "This is my final return."
 - c. Click **OK**.

The 1096 is a Summary of the Forms 1099 forms you are filing. Make sure the doctor or bookkeeper signs the 1096 form.

The Red Copy of the 1099-NEC (Copy A) and the Red 1096 will be mailed to the IRS only on or before January 31st (or February 28th, for 1099-MISC). The Black & White copies of the 1099-NEC and 1099-MISC will be mailed to each individual vendor, and the Copy C is for employer's file.

If you are in Washington State (for other states – see front & back of 1096) – The Red Copies, 1099-MISC and 1099-NEC Copy A and the 1096 will be mailed to:

Internal Revenue Service Center
P.O. Box 219256
Kansas City, MO 64121-9256

Be sure to make a photocopy of the Forms 1096 and 1099s for your records.