

UNIVERSITY OF MISSOURI SYSTEM

Dec 23, 2020

TO: Accounting Offices

FROM: Harold Berndt, University of Missouri System

RE: 1099 Miscellaneous Code Definitions

In order to assist with the annual review of payments to vendors that result in 1099 reportable revenue an analysis was performed of the Internal Revenue Service (IRS) code and Form 1099-Misc and 1099-NEC instructions. The following provides definitions of each of the applicable payments that need to be reported. These definitions are consistent with current IRS definitions. When payments are made to vendors for any of the following activities, the applicable code must be selected on the Withholding Detail panel on the PeopleSoft Non-PO Voucher.

Form 1099-Misc Boxes

1099-Misc 01. Rents

Use for all types of rents such as real estate, office space, pasture rentals, equipment rentals, surface royalties and possibly rental for coin-operated amusements (see 1099 Misc. instructions if coin operated amusements are included in the payment).

1099-Misc 02. Royalties

Use for royalties paid to employees, non-employees and retirees. Royalties paid to Non-Resident Aliens are processed through payroll.

1099-Misc 03. Other Income

Use for income required to be reported

1099-Misc 08. Substitute Payments in Lieu of Dividends or Interest

The University should not use this box.

1099-Misc 09. Crop Insurance Proceeds

The University should not use this box.

1099-Misc 10. Gross Attorney Proceeds

This box is used when the University pays an attorney or law firm for a settlement or for services for someone other than the University.

1099-Misc 12. Section 409A Deferrals

The University should not use this box.

1099-Misc 13. Excess Golden Parachute Payments

The University will only use this box in rare special circumstances

1099-Misc 14. Nonqualified Deferred Compensation

The University will only use this box in rare special circumstances

Form 1099-NEC Boxes

1099-NEC 01. Nonemployee Compensation

Use for fees, commissions, prizes and awards for services performed as a Nonemployee. Also for any other compensation for services performed as a Nonemployee. Use this box to report oil and gas payments from a working interest. Other examples include fees to accountants, architects, contractors, subcontractors, commissions to Nonemployee sales people. Use for payments to an attorney or law firm that performs services for the University. For payments to research subjects report as IRS 03 on the 1099-MISC.

1099-NEC 04. Federal Income Tax Withheld

Use this to enter Income Tax withheld. For example, persons who have not furnished their TIN and then are subject to 28% backup withholding. It is highly unlikely that the University will use this box.

If you have any questions regarding 1099 reportable payments or how to code 1099 payments in PeopleSoft Accounts Payable please contact AP Shared Services or Harold Berndt at 882-6585. These definitions will be published on the Controller's Website at <http://www.system.missouri.edu/acct/taxissue.htm>.