

Financial Services Manual (FIN)

FIN 421–04: Tax Reporting—IRS Form 1099

Effective: 6/21/1984

Revised: 7/1/2022

Purpose

To code disbursements for professional fees, independent contractor services, royalties, copyright payments, and other payments requiring tax reporting

Sources

Internal Revenue Service

University policy

Applicability

All payments for services, rentals, royalty, and copyright payments made to payees other than corporations, governmental agencies, colleges, and universities, excluding employee expense reimbursements and payments to international nonresidents for tax purposes.

Policy

All professional fees, and certain other payments that require reporting on IRS Form 1099 as listed in the table below should be coded to the correct spend category relevant to that service.

Procedure

In order to pay a participant a stipend, the participant must be approved as a supplier in the system. Once approved, the department can submit an ad-hoc invoice request.

Type of Service and Code for Payments Requiring IRS Form 1099
Type of Service
Professional and independent contractor services, maintenance and repairs, printing, reproductions, and photography
Subagreements
Payment for rental of real or personal property
Rental and royalty fee/copyright payments
Land improvements, building improvements/remodeling, new construction costs, planning/design/management costs, and building fixtures
Payment made to attorneys
Payment made to medical service providers

IRS Form 1099's are required to be mailed to the recipients by January 31st following the calendar year. The Tax Unit of Financial Services is available to assist in any questions related to the preparation and filing of these forms.

Cross-Reference

For information on employee expense reimbursements, see [FIN 420-01](#), "Faculty and Staff Reimbursements."

For information on awards to faculty, staff, and students, see:

1. [FIN 420-04](#), "Payment of Awards and Incentives,"

and

2. [FIN 420-05](#), "Employee Postgraduate Research Stipends/Grants." For information

on tax reporting for nonresidents, see:

1. [FIN 425-04](#), "Nonresident Independent Contractors and Other Foreign Entities"
2. [FIN 425-05](#), "Student Financial Support Payments to Nonresident"

and

3. [FIN 425-06](#), "Payments to Postdoctoral Nonresidents."