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.

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