Diocese of Monterey
1099 Vendor Setup and Report Generation
Department of Finance – December, 2009

How to Set-up a Vendor

To set-up a vendor that will appear on the 1099 report, click on the Vendor Center button, or from the QuickBooks Main Menu select Vendors, Vendor Center.

To create a new vendor:

1. Click on New Vendor, or to edit an existing Vendor, right click on the vendor name and select Edit Vendor.
2. Fill in the appropriate information on the Address Info screen.
3. Next, click on the Additional Info tab. On the bottom left corner of the screen, click in the Vendor Eligible for 1099 check box.
4. Be sure to complete the Tax ID field with either the tax id for the company or the social security number for the individual. This field is a **must enter** field, which means that it must have information entered into it once you have checked the Vendor Eligible for 1099 check box.

How and Why to Set-up 1099 Accounts

Many locations are using the "two vendor" method in order to accurately separate the actual earnings for the vendor from any reimbursement expenses (mileage, meals, hotel, etc.). What this means is that when the vendor is paid, two checks are printed. One check is created using the 1099 vendor (the Vendor Eligible for 1099 check box is checked). An example of the vendor name could be for Rev. John Smith. This check would only have the actual earnings or stipend. The second check (which would be for the reimbursable expenses) would be created using the vendor with the same name; only in this case, this vendor was set up **without** having the Vendor Eligible for 1099 check box selected. An example of the name for this vendor could be Reverend John Smith. When the Vendor Payment Report (see below) is generated, then only the vendors with the Vendor Eligible for 1099 check box selected will print on the report. The checks written to the vendor which contain the reimbursement expenses will not print on the report.

A way to get around this "two vendor method" is to set up 1099 accounts. To create these accounts:

1. Review your current Chart of Accounts to determine which expense accounts you use to pay 1099 vendors. For example, you may have a 6430 - Stipend account, or a 7350 – Contract Services account. Please keep in mind, that in order to accurately use this method, you must only post true 1099 transactions to these accounts. If necessary, you may need to create accounts that you will use to pay your 1099 vendors.
2. Next, from the QuickBooks Main Menu, select Edit, Preferences. On the left side of the screen, select the category Tax: 1099.

3. Click on the Company Preferences tab.
4. When you see the option "Do you file 1099-Misc forms?" Click on the Yes button
5. Click on the line that says "Box 7: Nonemployee Compensation". Click on the drop down arrow in the column that says Account, and select from the top of the account list "Multiple accounts…".
6. When you see the Select Account screen, click on the expense accounts that you are using to pay your 1099 vendors (see #1 above). Be sure to select each applicable account. When finished, click OK.
7. Next, click in the column that says Threshold. The default amount is 600.00. You can leave this amount alone, or you can change it to 0.00. Normally, companies will not need to report or print any payments less than $600, but in our case, all parishes and schools are part of the same corporation (Diocese of Monterey). The combined totals for all locations may exceed $600, so that is why all amounts paid to 1099 eligible vendors are reported to the Diocese of Monterey Finance Office.

<u>1099 Detail Report</u>

This report will be created by the parish and sent to the Diocesan Finance Office once a year. It can be created after the last check run of the year (in December) or at the beginning of the new calendar year (January).

<u>To create this report (if you are using the two vendor method):</u>

1. Select Reports, Vendors and Payables, 1099 Detail, (if you see the message "No 1099 Categories are Mapped", click OK).
2. When the report appears, change the following options:
3. Change the date range to whatever is applicable. The date range for Last Calendar Year comes up by default. If you are printing this at the end of December, be sure that the date range is This Calendar Year.
4. For 1099 Options, change the option that says "Only 1099 accounts" to "**All allowed accounts**". **Do not** change the option "Only 1099 vendors".
5. You may need to click on the Refresh button to rebuild the report.
    a. **NOTE: It has been reported that the Refresh button will not add any new vendors to the report. What you may need to do is change the option "Only 1099 Vendors" to "All Vendors". Then, change it back to "Only 1099 Vendors". This should then rebuild the report to include any new information that you have added.**

b. To change the columns that will be printing on the report, click on Modify Report at the top of the report screen. In the Columns section on the Display Tab, select (check) the following columns:

    i. (left margin), Source Name, Name Address, Name Street1, Name Street2, Name City, Name State, Name Zip, Name Phone#, Memo, SSN/TaxID, Account, Paid Amount

c. **Be sure to uncheck the columns that are not on this list**.

d. When finished, click OK.

6. Next, you will need to remove the header. Click on the Hide Header button on the top of the report.
7. To finish, you will export this report to Microsoft Excel. To do this, click on the Export button at the top of the report. Select New Excel Workbook. Click on Export. When the report appears in Microsoft Excel, save the file (an example name for the file could be: **1099 info – Location 302.xls**). If you are using Microsoft Excel 2007, the file name would be **1099 info – Location 302.xlsx**.
8. This Microsoft Excel file will need to be emailed (sent as an attachment) to the following email address:

1099report@dioceseofmonterey.org

If you do not have Microsoft Excel, please contact Anne McGuire, Director of IT and Business Support, at (831) 373-4346 ext. 276.

To create this report (if you are using 1099 accounts, only one vendor):

1. Select Reports, Vendors and Payables, 1099 Detail
2. When the report appears, change the following options:
3. Change the date range to whatever is applicable. The date range for Last Calendar year comes up by default.
4. For 1099 Options, **do not change** the default options. These options should say "**Only 1099 vendors**" (this refers to the Vendor Eligible for 1099 checkbox that was selected in the vendor setup) and "**Only 1099 accounts**" (this refers to the expense accounts that were selected in the Company Preferences for Tax: 1099).
5. You may need to click on the Refresh button to rebuild the report.

    a. **NOTE: It has been reported that the Refresh button will not add any new vendors to the report. What you may need to do is change the option "Only 1099 Vendors" to "All Vendors". Then, change it back to "Only 1099**

Vendors". This should then rebuild the report to include any new information that you have added.

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Vendor Contact List – You will no longer need to send us this report. All data has been consolidated on the 1099 Detail Report (above)