



UNIVERSITY OF MISSOURI SYSTEM

Office of the Controller

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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 on the 1099 Misc. that is not reportable in one of the other boxes on the form. Include prizes and awards given where the winner did not have to perform a service or place a wager to be eligible for the prize. This does not include prizes or awards paid to employees or prizes or awards for services performed by non-employees. This does include deceased employee wages paid to an estate or beneficiary. Payments to research subjects should be reported in this box.

#### **1099-Misc 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.

#### **1099-Misc 05. Fishing Boat Proceeds**

The University should not use this box.

#### **1099-Misc 06. Medical and Health Care Payments**

Use this box for payments to each physician or supplier or provider of medical or health care services including corporations. If payment is made to a Corporation, list the Corporation as the recipient rather than the individual providing the services.

**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>.