



Form 941 & Form 1099

Tax Exempt & Government
Entities

March 8, 2019

John Darr
Internal Revenue Agent



Important Note:

- The information published by the IRS is the authoritative guidance that should be followed. If your situation is unique, or if clear guidance is not set forth in the IRS publications, you may either contact your local IRS representative or seek a technical ruling on the matter.
- This is NOT considered published by the IRS!



**DON'T FORGET TO MARK THE
QUARTER**

Form **941 for 2019: Employer's QUARTERLY Federal Tax Return** 950117
Rev. January 2019 Department of the Treasury - Internal Revenue Service OMB No. 1545-0047

Employer identification number (EIN)

Name (not your trade name)

Trade name (if any)

Address

City State ZIP code

Foreign country name Foreign postal code

Report for this Quarter of 2019 (Check one)

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Go to www.irs.gov/Form941 for instructions and the latest information.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1 Answer these questions for this quarter.

1 Number of employees who received wages, tips, or other compensation for the pay period including Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), or Dec. 12 (Quarter 4) 1

2 Wages, tips, and other compensation **ALL 4 QTRS. SHOULD MATCH BOX 1 FORM W3** 2



Schedule B

- Semiweekly depositor
- Schedule B total liability should match total liability on 941 (Line 12)
- Show liability amounts not the amount you deposited – not always the same
- Attach to Form 941
- Complete EIN, Name, Year & Quarter

7



Schedule B - 941

Schedule B (Form 941):

Report of Tax Liability for Semiweekly Schedule Depositors

(Rev. January 2017)

Department of the Treasury – Internal Revenue Service

OMB No. 1545-0029

Employer identification number (EIN)

Name (not your trade name)

Calendar year (Also check quarter)

Report for this Quarter... (Check one)

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Use this schedule to show your TAX LIABILITY for the quarter; don't use it to show your deposits. When you file this form with Form 941 or Form 941-SS, don't change your tax liability by adjustments reported on any Forms 941-X or 941-X. You must file out this form and attach it to Form 941 or Form 941-SS if you're a semiweekly schedule depositor or became one because your accumulated tax liability on any day was \$100,000 or more. Write your daily tax liability on the numbered space that corresponds to the date wages were paid. See Section 11 in Pub. 15 for details.

Month 1			
1	8	15	22
2	9	16	23
3	10	17	24
4	11	18	25
5	12	19	26
6	13	20	27
7	14	21	28
8	15	22	29
9	16	23	30
10	17	24	31

Tax liability for Month 1

8



Where to File?

Special Filing Addresses for exempt organizations, federal state and local governmental entities; regardless of location

Form 941:

Without a Payment:

Department of Treasury
Internal Revenue Service
Ogden, UT 84201-0005

With a Payment:

Internal Revenue Service
P.O. Box 932100
Louisville, KY 40293-2100

page 6 of Form 941 instructions

WATCH OUT - THIS IS A NEW ADDRESS

9



What to do at end of tax year?

- By January 31:
 - File Form 941 quarter ending 12/31
 - Furnish W-2's to employees
 - Furnish 1099's to recipients (box 7)
 - File W-2's and W-3 with SSA
 - File 1099's & 1096 with IRS



Form W-2 Reminders

- Boxes 1, 3, and 5 may not be the same
 - Box 3 SS wages could be zero
 - Box 5 Medicare wages could be greater than Box 1, wages
- Box 1 Wages includes all *taxable* wages:
 - fringe benefits, including non-cash fringes
 - taxable benefits from a 125 plan
 - other compensation (awards, stipends, etc.)



Form W-2 Reminders

- Box 12 Deferrals
 - check W-2 instructions for codes, use most current revision
 - If only one code, put in Box 12a, even if code is D. Codes do not relate to boxes.
 - Taxable GTLI over \$50,000; 457(b); non-taxable sick pay
- Box 13 Retirement indicator



W-2/W-3 Review

- If file Form W-2s then must file form W-3
- File Copy A of forms W-2 and W-3 with Social Security Administration
 - Make a copy of form W-3 to keep
 - Do NOT staple or tape form W-3 and forms W-2
- Keep Copy D of W-2 forms
- Copy 1 to State, City, or Local tax department
- Furnish Copies B, C, and 2 of forms W-2 to Employees



SSA Website

- www.ssa.gov/employer
 - Free service
 - File W-2 & W-2C online
 - Verify Employee's SSN
- Need to Register
 - Select Business Services Online (on right)
 - Select Register



The screenshot shows the Social Security website interface. At the top, there is a navigation bar with 'Home', 'Employer W-2 Filing', 'Verify SSNs', 'Reconciliation', 'Publications & Forms', and 'Employer Correction Request Notice'. The main heading is 'Employer W-2 Filing Instructions & Information'. Below this, there are three main sections: 'Register to Use Business Services Online', 'File W-2s/W-2Cs Online', and 'Verify Employees' Social Security Numbers'. A 'Business Services Online (BSO)' box is highlighted, containing a 'Business Services Online' button and a list of actions: 'Log in', 'Register or', and 'Complete Phone Registration'. Below the BSO box, the 'Hours of Operation' are listed: Monday - Friday: 9 AM - 1 AM ET, Saturday: 9 AM - 11 PM ET, and Sunday: 8 AM - 11:30 PM ET. There is also a section for 'About W-2 Filing' with a link 'Before You File'.



File W-2's On-line with SSA

- Create and file “fill-in” versions of Forms W-2 with SSA
- Print out completed copies for employees and for your records
- Form W-3 will be created based on Form W-2s that were inputted
- Don't need to mail W-2 or W-3 to SSA
- Get confirmation forms were filed

17



What Is Reported on Form 1099?

- Payments of \$600 or more per calendar year
- Paid in the course of your trade or business
- For Services and not supplies
- Payments to Sole proprietor, partnership, or trusts
- Payments to Corporations if:
 - attorney or health & medical

•18



Payments to Attorneys

- Payments to attorneys includes law firms or other providers of legal services
- Attorney Fees are reported in Box 7
- Gross Proceeds paid to attorney are reported in Box 14 (Settlement Agreement)
- If the attorney is an employee then wages are reported on Form W-2

19



Medical & Health Care Payments

- Medical & Health Care Payments are reported in Box 6
- If payment is made to corp.:
 - list corp. as recipient rather than individual providing service
- Exclude reporting payments to:
 - Pharmacies Tax-exempt hospitals
- Vets are Doctors too!

20



Form W-9

- Provide to every vendor who performs services for your entity (not merchandise)
- Use to request the taxpayer identification number (TIN such as SSN or EIN)
- Identifies type of business
 - Sole proprietor, partnership, Corp.
- Substitute form is acceptable if:
 - Its content is substantial similar to W-9

21



Backup Withhold (BUW)

- Withhold Federal Income Tax @ 24% from the reportable payment to the payee
- Report BUW on Form 945, Annual Return of W/H Federal Income Tax (FIT)
- Report in Box 4 on Form 1099 the FIT Withheld
- Publication 1281, BUW for Missing & Incorrect Name/TIN(s)

25



Examples when to issue Form 1099

- Lawn care and Tree Service
- Vehicle repair
- Repairs to building– painting, windows, electrical, plumbing, roof, etc.
- Advertising in Newspaper
- Presenter/speaker
- Accountant, Attorney if not your employees

26



Examples when not to issue Form 1099

- Products/Merchandise
- Telephone
- Storage
- Tax-exempt organizations
- Corporations unless:
 - Medical or Attorney
- Wages or employee business expense reimbursements

27

 LLC

- LLC = Limited Liability Company
 - Not necessarily a corporation
- Could be corporation, partnership or disregarded entity (sole proprietor)
- Use current version of W-9 (Oct 2018)
 - Separate line for LLC to mark if Partnership, Corporation or S Corp.

•28

 TIN Matching Program

- E-service product on the IRS website
 - Enter TIN Matching in search box
- Matches 1099 payee information with IRS records prior to submitting forms
- Decrease BUW & Penalty notices
- Must register with E-Service & TIN Matching
- Pub. 2108-A, On-Line TIN Matching Program

•29

 Penalties on Form 1099

- Failure to File Correct Information Returns or Failure to Furnish Correct Payee Statements (you may be liable for both).
- Each 2019 penalty is per information return
- \$50 if filed within 30 days
- \$110 if filed 31 days late – Aug. 1
- \$270 if filed after 8/1 or not at all
- Adjusted for inflation as of 1/1/16

30



Instructions for Form 1099

- [IRS.GOV](https://www.irs.gov)
- Forms & Instructions Tab (at the top)
- In the search box:
 - General Instructions for Information Returns

31



Question

- How should the Form 1099 be prepared for Recipient's name and TIN?

32



Form 1099 Reminders

When the individual/sole proprietor or single member LLC box is checked on Form W-9:

- The individual name must be used
- It's optional to put DBA name under the individual name
- EIN or SSN can be used
- Take a look at page 12 in the General Instructions for forms 1099

33



Sole proprietors. You must show the individual's name on the first name line; on the second name line, you may enter the "doing business as (DBA)" name. You may not enter only the DBA name. For the TIN, enter either the individual's SSN or the EIN of the business (sole proprietorship). The IRS prefers that you enter the SSN.

Limited liability company (LLC). For a single-member LLC (including a foreign LLC with a U.S. owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name only on the first name line and the LLC's name on the second name line. For the TIN, enter the owner's SSN (or EIN, if applicable). If the LLC is taxed as a corporation, partnership, etc., enter the entity's EIN.



Tax Information for Govt. Entities

• www.irs.gov

- File Tab (at top)
 - Government Entities

OR


• www.irs.gov/govts

Either way takes you to

And then select:

- Tax Information for Federal, State & Local Governments





Tax Information for Government Entities

Individuals

International Taxpayers

Businesses and Self-Employed

Government Entities

Tax Information for Federal, State, and Local Governments


Federal, State, and Local Governments facilitates cooperation through partnerships with federal, state, and local government agencies for the purpose of meeting their federal tax responsibilities, with a focus on customer service and fairness to all.

Top Tasks

- [Section 125 Cafeteria Plan Information](#)
- [Group Term Life Insurance Information](#)
- [De Minimis Fringe Benefits Information](#)

[Tax Information for Tribal Governments](#)

37



Govt. Entities Home Page

Tax Information for Federal, State, and Local Governments

Individuals

International Taxpayers

Businesses and Self-Employed

Government Entities

Federal State Local

[Getting Started](#)
The basics to help entities explore their federal tax responsibilities.

[Information Returns](#)
Government entities must provide statements to their employees and report the transactions to the IRS.


[Employer and Pay-Related Issues](#)
Find out what types of issues may arise regarding how to report different types of income and benefits.

English

FSLET Quick Links

- [Webinars for Tax Exempt Government Entities](#)
- [Requesting Educational Services from Tax Exempt Government Entities](#)
- [Forms & Instructions](#)

38



How to Find Webinars/Videos

- FSLG Quick Links (far right side of home page)
 - Webinars for Tax Exempt Governments Entities
 - Federal, State & Local Governments
 - Recorded Events

OR

- irsvideos.gov/governments/employers

39



Webinars for Tax Exempt & Government Entities

- Individuals**
- International Taxpayers**
- Businesses and Self-Employed**
- Government Entities**
 - Federal State Local Governments
 - Indian Tribal Governments
 - Future Webinars and Recorded Events

Future Webinars

Check back for upcoming events.

Charities & Non-Profits

Check back for future announcements. In the meantime, view [Stay Exempt](#) mini-course [recorded events](#).

Federal, State, & Local Governments

Check back for future announcements. In the meantime, view [recorded events](#).

Indian Tribal Governments

40




IRS Video Portal

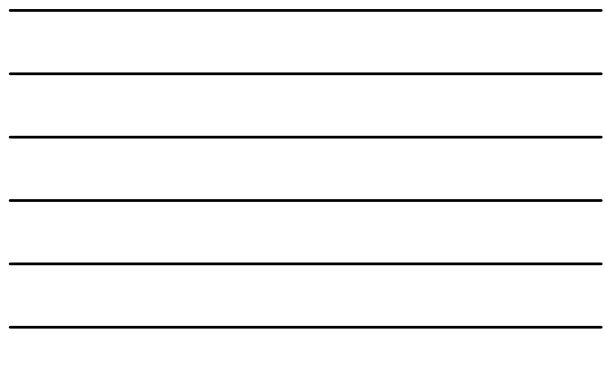
Individuals Businesses Tax Professionals **Governments** Charities & Non-Profits Español

Search

- Affordable Care Act** - IRS "B" Notices and Backup Withholding - Who is responsible for Backup Withholding. When Backup Withholding is taken. How Backup Withholding is reported. What a B-Notice is. 3 months ago
- Bonds** - 10 Minutes on Filing the Form 541X - Learn about when to use the Form 541X, statute of limitations for Form 541, differences between adjustments and claims, finding the Forms you need at IRS.gov. 5 months ago
- Employers** - Payroll Reporting for Election Workers - Learn about who is an election worker, are election workers employees, what taxes should be withheld from payments to an election worker, when are election workers issued a Form W-2. 5 months ago
- Retirement Plans** - IRC 5000C: Basics for Acquiring Agencies - Learn who is responsible for the 26 USC 5000C Excise Tax, what an acquiring agency is, who is a foreign contract party, or FCP, and why Form W-14 is important. 1 year ago
- Self-employed** - 10 Minutes on Reconciling Forms 541W-2 to Gross Payroll - Learn how to reduce the number of Forms 541W-2 filed, receive fewer notices from the IRS & SSA, find and fix discrepancies before year-end. 1 year ago
- Taxes** - Backup Withholding: When and Why (Nov 10, 2015) - Learn which payments to vendors might be subject, what kind of tax is backup withholding, when is withholding taken, and how to respond to the CP2100 Notice. 1 year ago
- Clarifying the Universal Availability and Other 403(b) Retirement Plan Requirements (Oct 27, 2015) - Learn about hours of service, changes in employee status, student participation and other 403(b) rules. 1 year ago
- Government Information Letter - Learn how you can prove your "tax-exempt" status as a government entity, why government entities do not require a determination letter from the IRS to secure tax-exempt status, and what it means to be a dual-status entity. 1 year ago
- How Form W-9 is used: open, use, time, and energy - What is Form W-9? Why does a payer need to obtain them? What happens if a vendor refuses to provide one? Where can you learn more? 1 year ago
- Why file Form 1099-MISC. 1 year ago

irsvideos.gov/governments/employers

41




IRS Video Portal


Individuals Businesses Tax Professionals **Governments** Charities & Non-Profits Español

Search

- Affordable Care Act** - IRS "B" Notices and Backup Withholding - Who is responsible for Backup Withholding. When Backup Withholding is taken. How Backup Withholding is reported. What a B-Notice is. 3 months ago
- Bonds** - 10 Minutes on Filing the Form 541X - Learn about when to use the Form 541X, statute of limitations for Form 541, differences between adjustments and claims, finding the Forms you need at IRS.gov. 5 months ago
- Employers** - Payroll Reporting for Election Workers - Learn about who is an election worker, are election workers employees, what taxes should be withheld from payments to an election worker, when are election workers issued a Form W-2. 5 months ago
- Retirement Plans** - IRC 5000C: Basics for Acquiring Agencies - Learn who is responsible for the 26 USC 5000C Excise Tax, what an acquiring agency is, who is a foreign contract party, or FCP, and why Form W-14 is important. 1 year ago
- Self-employed** - 10 Minutes on Reconciling Forms 541W-2 to Gross Payroll - Learn how to reduce the number of Forms 541W-2 filed, receive fewer notices from the IRS & SSA, find and fix discrepancies before year-end. 1 year ago
- Taxes** - Backup Withholding: When and Why (Nov 10, 2015) - Learn which payments to vendors might be subject, what kind of tax is backup withholding, when is withholding taken, and how to respond to the CP2100 Notice. 1 year ago
- Clarifying the Universal Availability and Other 403(b) Retirement Plan Requirements (Oct 27, 2015) - Learn about hours of service, changes in employee status, student participation and other 403(b) rules. 1 year ago
- Government Information Letter - Learn how you can prove your "tax-exempt" status as a government entity, why government entities do not require a determination letter from the IRS to secure tax-exempt status, and what it means to be a dual-status entity. 1 year ago
- How Form W-9 is used: open, use, time, and energy - What is Form W-9? Why does a payer need to obtain them? What happens if a vendor refuses to provide one? Where can you learn more? 1 year ago
- Why file Form 1099-MISC. 1 year ago

42



 **How to Find Issue Snapshots**

- FSLG Quick Links (far right side of home page)
 - Tax Exempt and Government Entities Issue Snapshots

Tax Information for Federal, State, and Local Governments

English

Individuals
Getting Started
The basics to help entities explore their federal tax responsibilities.

International Taxpayers
Information Returns
Government entities must provide statements to their employees and report the transactions to the IRS.

Businesses and Self-Employed
Employer and Pay Related Issues
Find out what types of issues may arise regarding how to report different types of income and benefits.


Government Entities
Affordable Care Act (ACA) Information for Government Entities
Find out how the Affordable Care Act affects government entities' reporting.

Federal State Local Governments

FSLET Quick Links

- [Webinars for Tax Exempt Government Entities](#)
- [Requesting Educational Services from Tax Exempt Government Entities](#)
- [Forms & Instructions](#)
- [Tax Exempt and Government Entities Issue Snapshots](#)

43

 **Issue Snapshots**

Tax Exempt and Government Entities Issue Snapshots

English

Individuals
Issue Snapshots are employee job aids that provide analysis and resources for a given technical tax issue. They are developed through internal collaboration and may evolve as the compliance environment changes and new insights and experiences are contributed. Please visit this site periodically for new and updated issue snapshots.

International Taxpayers

Businesses and Self-Employed

Government Entities
Charities and Non-Profits

Federal State Local Governments


(Listing of Issue Snapshots)

Scroll down until you see

Federal, State & Local Government

Date	Title
02/18/2016	Employers Must Withhold FICA Taxes
04/26/2016	Totalization Agreements
05/03/2016	Qualified Parking Fringe Benefit

44

 **Issue Snapshot Example**

Employers Must Withhold FICA Taxes for Aliens who Change Visa Status to H-1B

English

Individuals

International Taxpayers

Businesses and Self-Employed

Government Entities
Federal State Local Governments
Indian Tribal Governments
Future Webinars and Recorded Events
Governmental Liaisons
Tax Exempt Bonds

Issue Title:
Employers Must Withhold FICA Taxes for Aliens who Change Visa Status to H-1B

Description:
Under IRC Section 3121(b)(19) payees in a F-1, J-1, M-1, Q-1 or Q-2 non-immigrant visa status are not subject to FICA. The FICA tax exemption becomes inapplicable when a payee changes to H-1B non-immigrant status. Typically, the H-1B change of status becomes effective on October 1st of each year. An employer must start withholding FICA taxes on the effective date of the H-1B status change.

IRC Section and Treasury Regulation:

- IRC Section 3121(b)(19)
- Treas. Reg. 31.3121(b)(19)-1

Resources:

Analysis:
The H-1B visa is a non-immigrant visa classification issued to an alien individual who will be employed temporarily in the United States in a specialty occupation, including architecture, engineering, medicine and health, education, accounting, law, theology, and the arts. There are no FICA tax exclusions for H-1B employees working for a United States employer for services

45



Department of the Treasury
Internal Revenue Service
www.irs.gov
