

# CW.30.6 Manage Tax Reporting

## Revision History

Version	Date	Revision Notes
1.0	10/19/2020	Accepted Version

## Table of Contents

Business Process Overview .....	4
Dependencies and Constraints .....	4
Business Process Flow Details .....	4
Ledger Impacts .....	6
Reports .....	6

## Business Process Overview

The Manage Tax Reporting business process encompasses all activities that are required to manage tax reporting and withholding for supplier and non-payroll payments in Florida PALM during the Central Wave.

## Dependencies and Constraints

- Applicable suppliers are required to have a Tax Identification Number (TIN) that is validated with the Internal Revenue Service (IRS) prior to issuance of a tax reportable payment.
- Entities are subject to TIN validation based on DFS policy to comply with IRS requirements
- Applicable suppliers are required to provide 1099 information through the W-9 System, which is used for withholding and 1099 reporting.
- The TIN validation status is provided to Florida PALM from the W-9 System.
- Payroll and pension tax reporting are not included in this business process.
- The IRS is established as the withholding entity and assigned a unique Supplier ID.

## Business Process Flow Details

Table 1: Process Steps Included on CW Business Process Model Flow

CW.30.6 Manage Tax Reporting		
Swim Lanes – Definition	DFS 1099 Processor: DFS role responsible for preparation, final review, and approval of 1099 issuance	
Process Step ID	Process Step Title	Description of Process
1	Review 1099 Setup	The setup should be reviewed for: the calendar; Withholding Entities; Withholding Rules; Withholding Types; Withholding Codes; and setup or review of Report Control Information.
2	Run Withholding Post	This step combines voucher and payment information to generate 1099 reportable data which is used to generate the 1099 reports. All payments must be posted to be included. The applicability of tax withholding and reporting is identified in the supplier records. State payments are marked as applicable for tax withholding or reporting through the supplier record configuration and/or the accounting codes recorded on the voucher.
3	Perform Review of 1099 Items	After posting withholdings, there are various reports and on-screen inquiries available to review the reportable 1099 voucher and payment information. During the review, vouchers or suppliers may be identified that require marking for withholding.  The 1099 Suppliers, the 1099 Mismatch, and the Employee Suppliers reports are used to identify any updates that are

Process Step ID	Process Step Title	Description of Process
		required to be made to the supplier records or voucher accounting. The 1099 Suppliers report identifies the suppliers subject to 1099 reporting requirements. The Employee Suppliers report identifies the employee payments marked for 1099 reporting requirements. The 1099 Mismatch report shows payments marked for 1099 reporting which may be made in error based on the supplier profile.
4	Manage Updates to Supplier Record	Occasionally, a supplier's withholding setup may be incorrect and require an adjustment for 1099 reporting. The supplier record must be updated in the FLAIR Statewide Vendor File and interfaced to Florida PALM to update the supplier record.
5	Manage Reporting Errors	The DFS 1099 Processor coordinates with agencies, as needed, to update the included or excluded withholding information for tax reporting purposes.
6	Update Withholdings	This step updates the 1099 reportable suppliers and voucher transactions, which were updated as part of Complete Withholding Supplier and Voucher Update steps. A 1099 Updates report identifies the suppliers and vouchers that were edited.
7	Run Withhold 1099 Report Post	After all adjustments have been made, all items are reconciled to make sure there are no more corrections required. The Withhold 1099 Report Post step populates the Withholding 1099 table by extracting data from the Withhold Transaction table and inserting it into the withholding report tables.
8	Generate Withhold 1099 IRS Report	The DFS 1099 Processor selects the parameters to generate the 1099 IRS Report.
9	Outbound 1099 IRS File	Florida PALM creates a file with the 1099 information for the IRS or other external users.
10	Generate/ Review 1099 to Send Detail Report	This report is a replica of the data in the file prepared for the IRS. This report can be used to reconcile with the IRS file prior to printing the final report for the supplier.
11	Create 1099 Copy B Report	After all final adjustments and corrections, the 1099 Copy B Report is generated.
12	Review/Print/ Send 1099 to Suppliers	Generated 1099 reports are reviewed, printed, and mailed to the suppliers. Florida PALM generates reports for use in reporting payments to foreign suppliers (IRS Form 1042/1042S), nonpayroll payments, such as gambling winnings (IRS Form 945), and a 1099/W-9 reconciliation report for DFS to verify all required 1099s have been printed and to print any 1099s that were missed.
13	Send File to IRS	The DFS 1099 Processor sends the file to the IRS.
14	Finalize/ Update Records	The Withholding Sent File finalizes the 1099 reporting by marking the transactions as included in the reported 1099s.

## Ledger Impacts

Table 2: Ledger Impacts Included on CW Business Process Model Flow

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
N/A		

## Reports

Table 3: Reports Included on CW Business Process Model Flow

Report Number	Report Description	Report Frequency	Audience
R1	1099 Suppliers – a report that identifies the suppliers subject to 1099 requirements	Periodic	DFS
R2	1099 Mismatch – a report that lists the suppliers that have had 1099 applicable transactions but may require further review	Periodic, Monthly	DFS
R3	Employee Suppliers – a listing of employees doing business with the State as a supplier	Periodic	DFS
R4	1099 Updates – a report of all suppliers or vouchers that had edits made to 1099 reporting criteria	Periodic	DFS
R5	1042/1042S – a report that provides the data that meets the requirements of IRS Form 1042/1042S. Used for tax reporting for foreign suppliers	Periodic	DFS
R6	945 Withholding – a report that provides the data that meets the requirements of IRS Form 945. Used to report withheld Federal income tax from nonpayroll payments such as gambling winnings	Periodic	DFS
R7	1099 Summary – a report of suppliers for which 1099s have been generated	Periodic, Monthly	DFS