



# FINANCIAL MANAGEMENT

## 1099 CORRECTIONS

This document explains how to issue corrected 1099 forms *after* your have transmitted the electronic file to the IRS.

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## 1. SUPPORTING DOCUMENTS

For a complete explanation of how to generate, edit and transmit *original* 1099s, see the document **AP-710 1099 Processing** in the **Accounts Payable Help Reference Library**. During that process, you had the opportunity to make changes and corrections before sending the file.



**Sometimes situations arise that require corrections *after* the electronic filing with the IRS has been completed. This document addresses that situation.**

IRS Publication 1220 <https://www.irs.gov/pub/irs-pdf/p1220.pdf> provides specifications for Electronic Filing of Forms 1099. The AUC process handles original submissions, dollar amount corrections to original forms and form corrections for vendors issued forms in error.<sup>1</sup>

When making corrections, have a copy of the original 1099 to be corrected available for reference.

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<sup>1</sup>AUC does not handle “two record corrections” as is described in IRS Publication 1220 for:

- a. Incorrect payee TIN
- b. Incorrect payee name
- c. Wrong type of return indicator



While these instructions use **1099 MISC** for examples, the same applies for **1099 INT** for interest payments and **1099 S** for Real Estate Transactions.

## 2. CREATE AN EMPTY WORK FILE

The AUC system now provides for electronically creating **corrected** 1099 forms due to:

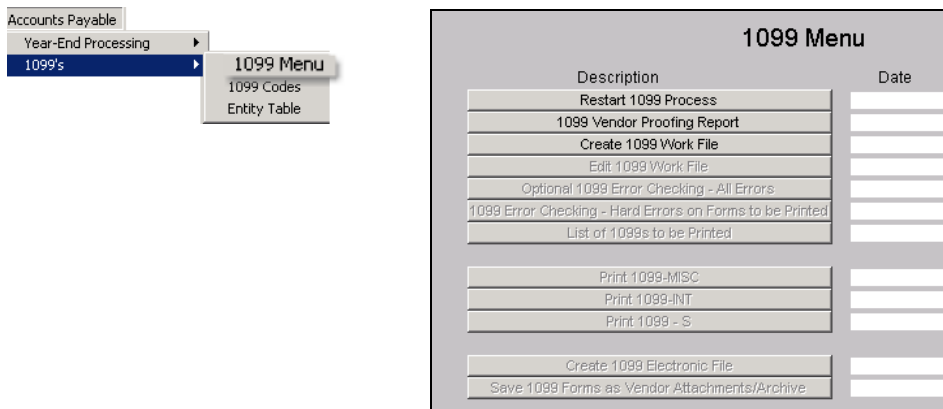
- omitting a 1099
- correcting a wrong amount on an issued 1099
- cancelling a 1099 issued in error

The same 1099 Menu is used for corrections as well as original submissions.

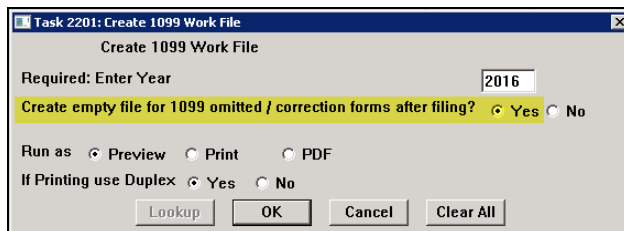


**If the last step on the 1099 menu is still in focus, indicating the 1099 forms for the original submission have not yet been saved, click on [Save 1099 Forms as Vendor Attachments/Archive] before creating corrections. Saving the forms will reset the 1099 menu and allow corrections to be made.**

When creating corrected 1099s, the menu should look like the image below, with only the first three steps available. To begin, click on the **[Create 1099 Work File]** button.



Select the **[Yes]** radio button to **Create an empty file for 1099 omitted / correction forms after filing?**





## 2.1. Create 1099 Corrections

On the 1099 Menu, click on the [Edit 1099 Work File] button.

**1099 Menu**

Description	
Restart 1099 Process	
1099 Vendor Proofing Report	
Create 1099 Work File	15
<b>Edit 1099 Work File</b>	
Optional 1099 Error Checking - All Errors	
1099 Error Checking - Hard Errors on Forms to be Printed	
List of 1099s to be Printed	

In the 1099 Work File Summary screen, click on the [Add Vendor Check] button.

**1099 Work File Summary**

Vendor: 000008 00  
Address: \_\_\_\_\_  
Phone#: (000) 000-0000

Entity:   
Federal ID#: \_\_\_\_\_  
1099 Flag: \_\_\_\_\_  
Address Type: \_\_\_\_\_  
Total Paid: \_\_\_\_\_ Reportable: \_\_\_\_\_

**Amounts Reportable**

Box	Code	Description	Form	Check Amount	Amount Reportable	Click Button to Edit
<input type="checkbox"/>						

1 Add Vendor/Check   2 Delete Vendor   3 Get Name/Addr from Vendor File   4 Verification Report   5 Exit to Menu

### 2.1.1. Cancelling a 1099

To cancel a 1099 that should not have been issued, enter the same 1099 code as was on the original 1099.

**Add Vendor/Check**

Required: Enter Vendor# 41 NEW NAME CONSTRUCTION COMPANY

Required: Entity Code 1 TOWN OF ANYWHERE

Required: 1099 Code Y

Required: Check Amount for Non-Cancelled Form \_\_\_\_\_

Required: Enter Tax Year 2016

Required: 1099 Type  Omitted  Correction

Lookup   OK   Cancel   Clear All

Leave the Check Amount **blank** for each Non-Cancelled form.

**1099 Work File Summary**

Vendor: 000011 04 NEW NAME CONSTRUCTION COMPANY  
Address: 1 MAIN ST  
CAMBRIDGE MA 02141-0000

Entity:  TOWN OF ANYWHERE  
Federal ID#: 10-1234567  
1099 Flag: \_\_\_\_\_  
Address Type: 10 1099 Address

Total Paid: \_\_\_\_\_ Reportable: Correction

**Amounts Reportable**

Box	Code	Description	Form	Check Amount	Amount Reportable	Click Button to Edit
7		NON-EMPLOYEE COMPENSATION	MISC			Detail

Additional Information for Form: MISC

1 Add Vendor/Check   2 Delete Vendor   3 Get Name/Addr from Vendor File   4 Verification Report   5 Exit to Menu

The 1099 Work File Summary screen will show:

1. Correction
2. The total paid will be blank
3. The Reportable amount will be blank

### 2.1.2. Correcting the Amount on a 1099

To correct an **amount** on an issued 1099, when prompted, enter the **Vendor #, Entity Code, 1099 Code, Check Amount, Tax Year** and the **1099 Type** indicating that this is a **Correction**. The entries should match



the original form with the exception of the amount, which should be entered as the correct amount.

Required: Enter Vendor# 000121 A L GENTILE  
 Required: Entity Code 1 TOWN OF ANYWHERE  
 Required: 1099 Code Y  
 Required: Check Amount for Non-Cancelled Form 2000  
 Required: Enter Tax Year 2016  
 Required: 1099 Type  Omitted  Correction

The 1099 Work File Summary screen is displayed with the data as entered:

**1099 Work File Summary**

Vendor: 000121 01 A L GENTILE  
 Address: 19 JUDY LAINE  
 BELLINGHAM WA 98219-0000  
 Phone#: (800) 367-6770

Entity: 1 TOWN OF ANYWHERE  
 Federal ID#: 99-8523699  
 1099 Flag  
 Address Type AP Accounts Payable

Total Paid 2000.00 Reportable 2000.00  
 Correction

Box Code	Description	Form	Check Amount	Amount Reportable	Click Button to Edit
7	NON-EMPLOYEE COMPENSATION	MISC	2000.00	2000.00	Detail

Additional Information for Form: MISC

The 1099 Work File Summary screen will show:

1. Correction
2. The total paid will be \$2000
3. The Amount Reportable will be \$2000

### 2.1.3. Adding an Omitted 1099

Click on [Add Vendor Check] and enter the information for the omitted 1099.

Required: Enter Vendor# 001034 ZANER-BLOSER  
 Required: Entity Code 1 TOWN OF ANYWHERE  
 Required: 1099 Code N  
 Required: Check Amount for Non-Cancelled Form 1500  
 Required: Enter Tax Year 2016  
 Required: 1099 Type  Omitted  Correction

**1099 Work File Summary**

Vendor: 001034 01 ZANER-BLOSER  
 Address: P.O. BOX 182186  
 COLUMBUS OH 43218-2186  
 Phone#: (800) 421-3018

Entity: 1 TOWN OF ANYWHERE  
 Federal ID#: 31-0814769  
 1099 Flag  
 Address Type AP Accounts Payable

Total Paid 1500.00 Reportable 1500.00  
 Omitted

Box Code	Description	Form	Check Amount	Amount Reportable	Click Button to Edit
7	NON-EMPLOYEE COMPENSATION	MISC	1500.00	1500.00	Detail

Additional Information for Form: MISC

The 1099 Work File Summary screen will show:

1. Omitted
2. Total Paid
3. Reportable Amount



## 2.2. Edit List

2206-AP1099WRKEDT.REP Printed 15-Feb-2017 at 15:54:09 by THERESA Page 1  
Town of ADMINS  
1099 Edit List

Vendor#	Name	Vendor 1099 Code	Form	Payment 1099 Code	Amount Paid	1099 Reportable
Entity: 1 TOWN OF ANYWHERE						
000121	A L GENTILE		MISC	Y	2,000.00	2,000.00
000041	NEW NAME CONSTRUCTION COMPANY	Y	MISC	Y	1,500.00	1,500.00
001034	ZAMER-BLOSER		MISC	N		
Entity 1 TOWN OF ANYWHERE					3,500.00	3,500.00

1099 INT Forms: 1  
1099 MISC Forms: 1  
1099 S Forms: 1

1099 INT Correction Forms: 2  
1099 MISC Correction Forms: 2  
1099 S Correction Forms: 2

The edit list will show all corrections and additions that have been made.

1. The one omitted form will be shown as an “original” form.
2. The two corrections will be identified as such.
3. The cancelled 1099 for vendor #41 will show no dollars in the Amount Paid and 1099 Reportable columns.

## 2.3. Run the Reports

1099 Menu

Description	Date
Restart 1099 Process	
1099 Vendor Proofing Report	
Create 1099 Work File	15-Feb-2017
Optional 1099 Error Checking - All Errors	
10 1099 Error Checking - Hard Errors on Forms to be Printed	
List of 1099s to be Printed	

ADMINS recommends that each of the reports in these three steps be run when creating corrections.

## 2.4. Print the Forms

### 2.4.1. Cancelled

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone: <b>TOWN OF ANYWHERE</b> 1 MAIN STREET CAMBRIDGE, MA 02138		1 Rents \$ 0.00	OMB No. 1545-0115 <b>2016</b> Form 1099-MISC	<b>Miscellaneous Income</b>
PAYER'S federal identification number 11-3456789		2 Royalties \$ 0.00	4 Federal income tax withheld \$ 0.00	<b>Copy B For Recipient</b>
RECIPIENT'S identification number 10-1234567		3 Other income \$ 0.00	6 Medical and health care payments \$ 0.00	
RECIPIENT'S name NEW NAME CONSTRUCTION COMPANY		5 Fishing boat proceeds \$ 0.00	7 Nonemployee compensation \$ 0.00	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other
Street address (including apt no.) 1 MAIN ST		8 Substitute payments in lieu of dividends or interest \$ 0.00	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient for resale) <input type="checkbox"/> \$ 0.00	
		10 Crop insurance proceeds \$ 0.00		

1. A form with a checkmark in the “CORRECTED (if checked)” box will be produced for any 1099s that are to be cancelled.
2. The form will print with vendor information and zero dollars in box 7

This corresponds to the form entered in step 2.1.1.



### 2.4.2. Corrected

<input checked="" type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0115		<b>Miscellaneous Income</b>
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. <b>TOWN OF ANYWHERE 1 MAIN STREET CAMBRIDGE, MA 02138</b>		1 Rents \$ 0.00	2016	
John Jacob Jingleheimerschmidt (110) 000-0000		2 Royalties \$ 0.00	Form 1099-MISC	
PAYER'S federal identification number <b>11-3456789</b>	RECIPIENT'S identification number <b>99-8523699</b>	3 Other income \$ 0.00	4 Federal income tax withheld \$ 0.00	<b>Copy B For Recipient</b>
RECIPIENT'S name <b>A L GENTILE</b>		5 Fishing boat proceeds \$ 0.00	6 Medical and health care payments \$ 0.00	
		7 Nonemployee compensation \$ 2,000.00	8 Substitute payments in lieu of dividends or interest \$ 0.00	This is important tax information and is being furnished to the Internal Revenue Service.

Forms with corrected amounts and forms that were omitted in the original processing will also be produced.

1. The form will be marked as **CORRECTED**
2. The new dollar amount as entered in section 2.1.2 will be shown in box 7.

### 2.4.3. Omitted

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0115		<b>Miscellaneous Income</b>
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. <b>TOWN OF ANYWHERE 1 MAIN STREET CAMBRIDGE, MA 02138</b>		1 Rents \$ 0.00	2016	
John Jacob Jingleheimerschmidt (110) 000-0000		2 Royalties \$ 0.00	Form 1099-MISC	
PAYER'S federal identification number <b>11-3456789</b>	RECIPIENT'S identification number <b>31-0814769</b>	3 Other income \$ 0.00	4 Federal income tax withheld \$ 0.00	<b>Copy B For Recipient</b>
RECIPIENT'S name <b>ZANER-BLOSER</b>		5 Fishing boat proceeds \$ 0.00	6 Medical and health care payments \$ 0.00	
		7 Nonemployee compensation \$ 1,500.00	8 Substitute payments in lieu of dividends or interest \$ 0.00	This is important tax information and is being furnished to the Internal Revenue Service.

1. Omitted forms that are printed after the first file was sent look like original forms and will show the amount as entered in step 2.1.3.
2. The 1099 form will **NOT** be marked as **CORRECTED**.

## 2.5. Create the Electronic File and Submit to the IRS

```

T2016 11345678912345          TOWN OF ANYWHERE
A2016   1134567891111 A 13467BC          TOWN OF ANYWHERE
B2016   1310814769001034          000000000000000000000000
C00000001 00000000000000000000000000000000000000000000000000000000
A2016   1134567891111 A 13467BC          TOWN OF ANYWHERE
B2016G  1998523699000121          000000000000000000000000
B2016G  1101234567000041          000000000000000000000000
C00000002 00000000000000000000000000000000000000000000000000000000
F0000000100000000000000000000000000000000000000000000000000000

```

When the electronic file is created, if there are a combination of omitted and corrected forms, two "A" sections will be included; the first will be for omitted forms and the second "A" section will be for corrected forms. The "B" records marked with a "G" after the tax year signify that the forms are corrections

Submit to the IRS FIRE system using the same credentials as for the original submission. Once the file is submitted, it will appear in the list of uploaded files along with the original.

## 2.6. Attach/Archive the Corrected Forms

Click on the last step in the 1099 menu to [Save the 1099 Forms as Vendor Attachments/Archive]. The corrected 1099 forms are stored in the AUC system along with the original, and may be viewed, printed or emailed.