



Filing 1099s, Sales Tax Exemptions and PA MyPath

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Filing 1099s

Most common 1099 forms

1. 1099-NEC (non-employee compensation)
2. 1099-Misc (rent, royalties, other income-prizes and awards)
3. 1099-INT (interest payments of \$10 or more)
4. 1099-R (retirement plan distributions)

Filing 1099s

1099-NEC is **required** for each person you paid at least \$600 during the year for:

1. Services performed by someone who is not your employee
2. Payments to attorneys (even if they are incorporated)

Filing 1099s

You are **not required** to issue a 1099 if:

1. You are not engaged in a trade or business
2. You are engaged in a trade or business and:
 - A. Payment was made to another business that is incorporated or
 - B. The sum of all payments made to the person or unincorporated business is less than \$600

Filing 1099s

Other information on preparing 1099s

1. Need a form 1096 cover sheet for each type of 1099s
2. Must use official forms and you can't print them online
3. Use a W-9 to gather the needed information
4. Due dates
 - A. 1099-NEC is due by paper or electronically by 1/31/24 (no extension allowed)
 - B. Other 1099s are due 2/28/24 by paper and 4/1/24 electronically. Can get an extension by filing form 8809.

Filing 1099s

New for 2023 – E-filing requirements

1. Businesses that file 10 or more employment tax information forms such as W-2s, 1099s or certain other information returns in a single calendar year must now file electronically, as paper filing is no longer allowed.
2. 10 return threshold is calculated based on aggregate number of different type of returns – W-2s, 1099-NEC, 1099-MISC.
3. Penalties imposed by the IRS for non-compliance could be up to \$310 per information return.

Filing 1099s

How do you file electronically:

1. Accountant or Payroll service
2. Software programs
3. IRIS (Information Reporting Intake System) – New online portal developed by the IRS.

Filing 1099s

IRIS (Information Reporting Intake System)

1. Free
2. Requires no special software
3. Can use the platform to create, upload, edit and view information and download completed copies for distribution
4. Can either key them in or upload a file with the use of a downloadable template
5. Need an IRIS transmitter control code (TCC)



Filing 1099s

IRIS Websites:

To access IRIS website

<https://www.irs.gov/filing/e-file-forms-1099-with-iris>

To apply for TCC (Transmitter Control Code)

<https://www.irs.gov/tax-professionals/iris-application-for-tcc>

Sales Tax Exemption

Requirements an organization must meet to qualify for sales tax exemption.

1. Charitable Purpose -Organization must advance a charitable purpose
2. Private profit motive - Must operate entirely free from private profit motive
3. Community Service -Must donate or render gratuitously a substantial portion of its services
4. Charity to persons -Must benefit a substantial and indefinite class of persons who are legitimate subjects of charity
5. Government Services -Must relieve the government of some of its burden

Sales Tax Exemption

What do I need to apply:

1. Legal name of the institution
2. EIN
3. Date of first operations
4. Address and contact information
5. Names of responsible parties
6. Information on programs and charitable purpose
7. Supporting documentation

Sales Tax Exemption

What supporting documentation might need to be submitted with my application:

1. Articles of organization/Incorporation
2. IRS Determination letter
3. Proof of EIN
4. Articles of amendment if applicable
5. Bylaws
6. Most current Financial Statements
7. Most recent 990

Sales Tax Exemption

- You can apply for a nonprofit sales tax exemption on PaMyPath.
- You do not need to complete it all at one time. It can be saved and you can come back in later to finish.
- When it is finished and you submit it, you will not be able update it later
- Once submitted you will receive a confirmation code that can be used to check the status of your application.
- State says to allow at least 30 business days for review.



PA MyPath

Pennsylvania has a new web site that they are encouraging (and sometimes requiring) businesses and individuals to use.

<https://www.mypath.pa.gov>



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