

End of Year Taxes

December 2022

Tax Time!

- Updated 2022 instructions for W2 and 1099 completion were emailed December 16.
- Before you begin:
 - Read the instructions fully
 - Make sure you have all the needed materials

Ready For W2s?

- Is your [Social Security BSO](#) login valid? Can you report wages?
- Is your [OKTap login](#) valid? Can you access the W2 Center?
- Do you have a list of all employees who need to receive W2s?
 - Do you have W4s with up-to-date mailing information?
- Are earnings records for every employee complete?
 - Have you included ALL one-time pay increases, longevity, etc.?
- Have you gathered all the 941 reports for the year?
 - Do you at least have a draft of the final 941 report if it hasn't yet been filed?
- Do the totals of all the 941 reports match the totals of all employee earnings records?

Who gets a W2?

- Any person who:
 - Is on (or was on) the district payroll for the calendar year
 - Works according to the district's schedule
 - Uses the district's tools/supplies/materials to complete the job
 - Has payroll taxes deducted
- No income threshold for W2s – if wages were paid to an employee, the wages must be reported

*Misclassifying workers can result in fines and penalties from the IRS; do not take this lightly when hiring personnel or contracting for services. The 1099 vs W2 determination should be made prior to any payments being made, there should be no question at tax time which form someone should receive.

When are W2s Due?

- **W2s must be provided to employees no later than January 31, 2023**
 - Do not wait until January 31; provide to employees well before the due date to allow time for corrections
- **Filing with the IRS must be completed by January 31, 2023**
 - W2s and the accompanying W3 must be filed online via BSO
 - Keep copies of any submission confirmation and the completed W2s and W3
- **Filing with the State of Oklahoma must be completed by January 31, 2023**
 - W2s and the accompanying W3 must be filed online via OKTap using the manual data entry option
 - Keep copies of any submission confirmations

Ready For 1099s?

- Is your [OKTap login](#) valid? Can you access the W2/1099 Center?
- Have you [ordered your 1099 and 1096 forms from IRS](#)?
 - Did you order both 1099-MISC and 1099-NEC forms plus extras, if needed?
 - Did you order 1096 forms plus extras, if needed?
- Do you have a list of all entities or individuals who need to receive 1099s?
 - Do you have W9s with up-to-date organization and mailing information?
 - Have you determined who should receive a 1099-MISC? Who should receive a 1099-NEC?
 - Do you have the total amount paid to each recipient?

Who gets a 1099?

- Easiest way to determine this is with a W9
 - Unincorporated and paid \$600+ for services, they get a 1099
- No W9? Ask these questions, if yes, they get a 1099-NEC
 - Paid \$600+?
 - Did they provide a service to the district?
 - Are they self employed providing a turnkey/contract job to the district?
 - Do they work on their schedule with their own tools/supplies? Do they pay their own taxes?
- No W9? Ask these questions, if yes, they get a 1099-MISC
 - Paid \$600+?
 - Are they a cost-share program or other program participant?

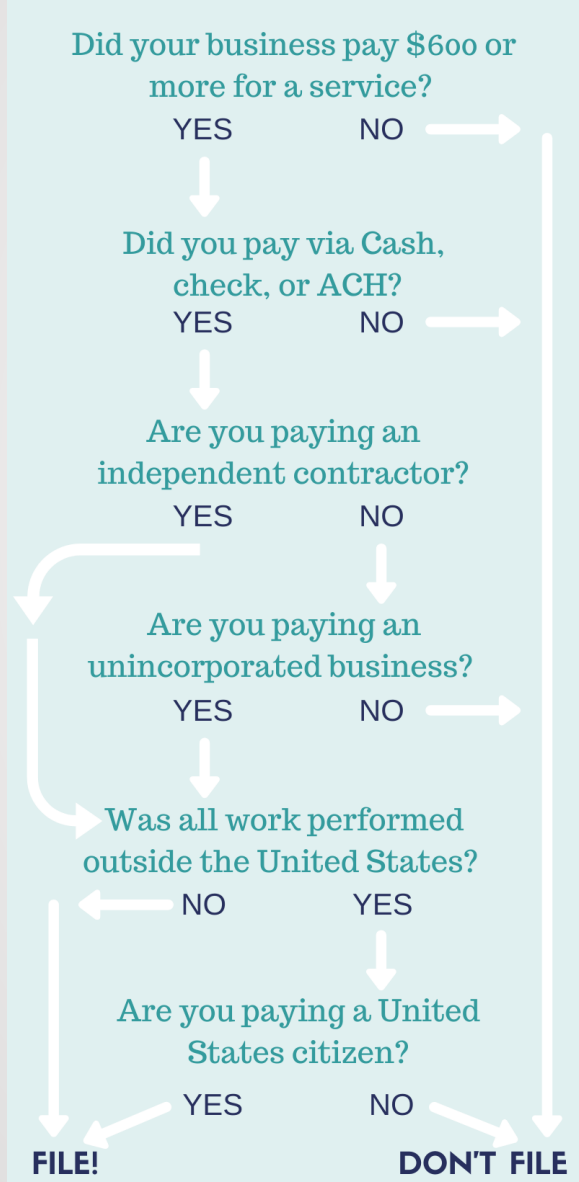
1099 DECISION TREE



1099 Decision Tree

Should you issue a 1099?

DO I HAVE TO FILE FORM 1099-NEC?



1099-NEC Decision Tree

Should you issue a 1099-NEC?

Who gets a 1099?

Still not sure if they need a 1099-NEC or W2? In general,

- If the district has **low oversight** over when and how a job is completed, the worker should receive a 1099-NEC
- If the district has **high oversight** over when and how a job is completed, the worker should receive a W2 (and taxes should be paid!)

*Misclassifying workers can result in fines and penalties from the IRS; do not take this lightly when hiring personnel or contracting for services. The 1099 vs W2 determination should be made prior to any payments being made, there should be no question at tax time which form someone should receive.

When are 1099s Due?

- 1099s of any type must be provided to recipients no later than January 31, 2023
 - Do not wait until January 31; provide to recipients well before the due date to allow time for corrections
- 1099-MISC & accompanying 1096 must be filed no later than February 28, 2023
 - Paper forms must be filed **via mail** with the IRS
 - Manual data entry submission must be completed via OKTap for the State of Oklahoma
- 1099-NEC & accompanying 1096 must be filed no later than January 31, 2023
 - Paper forms must be filed **via mail** with the IRS
 - Manual data entry submission must be completed via OKTap for the State of Oklahoma

When are 1099s Due?

- Always remember to keep copies of all forms you are mailing
- If you receive confirmations of your submission on OKTap, keep a copy

- OCC recommends completing entry of ALL 1099s, regardless of due date, in the OKTap system by **January 31, 2023**.
 - You can file two submissions at different times, one for 1099-MISC and one for 1099-NEC, but why prolong the agony?

Where Do I Mail My 1099s?

- Remember to plan accordingly to meet filing deadlines
 - You must mail paper 1099-NECs, 1099-MISC, and 1096s to the IRS
- IRS Mailing address:

Department of the Treasury
IRS Submission Processing Center
PO Box 219256
Kansas City, MO 64121-9256

Early Bird Questions

What about director meeting expense?

- Director meeting expense payments are considered “Directors Fees” by the IRS
 - If a director was paid \$600 or more for director meeting expense, then they must receive a 1099-NEC

What about WRPs?

- You must send a 1099-NEC if the threshold and business structure qualify

What about the General Mills Project?

- The General Mills Project, for tax purposes, is considered similar to the Cost-Share Program
 - If a producer was paid \$600 or more for participating, then they must receive a 1099-MISC
 - Amount should be entered in Box 3 – Other Income

Early Bird Questions

Do I include both materials & labor on the 1099-NEC? Or just labor?

- Yes, you must report the total for both in Box 1 of the 1099-NEC if the materials were provided as part of the job.
 - “Services performed by someone who is not your employee (including parts and materials).”

I purchased office supplies from a vendor; do I need to send a 1099?

- If you only purchased tangible goods (i.e. office supplies) for use in the operation of the district, you do not have to send a 1099.
 - Ask yourself: “Did the vendor provide a service?”

Early Bird Questions

The District reimburses me for a cell phone, internet usage, etc.,
how do I report that?

- You do not have to report the reimbursement if the answer is “yes” to these questions:
 - Does the expense have a legitimate business connection?
 - Are you reimbursed only for the actual cost?
 - Are you providing proof of the date, expense amount, and usage in a timely manner?
- “Yes” answers qualify the expense as a nontaxable working condition fringe benefit
- If the answer is “no” to any of the above, you must report the benefit as part of taxable wages on the W2.

Early Bird Questions

A company is an LLC; that means they don't need a 1099, right?

- Not so simple – LLC's can be taxed in a variety of ways. Their tax structure determines whether a 1099 is required or not.
 - The W9 provides a space for the provider to indicate an LLC's tax structure; if they didn't or you don't have a W9, you will have to ask!
 - Corporation tax structure = no 1099 necessary
 - Any other type of tax structure = 1099 necessary



QUESTIONS?

Contact District Services for assistance with tax forms prior to January 20, 2023.