

# End of Year Tax Filing

December 2023

# Tax Time!

- Updated 2023 instructions for W2 and 1099 completion were emailed December 5 as part of the December District Services Update.
- Before you begin:
  - Read the instructions fully
  - Make sure you have all the needed materials
  - Verify that you can access the BSO and IRIS platforms
  - Schedule your tax filing workday and location

**\*Do not file any forms before January 1**

# Ready For W2s?

- Is your [Social Security BSO](#) login valid? Can you report wages?
  - Beginning this year, you must use your ID.me account to login to BSO
    - If you have previously used BSO, you must go through the process of linking your ID.me account with your BSO user.
    - If you are a new user, you must register with your ID.me account and request access to services; this can take up to 2 weeks
- Is your [OKTap login](#) valid? Can you access the W2 Center?

# Ready For W2s?

- 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
  - Completes tasks according to district methods/processes
  - 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, 2024**
  - Do not wait until January 31; provide to employees well before the due date to allow time for corrections
  - You must provide copies of the W2 to the employee
- **Filing with the IRS must be completed by January 31, 2024**
  - 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 OTC must be completed by January 31, 2024**
  - W2s and the accompanying W3 must be filed online via OKTap using the manual data entry option
  - Keep copies of any submission confirmations



## No Paper Forms

OTC will **NOT** accept paper W2/W3 forms – they must be manually entered.

Use BSO to generate electronic copies of W2s/W3 and to file the forms with IRS.

# Help

- My BSO/ID.me registration is not working or I don't know what to request as a new user
- My 941 reports don't total up to match my W2s/W3
- Any other questions/issues
- Don't wait to ask for help – contact us by January 19<sup>th</sup>!
- Review the instructions, tutorials, and other resources
- Review the earnings records, 941s, etc. for possible typos/transposed numbers, etc.



# Ready For 1099s?

- Do you have a list of all entities or individuals who need to receive 1099s?
  - Do you have legible 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?
- Can you access [IRIS](#)?
  - The IRIS filing system is a different page than the IRIS application

[Sign in to IRIS](#)

# Who gets a 1099?

- Easiest way to determine this is with a W9
  - Unincorporated and paid \$600+ for services, they get a 1099
- 1099-NEC? Ask these questions:
  - 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 by their own methods and with their own tools/supplies? Do they pay their own taxes?
- 1099-MISC? Ask these questions:
  - Paid \$600+?
  - Are they a cost-share program or other program participant?

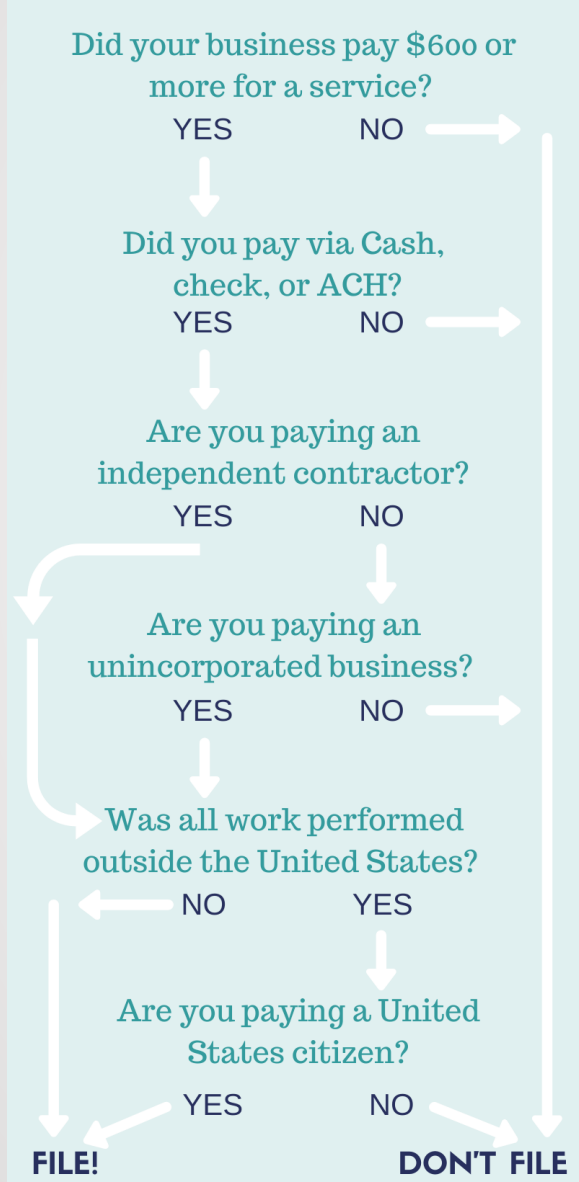
# 1099 DECISION TREE



## 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, 2024
  - Do not wait until January 31; provide to recipients well before the due date to allow time for corrections
  - You must provide copies of the 1099 to the recipient
- 1099-MISC must be filed no later than March 31, 2024
  - Forms must be filed **electronically via the IRIS system** for the IRS
  - If you do not use the CF/SF option in IRIS, manual data entry submission must be completed via OKTap for the OTC
- 1099-NEC must be filed no later than January 31, 2024
  - Paper forms must be filed **electronically via the IRIS system** for the IRS
  - If you do not use the CF/SF option in IRIS, manual data entry submission via OKTap must be completed for the OTC

# When are 1099s Due?

- Always remember to keep copies of all forms you are mailing and of all submission confirmations
- OCC recommends completing entry and filing of ALL 1099s, regardless of due date by **January 31, 2024**.
  - You can file two submissions at different times, one for 1099-MISC and one for 1099-NEC, but why prolong the agony?



## No Paper Forms

IRS will **NOT** accept paper 1099 forms – they must be entered and filed via the IRIS system.

OTC will **NOT** accept paper 1099 forms – if you do not utilize the CF/SF option in IRIS, they must be manually entered in the OKTap system.





# Information Returns Intake System (IRIS) Taxpayer Portal User Guide

Using the IRIS system  
for 1099 filing

If you have questions, ASK!

New system = learning curve for everyone

# Using the IRIS system for 1099 filing

As you get ready to use the system, keep in mind:

- Make sure forms are for 2023
- Complete all fields with an asterisk (\*)
- Payer = District
- Recipient = Recipient
- “Undetermined” TINs are not acceptable
- Check the CF/SF box and select “OK”
- 1099-MISC forms = amount in box 3
- 1099-NEC forms = amount in box 1
- Provide copies before submitting
- Complete 2 submissions, if needed
  - 1 - MISC
  - 1 - NEC
- You can enter information and save it for later
- Don’t use the back button

# Help

- My IRIS/ID.me registration is not working or I don't know what to request as a new user
- Data entry/form printing issues
- Any other questions/issues
- Don't wait to ask for help – contact us by January 19<sup>th</sup>!
- Review the instructions, tutorials, and other resources
- Ask questions!

# FAQs

## 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 Master Irrigator Program?

- These programs, for tax purposes, are 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

*\*Don't forget to total all program payments together; 1 recipient = 1, 1099-Misc.*

# FAQs

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?”

# FAQs

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.

# FAQs

## What about director reimbursements (mileage, supply purchases, etc.)?

- You do not have to report the reimbursement if:
  - The mileage was paid at the IRS approved rate
  - The reimbursement was only for actual expenses incurred
- You do have to report the reimbursement on a 1099-NEC if:
  - The mileage was paid above the IRS approved rate
  - The reimbursement exceeded actual expenses incurred

# FAQs

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



# FAQs

## Can I provide W2s and 1099s via email in lieu of mailing?

- Yes, BUT
  - You must provide a written disclosure that meets notification requirements as outlined in IRS Regulations 31.6051-1(j).
  - You must have written consent from each recipient before sending any forms electronically
  - Electronic forms must be provided by the same due date as paper forms

# Remember:

No paper 1099 forms

Click the CF/SF box

Use BSO for W2 forms

All forms to recipients January 31, 2024

All forms filed January 31, 2024



**QR Code**

Contact District Services for assistance with tax forms prior to January 19, 2024.