

***HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION  
NEW JERSEY CHAPTER***

**Policy: A05**

**Title Issuance of 1099-MISC**

**Date approved by the Board of Directors: March 10, 2015**

**Last reviewed: August 8, 2017**

**Most recent revision: March 1, 2015**

**Effective Date: March 10, 2015**

**Accounts Payable Policy:** Form W-9 and Form 1099-MISC

**Purpose:** To ensure compliance with the IRS Form W-9 and Form 1099-MISC tax reporting rules and regulations. To obtain the proper documentation from vendors, including Form W-9 and to identify those vendors that should be issued Form 1099-MISC under the current IRS rules and regulations.

**General Policy**

It is the policy of HFMA to ensure that:

1. vendors are established properly in its accounts payable system;
2. proper vendor documentation is obtained and maintained, including a signed, dated and fully completed Form W-9;
3. vendors are properly identified for purposes of Form 1099-MISC issuance; and
4. all the necessary and required Forms 1099-MISC are furnished to vendors and filed with the IRS annually.

This policy shall be uniformly applied to all vendors. In addition, it is the policy of HFMA to prepare, issue to a vendor and file with the IRS a Form 1099-MISC in instances when it is unclear as to whether or not a Form 1099-MISC is required to be prepared, issued to a vendor and filed with the IRS under current IRS rules and regulations.

**New vendor setup/establishment in the accounts payable system**

The HFMA Treasurer or his/her designee (“Representative”) has the sole responsibility and authority to establish new vendors in the HFMA accounts payable system (“System”). This is the only person who may establish a new vendor for HFMA.

It is the policy of HFMA that the new vendor information must include the vendor’s full name and address and either the vendor’s social security number or taxpayer identification number (“TIN”).

Vendors identified as Form 1099-MISC required vendors in the System will be issued a Form 1099-MISC at year end. Once a vendor is identified in the System as a Form 1099-MISC required vendor, the vendor retains this status automatically from year to year absent a manual change in the System by the Treasurer or Representative.

The Treasurer shall ensure that a properly completed Form W-9 is in the file for every vendor. In the event the Treasurer or Representative is unable to obtain a signed, dated and fully completed Form W-9 prior to a

disbursement request, the Representative shall either not process the accounts payable check or issue payment net of the mandatory IRS 28% back up withholding tax.

When questions arise concerning whether a new vendor should be issued a Form 1099-MISC, the Representative shall initially seek assistance from the Treasurer. If additional questions exist, support and assistance may also be obtained from the President.

Annually, on or about January 15<sup>th</sup> the Treasurer shall review a calendar year end accounts payable report for purposes of Form 1099 reporting. Upon completion of his/her review, the Treasurer shall ensure that the Forms 1099 are prepared and issued to vendors by January 31<sup>st</sup> and filed with the IRS on or before February 28<sup>th</sup>.

Designed to ensure continued compliance with the tax reporting rules and regulations, the organization shall maintain this policy and annually the exiting Treasurer shall coordinate Form W-9 and 1099-MISC education with the incoming Treasurer. This continuing education program is intended to provide updated information to the incoming Treasurer on Form 1099-MISC tax reporting rules and regulations.