

Chapter Form 1099 Input Report

Chapter: _____
The following individuals were paid in excess of \$ 600 during the ____ calendar year.
Name: _____
Social Security Number: _____
Amount Paid: _____
Address: _____
City/State/Zip _____
Reason for Payment _____

Chapter: _____
The following individuals were paid in excess of \$ 600 during the ____ calendar year.
Name: _____
Social Security Number: _____
Amount Paid: _____
Address: _____
City/State/Zip _____
Reason for Payment _____

Chapter: _____
The following individuals were paid in excess of \$ 600 during the ____ calendar year.
Name: _____
Social Security Number: _____
Amount Paid: _____
Address: _____
City/State/Zip _____
Reason for Payment _____

Submitted by: _____

Chapter Treasurer

NOTE: THIS REPORT IS DUE NO LATER THAN JANUARY 15TH.

**MAIL TO: APWA, ATTN: K. CALDWELL, 2345 GRAND BLVD., SUITE 700
KANSAS CITY, MO 64108 OR FAX TO: 816-595-5376**

Should your Vendors or Scholarship Recipients Receive an IRS Form 1099-MISC?

The answer could be “YES” if your chapter or branch pays an individual \$600 or more in a calendar year for certain scholarships, professional services or reimbursement of travel expenses. The \$600 threshold is based on any one single payment or multiple payments aggregating more than \$600 in a calendar year. If the \$600 threshold is met, the chapter must report the payment details to national no later than January 15, 2007. The amount reportable should include all payments made to the individual during the calendar year.

The following scenarios outline when a chapter or branch should be reporting payments made to vendors or scholarship winners to national:

Scholarships:

Scholarships made to any non-degree seeking student are considered taxable income to the recipient and must be reported to national regardless of whether the individual received the scholarship to attend an educational event so long as the \$600 threshold is met. If the amount is under \$600, the payment is still considered taxable income and the individual should include the payment(s) on his/her income tax return. However, APWA is not required to report the payment to the IRS.

Example 1: Susan is a senior enrolled in the engineering program at the local university. The chapter awards her a scholarship for tuition and books amounting to \$1000. Because Susan is a student enrolled in a university, this payment is not considered taxable income to Susan. In addition, the chapter or branch has zero reporting responsibility to national.

Example 2: Tom is a member of APWA and will be attending a regional APWA meeting to further his professional development. The chapter awards him a scholarship for meeting registration and travel expenses amounting to \$800. Because Tom is not a student, this payment is considered taxable income. The chapter or branch must report this payment to national, regardless of whether the amounts are paid directly to Tom or to the organization sponsoring the event and/or the hotel.

Example 3: The same circumstances exist as in example 2 with one exception. The scholarship is awarded to Tom for meeting registration and travel expenses amounting to \$500. The payment is considered taxable income and Tom should include the payment on his income tax return. However, because the payment is less than \$600 (and no other payments were made to Tom during the year) the chapter or branch is not required to report the payment to national.

Example 4: The chapter has chosen to make disbursements at both their spring and fall conferences. As such, Tom received two checks, each was for \$400. Each payment is considered taxable income to Tom because he is not a student. And, because the payments aggregate more than \$600, the chapter or branch is required to report both payments to national.

Professional services:

Professional services (i.e. accounting, legal, printing, web development, advertising commissions, speaker fees or meeting planning fees) paid to any individual (unincorporated businesses) should always be reported to national. The amount reportable to national should include all fees plus travel expenses, if original receipts were not required for reimbursement or if a travel per diem was paid. If your chapter received original receipts for the purpose of reimbursing travel expenses, only the compensation or fee for service should be reported to national.

Example 1: Susan is a speaker at the APWA national congress. Susan is performing these services as an Individual (and is not incorporated). She will be receiving a fee of \$4,000 plus the cost of her travel expenses. Susan remits an invoice to national for her fee and includes original receipts for her meals, hotel, ground transportation and airfare amounting to an additional \$1500. In this case, only the \$4,000 is reportable to the IRS.

Example 2: The same circumstances exist as in example 1 with one exception. Susan's contract indicates she will receive reimbursement for airfare plus a per diem of \$220 per day to cover hotel, meals and ground transportation. In this case, APWA national is required to include the \$220 per diem and the \$4,000 fee on her form 1099-MISC to the IRS.

Example 3: The same circumstances exist as in example 1 with one exception. Susan is a professional speaker and her fees plus travel reimbursements will be paid to an incorporated speaker's bureau. In this case, APWA has zero reporting responsibilities to the IRS as the payments will be made to a corporation vs. an individual.

Reimbursement of Travel Expenses:

Reimbursement of Travel Expenses to any member who is performing a task within his/her capacity as an officer, board or committee member, etc whereby his/her presence at an event is solely to benefit the chapter or one of its branches should be considered an APWA Business Expense and is not considered income to the member. The chapter must obtain original receipts for expenses and properly document who attended the events/dinners and the business purpose of the trip. It is absolutely necessary for the chapter or branch to be the sole beneficiary of the member's attendance at the event.

Example 1: Tom is the vice president of a chapter and has been asked to attend the House of Delegates Spring meeting as the Delegate is unable to attend. So long as Tom produces original receipts and documents the business purpose for his expenses on his report to the chapter, any reimbursement received should not be considered income to Tom. The chapter has zero reporting responsibility to national.

Example 2: Tom is the vice president of a chapter and won the 10' Snow Plow competition in October. As a result, he will advance to the finals which will be held in early December. Tom's chapter is so excited about his performance; they have offered to cover his travel expenses to participate in the Snow Plow competition. In this case, Tom's participation in the Snow Plow competition does not provide any business purpose to the chapter. As such, any expenses covered by the chapter will be considered taxable income to Tom and if the \$600 threshold is met for the calendar year, must be reported to national.

In Summary:

All business are expected to report to the IRS "compensation" paid to individuals for certain services on a calendar year basis, if payments total more than \$600.

"Compensation" does not include:

- APWA business related travel reimbursements, when the trip purpose is properly documented and original receipts retained.
- Scholarship payments made to students seeking a degree at a university.

"Compensation does include:

- Payments made to members when an APWA business purpose does not exist.
- Scholarship payments made to members who are not students seeking a degree at a university.
- Payments made for professional services (i.e. bookkeeping, accounting, legal, printing, web development, speakers & trainers or advertising commissions).

Chapters and Branches should not file the IRS Form 1099-MISC directly with the IRS.

Chapters and Branches should use the form 1099 document on the APWA website for reporting to National:

<https://www.apwa.net/MembersOnly/ChapterResources/Documents/chapform1099.pdf>

All reporting for the calendar year 2006 should be submitted to national no later than January 15, 2007.

If a chapter or branch is uncertain whether an individual is providing services as an individual, sole proprietor, partnership or corporation, they can use IRS Form W-9 to obtain certification from the individual. This form can be found under the Chapter Leaders section of the APWA website:
<http://www.irs.gov/pub/irs-pdf/fw9.pdf>

The Chapter or Branch has the legal right to withhold 33% of payment to any individual or business that fails or refuses to provide their FEIN or SSN when requested on form W-9.

Failure to submit a form 1099-MISC to the IRS carries a penalty of \$50 for each form omitted.

Questions or requests for assistance should be directed to Kay Caldwell or Teri Newhouse at kcaldwell@apwa.net, newhouse@apwa.net or 800-848-2792.