

PBQ Newsletter

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SPECIAL POINTS OF INTEREST:

- New rules for 1099 reporting.
- Setting up your software for tracking 1099 information.
- How to effectively get the information needed to file 1099s.

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Peachtree, Business Works, QuickBooks Software

PBQ Newsletter is an instructional newsletter developed by Gordon J. Maier & Company, LLP, to support users of **Peachtree**, **Business Works** and **QuickBooks Software**. In this quarterly newsletter, we will take you beyond the basics of data entry, and focus on a specific area of these programs. We will provide details on how to perform certain transactions, as well as making you aware of how to avoid common errors.

The focus of this issue is 1099 reporting. Your software is an excellent tool for storing and tracking 1099 information. With the recent changes in rules for 1099s it is more important than ever to properly use this resource. We will include:

- Recent Changes to 1099 rules
- How to properly use the 1099 features available in your software.
- How to effectively retrieve the required 1099 information for filing your 1099s.

Ultimately, we want you to have the tools you need to effectively manage your cash position, gauge your profits and losses, and plan for your income taxes. Each of the software programs included in this newsletter has the capability of allowing you to keep accurate and current financial records when used properly. If you do not feel that you are getting full value from your program, we should talk.

If there are topics that you would like to see in future newsletters or if you have questions about the items discussed in this newsletter, please contact us at (262) 634-7108 or:

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New Rules Concerning 1099 Reporting

There have been two changes over the past year that affect the way 1099s will be prepared going forward. The first change is part of the Small Business Jobs Act that requires anyone receiving rental income to issue 1099s for expenses of \$600 or more for payments made after December 31, 2010. For example a landlord that pays \$600 or more for snow removal services, repairs, lawn care, painting will now be required to

issue 1099s.

*****The following change was repealed after the original issuance of this newsletter*****

The Second change is part of the Patient Protection and Affordable Care Act, known as health care reform and will expand the requirements for filing 1099s. Starting in 2012, 1099s will be required for anyone that you pay \$600 or more regardless of entity type or

classification of payment. This will cover significantly more payments than previous rules and will include, for example, payments for items such as telephone service, utilities, purchases of goods and office supplies. It should be noted that there have been several attempts to reverse this rule by legislators and there are continued ongoing efforts to reverse this rule.

Please give us a call if you have any questions to how these new rules will affect you.



Sage Peachtree Complete Accounting 2011



Sage Business Works 2010

Sage Peachtree - Recording Vendor 1099 Information.

With the new rules coming out regarding 1099 requirements., we want to give you the steps to make it easier for us to prepare your 1099's for your vendors.

When you setup a vendor in Sage Peachtree you want to make sure you record their address, account number, which would be their federal identification number or social security number, and 1099 type.

There are two types of 1099 categories. They are interest and independent contractor.

The type you will use the most of the time will be the independent contractor.

The following are the steps to follow to setup your vendors with the necessary information:

Step 1: Click on Maintain.

Step 2: Click on Vendors.

Step 3: Enter Vendor ID, name, account number, mailing address, and click on the down arrow in the 1099 type field and select independent contractor. You have the option to enter the expense account number for the vendor in this screen under the 1099 type field.

Step 4: Save

In order for you to get all this information from your vendors please have them fill out a

form W-9, which can be found on the irs.gov website.

There is a more complicated way of setting up information for you to prepare your own 1099. However, we feel this is the easiest and fast way to have information to let your accountant take care of the 1099's for you.

If you have any problems, feel free to contact us.

Sage Business Works - Recording Vendor 1099 Information.

As with Peachtree, you want to make sure you get all the necessary information from your vendors when you set them up to receive a 1099.

The following are the steps you need to follow to setup your vendors with the necessary information

Step 1: Click on AP to get a pull down menu.

Step 2: Highlight Vendors.

Step 3: Click on Maintain Vendors.

Step 4: Enter Vendor ID, name, address, and any other information in this area.

Step 5: In lower right section of the screen in step 4 you will see five buttons, YTD, History, Other, Notes, and Custom. Click on the "Other" button.

Step 6: Enter the vendor Federal Identification number, which can be their social security number.

Step 7: In the 1099 area click on the down arrow button and select the appropriate box. For example: Box #1 would be for vendors you would pay rent too, but most of the time you will use Box #7 which is non-employee compensation on the 1099.

Step 8: Click the OK button. It will bring you back to the 1st screen you were in.

Step 9: Click on the floppy disk picture to save.

As with Sage Peachtree remember to get a form W-9 from your vendor. It should have all the necessary information to setup your vendor. Again, that form is located on the IRS website at irs.gov.

QuickBooks by Intuit - Recording Vendor 1099 Information.

QuickBooks contains a feature that allows you to store your vendor 1099 information and run an annual report containing all of the necessary items to complete your 1099s. There are three steps to making this happen.

QuickBooks gives you the option of setting up names as a customer, vendor, or other name. Many people incorrectly use the other name category in place of the vendor name. For 1099 reporting it is important that you review this list of other names and change those that are vendors to the vendor category. In general, if you pay someone for goods, services, space or interest then they should be classified as a vendor. Improper use of the "other name" classification can cause many of QuickBooks customer and vendor reports to be incomplete. When setting up a new name in QuickBooks, if you are unsure of the proper classification, please call us.

Step One

Review and change the "Other Name List"

- From the list menu, select "Other Names List"
- Change the Other Name items to Vendors
 - Right-click on a name that should be a vendor.
 - Select the "Change Type" button
 - Select vendor from the list and then select OK.
 - Select OK from the pop that indicates this change cannot be undone.
- Repeat item two above until all vendors are properly classified as vendors.

Each vendor has within the file a place to store information about 1099s. This includes the Name, Address, Federal Employer Identification Number or Social Security Number, and whether the vendor is eligible for 1099s. A completed W-9 form from your vendor will provide you with the required information to issue a 1099.

Step Two

Enter the vendors 1099 information

- From the vendors menu, select vendor center.
- Select the vendor you wish to edit and click on the "Edit Vendor" Button.

- Fill in the address information in the address tab, then choose the "additional information tab.
- Fill in the "Tax ID" field with either a social security number for individuals or sole proprietors or a federal employer identification number for companies.
- Check the box that indicates the vendor is eligible for a 1099.
- Select OK to return to the vendor center.
- Repeat step one for all vendors that you obtain 1099 information.

Properly setting up the report is important, as it should provide all of the information necessary to complete the 1099s.

Step Three

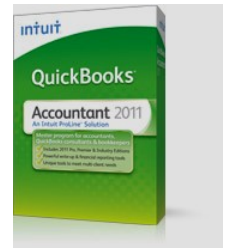
Create your report

- From the reports menu, select vendors and payables
- Select 1099 detail
- Use the dates for the last calendar year
- The 1099 options should be set to only 1099 vendors and all allowed accounts.

Modify your report

- Select the modify button at the top left-hand corner of the report.
- In the left hand portion of the modify box is a list of columns to include in the report
- Select Name Address, Name Street 1, Name Street 2, Name City, Name State, Name Zip to include these items on the report
- Memorize your report by selecting the memorize button at the top of the report and naming it "1099 report for Accountant."

The end result is a report that can be used to file your 1099 reports each year. As you add new vendors, make it a habit of setting up the vendor file with all of the items in step two. This will save time and reduce hassles at the end of the year.



Intuit QuickBooks Accountant Edition 2011

"Improper use of the "other name" classification can cause many of QuickBooks customer and Vendor reports to be incomplete."





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Founded in 1935, we are celebrating 75 years in Racine. Please see our website (gjmlp.com) for a listing of our services.

Our Mission

The mission of Gordon J. Maier & Company, LLP is to provide closely-held companies, associations, governmental bodies and individuals, a comprehensive array of accounting and consulting services which are authoritative, effective and specifically tailored to meet each client's specific requirements.

Getting the 1099 Information You Need

Aside from calling and gathering a new vendor's information, there is a form available through the Internal Revenue Service that provides a method for your vendors to give you the information necessary to complete a 1099. The form is a W-9 form and can be found at the IRS website or using the following link:

<http://www.irs.gov/pub/irs-pdf/fw9.pdf>

A common situation is to wait until the end of the year to determine what information you will need to gather from your new vendors in order to issue a required 1099. By this time you have a narrow window of time to get a response and get your 1099s distributed timely. In addition, it is common for new vendors to not want to respond to a request for this information over the phone.

Rather than waiting and creating a year-end inconvenience, try making the W-9 a tool for you to gather the proper information immediately upon adding a vendor to your business. You will have the information up front and you can use it to setup the new vendor file in your software.

The form is to be returned to you and does not need to be filed with the IRS.