

Minnesota State Colleges and Universities 1099-Misc Reporting Local Fund Payments

What type of payments are 1099-Misc reportable?

In general, Form 1099-MISC, Miscellaneous Income, is filed for each person or business entity to whom we have paid during the year:

- At least \$600 in rents, services (including parts and materials), prizes and awards, other income payments, medical and health care payments, crop insurance proceeds, cash payments for fish (or other aquatic life) purchased from anyone engaged in the trade or business of catching fish, or, generally, the cash paid from a notional principal contract to an individual, partnership, or estate;
- Gross proceeds to an attorney,
- Payments made for legal services, regardless of entity type,
- Royalties over \$10.00
- Payments coded to 1099 reportable object codes, regardless of amount, which were subjected to the 28% backup withholding tax.

In general, corporations and governmental entities are exempt from 1099-Misc reporting but partnerships, sole proprietors and individuals should receive a 1099 if the payments meet the above rules and are coded to a 1099 reportable object code. Note: payments for legal services, health and medical care, and gross proceeds to an attorney are 1099 reportable to corporations (see below).

See the link on the Tax 1099-Misc Reporting web page to “**Expense Object Code Excel Spreadsheet**” for a list of Minnesota State Colleges and Universities expense object codes with a 1099 reportable indicator.

What type of payments and/or entities are exempt from 1099-Misc form reporting?

Some payments are not required to be reported on Form 1099-MISC, although they may be taxable to the recipient. Payments for which a Form 1099-MISC is not required include:

- Generally, payments to a corporation; exceptions include attorney fees, gross proceeds to attorneys and health and medical care payments.

- Payments for merchandise, telegrams, telephone, freight, storage, and similar items;
- Payments of rent to real estate agents
- Wages paid to employees (report on Form W-2, Wage and Tax Statement);
- Business travel allowances paid to employees (may be reportable on Form W-2);
- Cost of current life insurance protection (report on Form W-2 or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.);
- Payments to a tax-exempt organization, the United States, a state, the District of Columbia, a U.S. possession, or a foreign government; and
- Certain payment card transactions if a payment card organization has assigned a merchant/payee a Merchant Category Code (MCC) indicating that reporting is not required. A cardholder/payor may rely on the MCC that the payment card organization assigned to a merchant/payee to determine if a payment card transaction with that merchant/payee is subject to reporting under section 6041 or section 6041A.