

IRS Requirements

FORM 1099 REQUIREMENTS

If a chapter or state organization pays an individual during the calendar year, most likely you will need to file a 1099 form by January 31, of the following year. This payee could be in the position of Executive Director, temporary administrative help, someone who designs a form for your chapter or performs another service for your chapter.

If the following four conditions are met, you must generally report a payment as non employee compensation.

1. You made the payment to someone who is not your employee;
2. You made the payment for services in the course of your trade or business;
3. You made the payment to an individual, or partnership;
4. You made payments to the payee of at least \$600 during the year.

If any of these apply to the payee you will need to prepare Form 1099-Misc by January 31 and Form 1096 by January 31. You will need to get the correct Federal TIN for this Form 1099 and Form 1096 from the National Office. **DO NOT USE THE GROUP EXEMPTION NUMBER FOR THIS REPORT.**

An additional concern you must be aware of is the area of prizes and awards. If you award a prize of over \$600 to anyone due to an activity of your organization, you have an additional need to report this. These relate to the following issues: Any prize or award that is not for services performed; and any prize or award given in recognition of past accomplishments that is over the threshold of \$600.

For example: If your chapter or state organization has a golf tournament and prizes are awarded, you must report the prize if it is over \$600. If a gift is given to an officer or member for recognition of their service, again the gift must be less than \$600 or it should be reported on Form 1099-Misc.

An exception to this rule is for scholarships. Educational scholarships or educational fellowship grants are not to be reported to IRS on any form. This is a recent change for IRS as they formerly required the scholarship or grant to be reported as other income.

It is strongly suggested that if a chapter or state organization find they need to report an expense on Form 1099 that you contact the National Office as soon as possible. There are very stringent date deadlines that must be adhered to and it will be necessary that the National office receive a copy of the forms as they must be included in our annual audit.