



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

# W-2s and 1099s

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Lauterbach & Amen, LLP

**Actuarial**

**Audit**

**Financial  
Services**

**Pension**

**Tax**



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W-2s



# W-2 – The Basics

- Provided to each employee who received wages during the calendar year
- Reports the following:
  - Each category of taxable wages
  - Taxes withheld
  - State and local wages/taxes as applicable
  - Additional information boxes
- Configure all your pay/deduction items in your payroll system!

# W-2 – Sample Payroll Configuration

**Identification**

Description:  Type:   Inactive

Report description:  Agent:

**Calculation**

Calculation type:  Default percentage:

Weighted allocation

**Special Type**

None

Retirement/Cafeteria plan:

Garnishment:

Deferred FICA-SS repayment

**Limits**

457 annual pretax limit

Do not apply catch-up limit

Subtract cafeteria 125 deduction before calculating

**Taxability**

FUTA exempt payments:

**W-2 Additional Boxes**

Box 10 - Dependent care benefits

Box 11 - Nonqualified plans  Sec. 457  Other

Box 12 - Code

Box 13 - Retirement plan

Box 14 - Other

**General Ledger Accounts**

Liability:

**Exclusions**

Premium wages  Net pay

Pay items:  ...

Workers' compensation:  ...

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Pay items:  ...

Workers' compensation:  ...

# W-2

22222		VOID <input type="checkbox"/>	<b>a</b> Employee's social security number		<b>For Official Use Only</b> ▶ OMB No. 1545-0008	
<b>b</b> Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld	
<b>c</b> Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld	
			5 Medicare wages and tips		6 Medicare tax withheld	
			7 Social security tips		8 Allocated tips	
<b>d</b> Control number			9		10 Dependent care benefits	
<b>e</b> Employee's first name and initial		Last name	Suff.	11 Nonqualified plans		12a See instructions for box 12
<b>f</b> Employee's address and ZIP code			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
			14 Other		12c	
					12d	
15 State	Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
						20 Locality name

Form **W-2** Wage and Tax Statement

2021

Department of the Treasury—Internal Revenue Service

**For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.**

**Copy A—For Social Security Administration.** Send this entire page with Form W-3 to the Social Security Administration; photocopies are **not** acceptable.

Cat. No. 10134D

**Do Not Cut, Fold, or Staple Forms on This Page**



# W-2 – Other Boxes

- Box 10 – Dependent care – benefits provided under a dependent care assistance program
- Box 11 – Amounts distributed from non-qualified (taxable) deferred-compensation plan
- Box 13
  - Statutory employee (contractor treated as employee for tax purposes)
  - Retirement Plan (WRS)
  - Third-party sick pay
- Boxes 16 and 17 – State wages and income tax withholding (WT-6)

# W-2 – Other Boxes

- Box 12 – other income-related amounts
  - 29 different codes
  - Helps determine amounts that affect taxable income
  - Common codes on the following slide
  - Some are optional but recommended



# W-2 – Common Box 12 Codes

Code	Description	Code	Description
<b>C</b>	Taxable costs of group-term life insurance over \$50,000. Information only	<b>W</b>	Employer contributions to a Health Savings Account (HSA).
<b>E</b>	Elective deferral under a 403b plan.	<b>BB</b>	Roth contribution under a 403b plan
<b>G</b>	Elective deferral under a 457b plan.	<b>DD</b>	Cost of employer-sponsored health coverage. Information only.
<b>J</b>	Nontaxable sick pay. Information only.	<b>EE</b>	Roth contributions under a 457b plan.

# W-2 – Other Boxes

- Box 14 – other information
  - Common items include:
    - Charitable contributions made through payroll deduction
    - Educational assistance payments
    - Health insurance premiums deducted
    - Nontaxable income
    - State disability insurance taxes withheld
    - Uniform payments
    - Union dues
  - No standard list – employers can report whatever they want

# W-2 – Preparation

- Reconcile 941 returns to your W-2 register (W-3 summary)
- Investigate and resolve differences – see helpful tools on following slides
- Make sure W-2s are generated for **all** employees who received pay during the year (not just current employees)

**NAME OF EMPLOYER**

F-941 Reconciliation

Fiscal Year 2017

**Figures Compiled from 941's**

<b>WAGES</b>					
<b>QTR</b>	<b>FIT WAGE</b>	<b>FICA WAGE</b>	<b>MEDIC WAGE</b>	<b>IL WAGE</b>	<b>WI WAGE</b>
<b>1</b>	7,966,062.84	4,521,108.93	8,895,767.52	7,771,477.13	194,568.91
<b>2</b>	6,604,861.46	3,765,038.98	7,375,504.58	6,448,981.72	155,879.74
<b>3</b>	7,804,877.86	4,347,925.12	8,717,495.14	7,620,012.61	184,865.25
<b>4</b>	7,317,627.17	3,578,191.17	8,101,790.15	7,143,038.21	175,864.01
<b>TOTAL</b>	29,693,429.33	16,212,264.20	33,090,557.39	28,983,509.67	711,177.91
<b>W-2 Register totals</b>	29,693,429.33	16,212,264.20	33,090,557.39	28,983,509.67	711,177.91
<b>Difference</b>	-	-	-	-	-
<b>TAXES</b>					
<b>QTR</b>	<b>FIT W/H</b>	<b>FICA EE &amp; ER</b>	<b>MEDIC EE &amp; ER</b>	<b>IL W/H</b>	<b>WI W/H</b>
<b>1</b>	1,209,920.22	560,617.51	257,977.26	292,362.27	11,250.39
<b>2</b>	976,246.99	466,864.83	213,889.63	239,520.83	9,062.35
<b>3</b>	1,181,049.75	539,142.71	252,807.36	365,394.28	10,791.40
<b>4</b>	1,139,325.75	443,695.71	234,951.91	354,533.27	11,718.25
<b>TOTAL</b>	4,506,542.71	2,010,320.76	959,626.16	1,251,810.65	42,822.39
<b>W-2 Register totals</b>	<b>4,506,542.71</b>	<b>1,005,160.41</b>	<b>479,885.70</b>	<b>1,251,810.65</b>	<b>42,822.39</b>
<b>Difference</b>	-	<b>1,005,160.35</b>	<b>479,885.70</b>		
		<b>0.06</b>			



# W-2 Reconciliation

## WRS Wages:

Gross pay	211,437.42
Less:	
Auto allowance	(6,000.00)
Wellness incentive	(293.00)
WRS wages	<u>205,144.42</u>

## FIT Wages:

Gross pay	211,437.42
Less:	
Employee reimbursement	-
Section 125 insurance	(3,369.88)
457 contribution	(10,400.00)
WRS contribution	(13,334.39)
FIT wages	<u>184,333.15</u>

## Medicare Wages:

Gross pay	211,437.42
Less:	
Employee reimbursement	-
Section 125 insurance	(3,369.88)
Medicare wages	<u>208,067.54</u>

Helpful tool for  
reconciling W2s

# Due Dates

- **January 31st**
  - **W-2s**
    - Employees
    - Federal W-2 SSA filing (paper or electronic)
    - Wisconsin (WDOR) **Electronic** filing

**VERY IMPORTANT**

- W-2s must match all 4 quarters of 941



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# Q&A – W-2s



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1099s





# 1099s – The Basics

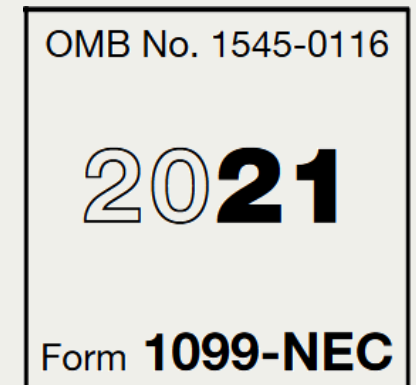
- Reporting payments to non-employees
- 21 different varieties. We care about 3 of them:
  - 1099-NEC
  - 1099-MISC
  - 1099-G
- Send to individuals and partnerships
- Send to attorneys
- Do not send to corporations

# 1099s – The Basics

- **VERY RARE** to send to an employee
  - Work must be of a true contract nature and not at all related to their work with you
- **\$600 minimum** – do not send a form to a contractor who received less than \$600 from you

# 1099-NEC

- Non-employee compensation (no longer reported on 1099-MISC)
- What is reported?
  - Compensation for services provided by contractors
- Who receives one?
  - Non-employee contractors (individuals, partnerships, estates)
  - Attorneys (except for gross proceeds), including corporations paid for legal fees
  - Paid > \$600
- Due date: January 31 (recipient and IRS)



# 1099-NEC

7171		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116  <b>2021</b>  Form <b>1099-NEC</b>	<b>Nonemployee Compensation</b>
PAYER'S TIN	RECIPIENT'S TIN	<b>1</b> Nonemployee compensation \$	<b>Copy A</b> <b>For Internal Revenue Service Center</b> <b>File with Form 1096.</b>  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2021 General Instructions for Certain Information Returns.</b>
RECIPIENT'S name		<b>2</b> Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	
Street address (including apt. no.)		<b>3</b>	
City or town, state or province, country, and ZIP or foreign postal code		<b>4</b> Federal income tax withheld \$	
Account number (see instructions)	2nd TIN not. <input type="checkbox"/>	<b>5</b> State tax withheld \$	
		<b>6</b> State/Payer's state no.	
		<b>7</b> State income \$	

Form **1099-NEC**

Cat. No. 72590N

[www.irs.gov/Form1099NEC](http://www.irs.gov/Form1099NEC)

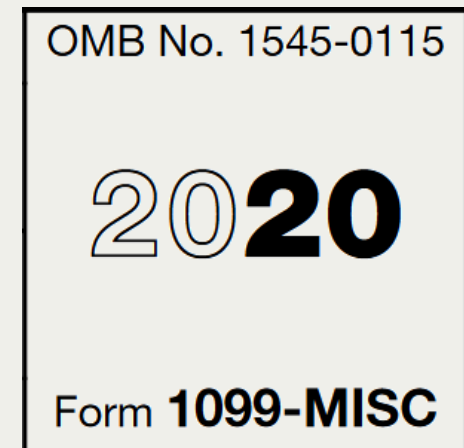
Department of the Treasury - Internal Revenue Service

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# 1099-MISC

- No longer for non-employee compensation
- What is reported?
  - Rents
  - Prizes/Awards
  - Other income payments
  - “Gross proceeds” paid to an attorney
  - Nonqualified deferred compensation
  - Paid > \$600
- Due date: January 31 (recipient), March 31 (IRS) if filing electronically, otherwise February 28



# 1099-MISC

9595		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0115		<b>2021</b> Form <b>1099-MISC</b>	<b>Miscellaneous Information</b>		
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents		\$ \$ \$					
		2 Royalties							
		3 Other income							
PAYER'S TIN		RECIPIENT'S TIN		4 Federal income tax withheld		<b>Copy A</b> <b>For Internal Revenue Service Center</b>  <b>File with Form 1096.</b>  <b>For Privacy Act and Paperwork Reduction Act Notice, see the 2021 General Instructions for Certain Information Returns.</b>			
				5 Fishing boat proceeds				6 Medical and health care payments	
				\$				\$	
RECIPIENT'S name		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>		8 Substitute payments in lieu of dividends or interest				\$	
Street address (including apt. no.)		9 Crop insurance proceeds		10 Gross proceeds paid to an attorney				\$	
				\$				\$	
City or town, state or province, country, and ZIP or foreign postal code		11 Fish purchased for resale		12 Section 409A deferrals				\$	
				\$				\$	
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>	2nd TIN not. <input type="checkbox"/>	13 Excess golden parachute payments				14 Nonqualified deferred compensation	
				\$				\$	
		15 State tax withheld		16 State/Payer's state no.		17 State income			
		\$				\$			
		\$				\$			



# 1099-G

- Most commonly used to report unemployment compensation
- Most *local governments* use to report taxable grants > \$600
- Due date: January 31 (recipient), March 31 (IRS) if filing electronically, otherwise February 28

OMB No. 1545-0120
<b>2021</b>
Form <b>1099-G</b>

# 1099-G

8686		<input type="checkbox"/> VOID		<input type="checkbox"/> CORRECTED	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation		OMB No. 1545-0120  <b>2021</b>  Form <b>1099-G</b>	
		\$			
PAYER'S TIN		2 State or local income tax refunds, credits, or offsets		4 Federal income tax withheld	
		\$			
RECIPIENT'S TIN		3 Box 2 amount is for tax year		5 RTAA payments	
RECIPIENT'S name		\$			
Street address (including apt. no.)		7 Agriculture payments		8 Check if box 2 is trade or business income <input type="checkbox"/>	
		\$			
City or town, state or province, country, and ZIP or foreign postal code		9 Market gain		11 State income tax withheld	
		\$			
Account number (see instructions)		10a State		10b State identification no.	
		2nd TIN not. <input type="checkbox"/>		\$	

**Certain  
Government  
Payments**

**Copy A  
For  
Internal Revenue  
Service Center**

**File with Form 1096.**  
For Privacy Act and Paperwork Reduction Act Notice, see the **2021 General Instructions for Certain Information Returns.**

Form **1099-G**      Cat. No. 14438M      [www.irs.gov/Form1099G](http://www.irs.gov/Form1099G)      Department of the Treasury - Internal Revenue Service

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# 1099 Preparation

- What information is needed to prepare?
  - Basic payee info – legal name, address, FEIN/SSN, type of organization
  - Get a W-9 for every vendor when you set them up
  - Summarized amounts of payments for the calendar year
- Use the 1099 settings in your accounts payable software when setting up a vendor

# 1099 Preparation

- Run a summary of vendor payments – exclude non-1099 vendors if possible
- Eliminate corporations and employees
- Eliminate vendor totals under \$600
- Prepare a 1099-NEC/MISC for everyone left over
- File with IRS and recipient
- If filing paper forms, submit to IRS with form 1096 (summary)



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Further Questions? Please contact me:

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