

30.6 Manage Tax Reporting

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Revision History

Version	Date	Revision Notes
1.0	07/30/2019	Accepted Version
2.0	01/06/2020	Updates related to interim, extension, or chart of account changes.
2.1	01/24/2022	Updates per Financials Wave Module Workgroup Sessions

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General Information

This document describes and depicts the process steps and supporting information for the identified State of Florida financial management business process. This information should be read in conjunction with the Business Process Flow Diagrams.

The Dependencies and Constraints section describes any conditions or criteria that impact how or when the business process should be executed. These could be set within Florida PALM or from external sources (i.e., Law or Rule).

The Business Process Overview section summarizes the business process and provides context for understanding the objectives and desired outcomes of the described business process.

Within the Business Process Flow Details section, included for each process step are:

- **Process Step ID** – A unique number assigned to each process step, which corresponds to the Business Process Flow Diagram
- **Process Step Title** – A short description assigned to each process step, which corresponds to the Business Process Flow Diagram
- **Description of Process** – A detailed narrative description of the process step, which provides additional information and context for understanding the process step

Florida PALM screenshots are included within the sections following the Business Process Flow Diagrams to allow connections to be made from specific business subprocess steps to screens within Florida PALM.

Also described below are the Ledger Impacts, Interfaces and Key Reports, which are displayed as icons on the Business Process Flow Diagrams. Ledger impacts describe where there is an update to one of the ledgers used to track activity for accounting, budget management, or financial reporting purposes. Key Reports describe where a report is identified to be produced at a particular process step or is used to support the completion of a process step. Interface ID's are provided for each interface identified on the Business Process Flow Diagrams.

Tables are included to identify the Conversions, Forms, Workflows, and Agency Configurations related to this Business Process. These items may not be included within the Business Flow Diagrams, however, these items are important elements of each Business Process as a whole.

Finally, included in the Terminology section are definitions of terms which will help the reader to better understand the document. These are terms that are used within this document that may be new or that require a description for common understanding.

Dependencies and Constraints

- Suppliers are required to have a Tax Identification Number (TIN) that is validated with the Internal Revenue Service (IRS) prior to issuance of a tax reportable payment.
- Entities are subject to TIN validation based on DFS policy to comply with IRS requirements
- Suppliers are required to provide 1099 information, which is used for withholding and 1099 reporting.
- Entities are subject to 1099 reporting based on DFS policy to comply with IRS requirements.

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- Employees and retirees may be subject to tax reporting requirements for payments other than payroll or pension payments.
- Payroll and pension tax reporting requirements are not included in this business process.
- The 1099 withhold report is generated for disbursements issued with a 1099-applicable object code(s) in Florida PALM.
- The IRS is established as the withholding entity and assigned a unique Supplier ID.
- The Business Designation is provided to Florida PALM from the W-9 System via interface.

Business Process Overview

The Manage Tax Reporting business process is within the Disbursements Management (DM) business process grouping. DM includes a collection of business processes that:

- Manage supplier information, including demographic and payment information for tax withholding and reporting purposes;
- Support the disbursement process for State obligations from encumbrance through payment request, payment creation, and escheatment; and
- Perform month-end and year-end closing activities.

This business process addresses how tax reporting and withholding are handled for supplier and non-payroll payments.

Florida PALM is used to report taxable payments to the IRS, the State of Florida, and the applicable suppliers, and to withhold federal and state taxes from payments as required by federal and state laws. As part of the Set Up and Maintain Suppliers business process, the 1099 information is collected and configured in Florida PALM. The Manage Tax Reporting business process identifies the steps for reviewing 1099 configuration, processing 1099 suppliers and vouchers, and generating and transmitting the 1099 reports.

Tax reportable payments generally include payments for services performed. When a supplier submits an invoice for tax-reportable services, the 1099 withholding is made based on the supplier setup, current withholding rules, and the accounting codes for the invoice lines.

Business Process Flow Details

The table below describes steps in the business process as reflected on the Business Process Flow Diagram. The table also reflects information associated with each step describing the intent of the specific process.

The Business Process Flow Diagrams use horizontal swim lanes to depict where activities are performed by different parties or systems. Each swim lane is titled with a role, either agency-based or within Department of Financial Services (DFS), and in some cases, are representative of an external entity or system. The swim lanes may change from page to page within a single business subprocess as more or fewer roles are required to execute sections of the business subprocess. Optionally, the process flow diagram may reflect vertical swim lanes to further designate information such as systems or time intervals.

30.6 – Manage Tax Reporting

Table 1: Manage Tax Reporting

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Module	Accounts Payable	
Related Module(s)	N/A	
Swim Lanes – Definition	DFS AP 1099 Processor: DFS role responsible for preparation, final review, and approval of 1099 issuance	
Process Step ID	Process Step Title	Description of Process
1	Review 1099 Setup	The setup should be reviewed for: the calendar; Withholding Entities; Withholding Rules; Withholding Types; Withholding Codes; and set up or review of Report Control Information.
2	Run Withholding Post	This step combines voucher and payment information to generate 1099 reportable data which is used to generate the 1099 reports. All payments must be posted to be included. The applicability of tax withholding and reporting is identified in the supplier records via the Set Up and Maintain Supplier business process. State payments are marked as applicable for tax withholding or reporting through the supplier record configuration and/or the accounting codes recorded on the voucher in the Enter and Process Vouchers business process.
3	Perform Review of 1099 Items	After posting withholdings, there are various reports and on-screen inquiries available to review the reportable 1099 voucher and payment information. During the review, vouchers or suppliers may be identified that require marking for withholding. The 1099 Withholding, the 1099 Mismatch, the Employee Suppliers, and the 1099 Updates reports are used to identify any updates that are required to the supplier records or voucher accounting.
4	Manage Updates	The DFS AP 1099 Processor coordinates with an agency for making 1099 corrections and adjustments.
5	Update Withholdings	The DFS AP 1099 Processor updates the supplier record for the withholding related items, such as withholding applicability, withholding entity, type and class, jurisdiction and/or business designation. Once the updates have been made, the process starts over again with the Run Withholding Post step.
6	Run Withhold 1099 Report Post	After all adjustments have been made, all items are reconciled to make sure there are no more corrections required. The Withhold 1099 Report Post step populates the Withholding 1099 table by extracting data from the Withhold Transaction table and inserting it into the Withholding Report tables.

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Process Step ID	Process Step Title	Description of Process
7	Generate Withhold 1099 IRS Report	The DFS AP 1099 Processor selects the parameters to generate the 1099 IRS Report.
8	Outbound 1099 IRS	Florida PALM creates a file with the 1099 information for the IRS or other external users.
9	Generate/ Review 1099 to Send Detail Report	<p>This delivered report is a replica of the data in the file prepared for the IRS. This report can be used to reconcile with the IRS file prior to printing the final report for the supplier.</p> <p>After the 1099 to Send Detail report has been generated, there is one final opportunity to make adjustments and corrections, as needed.</p>
10	Create 1099 Copy B Report	After all final adjustments and corrections have been made, the 1099 Copy B Report is generated.
11	Review/Print/ Send 1099 to Suppliers	Generated 1099 reports are reviewed, printed, and mailed to the suppliers. The 1099 Summary report is available for review to verify all required 1099s have been printed and allows an opportunity to identify and print any 1099s that were missed.
12	Upload 1099 IRS File to the IRS	The DFS AP 1099 Processor uploads the file to the IRS site.
13	Finalize/ Update Records	The Withholding Sent File finalizes the 1099 reporting by marking the transactions as included in the reported 1099s.

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The screenshot displays the 'Withholding Supplier Information' page in the Florida PALM system. The page is divided into several sections:

- Supplier Information:** SetID STATE, Supplier ID 0000000017, Short Supplier Name HMT01-001, Supplier HMT Constructions.
- Location:** *Location MAIN, Description MAIN LOCATION, Effective Date 01/01/1901, Effective Status Active.
- Options:** Payables, Procurement, Sales/Use Tax, and **1099** (highlighted with a red box).
- 1099 Options:**
 - 1099 Information:** Main Information, Overrides, Remit. Includes fields for *Entity, *Type, *Jurisdiction, Default Jurisdiction, *Default Class, *1099 Status, and Withhold Type Description.
 - 1099 Reporting Information:** Main Information, Additional Info, and **TIN Match** (highlighted with a red box). Includes fields for *Entity, Match TIN, TIN Match Status, TIN Match Code, Description, IRS Tracking Code, Match Date, and Manually Matched.

Buttons for 'OK' and 'Cancel' are located at the bottom of the page.

Figure 1: Withholding Supplier Information Page

Ledger Impacts

Table 2: Ledger Impacts Included on Business Process Flow Diagrams

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
N/A		

Key Reports

Table 3: Key Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	APR036 - 1099 Withholding Report – a consolidated report to include all 1099 Types, 1099-A, 1099-C, 1099-G, 1099-R, 1099-S, 1099-INT, 1099-NEC	Periodic	DFS
R2	APR046 - 1099 Mismatch Report – a report that lists suppliers without business designation and have vouchers with 1099 reportable object code.	Periodic, Monthly	DFS
R3	APR047 - Employee Suppliers Report – a listing of employees doing business with the State as a supplier.	Periodic	DFS
R4	APR103 - 1099 Updates Report – a report that lists all journal vouchers with 1099 applicable object codes.	Periodic	DFS
R5	APR104 - 1099 Summary Report – a report of suppliers for which 1099s have been generated.	Periodic, Monthly	DFS

Note: A complete list of reports may be found in the [Reports Catalog](#)¹.

Conversions

Table 4: Data Converted from External System to Florida PALM

Conversion Number	Conversion Description	Conversion Frequency	Source
APC002	1099 Balances	One-time	DFS Enterprise System

Note: A complete list of conversions may be found in the [Catalog of Conversion Offerings](#)² on SmartSheet. This is a protected publication that requires login. If your business or technical teams

¹ <https://app.smartsheet.com/b/publish?EQBCT=a8d51896f0144ef6a87314b3c7824ba5>

² <https://app.smartsheet.com/dashboards/xW9gQgMRP6w5pfRGMQGjh4wvP676gf2h4mf57hP1>

do not currently have access to the Smartsheet Florida PALM Dashboard, contact your Readiness Coordinator to request their access.

Interfaces

Table 5: Interfaces Included on Business Process Flow Diagrams

Interface Number	Interface Description	Interface Frequency	Source	Target
API008	Outbound interface containing 1099 tax reporting information to the IRS.	Annually	Florida PALM	IRS

Note: A complete list of interfaces may be found in the [Catalog of Interface Offerings](#)³. This is a protected publication that requires login. If your business or technical teams do not currently have access to the Smartsheet Florida PALM Dashboard, contact your Readiness Coordinator to request their access.

Forms

Table 6: Forms Included on Business Process Flow Diagrams

Form Number	Form Description	Frequency	Audience
N/A			

Workflows

Table 7: Workflows Included on Business Process Flow Diagrams

Workflow Number	Workflow Description	Frequency	Audience
N/A			

Agency Configurations

Table 8: Configurations Defined and/or Maintained by Agencies

Configuration Number	Configuration Description	Frequency
N/A		

³ <https://app.smartsheet.com/dashboards/xW9gQgMRP6w5pfRGMQJh4wvP676gf2h4mf57hP1>

Terminology

IRS Form 1099 – the State is required to withhold taxes from eligible payments and is required to annually report such withholdings and the total payments to both the suppliers and the IRS in a format prescribed by the IRS, referred to as a Form 1099.

Supplier – all individuals or entities receiving a payment are referred to as suppliers in Florida PALM.

Voucher – a digital record created within Florida PALM to make a payment to an external entity such as a supplier.

Withholding – amounts deducted from payments made to suppliers for federal or State taxes. The State is required to withhold for federal income taxes from eligible payments, in accordance with tax status information provided by the supplier, and in accordance with IRS requirements. Such amounts are to be remitted to the IRS. The State does not have a State income tax but may elect to withhold for other State taxes for applicable suppliers.

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