

10-3. Convenience Check Reporting (IRS Form 1099)

a. IRS requires DoD federal agencies to report convenience check payments as income. See 26 USC 6041, 6041A, and 6045. IRS Form 1099 must be issued to check recipients for certain payment types. (Refer to [IRS Instructions for Form 1099 - MISC](#) for more detail regarding payment types that are not reportable to DFAS.) Convenience check data must be reported to the IRS as income to the check recipients. IRS matches the reported data to the check recipients' tax returns to ensure income is reported.

b. **Tax Reporting.** The DFAS Tax Office emails convenience check purchasing data to the checkwriters for verification on a monthly basis. The email contains a spreadsheet, instructions, and the suspense date for return. Upon receipt of the spreadsheet, checkwriters must update the required columns and email the spreadsheet to the following mailbox: [DFAS 1099 Check Writer Reporting](#) within five business days upon receipt. This data is used to process IRS 1099-MISC forms. The BO is responsible to monitor the checkwriter's compliance. BOs and checkwriters who do not return the requested information to DFAS are responsible for their own tax form issuance and IRS tax reporting. Instructions for submitting convenience check 1099 tax reporting information is available on the [DFAS Office Website](#).

c. Checkwriters will obtain the vendor information and W-9 required for tax reporting before paying the vendor, as stated in DoD 7000-14R FMR 26 Volume 10, Chapter 6, 060209. The checkwriter is responsible for tax reporting for the convenience checks they issue and for obtaining a signed IRS Form W9, Request for Taxpayer Identification Number and Certification.

d. DFAS ESS Tax Office will perform the following actions:

- 1) Provide monthly spreadsheets containing the servicing bank's universe of convenience check payment data to A/OPCs, BOs, and checkwriters for completion of additional information.
- 2) Provide tax reporting guidance to checkwriters.
- 3) Aggregate the payment data to determine tax form issuance and issue tax forms to check recipients.
- 4) Electronically report the payment data to the IRS.
- 5) Provide report to A/OPCs, BOs, and checkwriters of data that resulted in tax form issuance.
- 6) Provide customer service to tax form recipients.
- 7) Issue corrected tax forms.

e. A/OPCs, Billing Officials, and Checkwriters will perform the following actions:

- 1) Supplement the payment data with the necessary reporting data, annotate payment as reportable or not reportable, and return spreadsheets to tax office.
- 2) Maintain and update points of contact in the U.S. Bank account.

3) Maintain final summarized spreadsheet provided by DFAS and copies of the check registers for audit purposes.

4) Have a signed W-9 from vendors on file.

5) Ensure that spreadsheets are completed correctly and returned by deadline.

f. The checkwriter must complete the following fields in the DFAS spreadsheet:

1) **Payment Description.** Define the purpose of the payment to the vendor.

2) **Yes or No Reportable Transaction.** Indicate whether vendor and payment type are tax reportable. "Yes" is reportable. "No" is not reportable.

3) For all tax reportable payments, complete the following fields:

(a) Vendor's Taxpayer Identification Number: SSN, EIN, ITIN

(b) Vendor's Name and Doing Business As Name

(c) Vendor's Current mailing address

(d) Vendor's City

(e) Vendor's State

(f) Vendor's Zip Code

(g) Vendor's Country

(h) Indicate the payment amount in **one** of the following fields, as applicable:

(1) Check paid for Rents, Rentals, Leases

(2) Check paid for Royalties

(3) Check paid to individual for medical research

(4) Check Paid for Medical/Dental Services

(5) Check paid to a vendor or individual not Government employee

(6) Check paid for Attorney Fees

Parent topic: Chapter 10 - Convenience Checks and Foreign Draft Checks