



## 1099 and End-of-Year FAQs

### WHAT IS A 1099 TAX FORM?

Form 1099 is used to report different types of taxable income. The letters behind the 1099 indicate which type of form you are dealing with. Propertyware can prepare two of these:

- Form 1099-MISC reports various types of income including rents and royalties paid to your owners.
- Form 1099-NEC reports non-employee compensation paid to your vendors.

### DOES PROPERTYWARE PROVIDE THE ACTUAL 1099 AND 1096 FORMS?

No. Propertyware just provides the data that will populate the fields on 1099 and 1096 forms.

### WHERE CAN I GET THE IRS FORMS?

You can get them from the IRS at <https://www.irs.gov/businesses/online-ordering-for-information-returns-and-employer-returns> or from any office supply store, Office Max, Staples, etc.

### WHICH 1099 FORM DOES PROPERTYWARE POPULATE?

Propertyware is formatted to populate Form 1099-MISC for owners and form 1099-NEC for vendors. The 1099 forms contains the payer's name, payer's federal ID number, recipient's name, and recipient's Social Security number, as well as general information such as addresses, reason for the 1099 and account numbers if any.

### IF I DO NOT HAVE ALL OF THE GOVERNMENT REQUIRED INFORMATION ON A VENDOR OR AN OWNER, WILL PROPERTYWARE STILL GENERATE A VENDOR 1099 OR AN OWNER 1099?

Yes, the minimum settings or information Propertyware requires to generate a 1099 is the Contact name, Tax ID #, eligible to 1099 designation, and payments of at least \$600. Even if there is no full address on the contact, Propertyware will still generate a 1099 form. However, best practice would be to also add or maintain the contact's full address in your Propertyware application for future reference.

## WHERE IN PROPERTYWARE CAN I PRINT MY 1099S?

- For Vendor 1099s go to: Money Out > Related Activities > Print Vendor 1099s / Print Vendor 1096
- For Owner 1099s go to: Management > Related Activities > Print Owner 1099s / Print Owner 1096  
[http://propertyware.force.com/KB2/articles/How\\_To/Generating-1099s-in-Propertyware/?q=1099&l=en\\_US&fs=Search&pn=1](http://propertyware.force.com/KB2/articles/How_To/Generating-1099s-in-Propertyware/?q=1099&l=en_US&fs=Search&pn=1)

## DO I HAVE TO PRINT A 1099 FOR ALL MY VENDORS AND OWNERS?

Businesses are only required to fill out a Form 1099-NEC for vendors, subcontractors, or independent contractors, who were paid \$600 or more. Form 1099-MISC is required for persons or other ownership entities who were paid \$600 or more. This amount is based on gross income earned not on how much you paid out in owner draws. For vendors, this shows the gross payment you made for services rendered. If you paid them less than \$600 in the calendar year, a 1099 is not required.

## HOW CAN I FILE MY 1099?

You can print and file by regular mail or file electronically (eFile).

## DO I HAVE TO FILE MY 1099S ELECTRONICALLY?

If the management company is filing 250 or more 1099 forms, then they must eFile. If filing fewer than 250, then filing electronically is optional.

## HOW CAN I FILE MY 1099 ELECTRONICALLY USING PROPERTYWARE?

You can generate a 1099 eFile Export and save it to your computer. Then submit the saved file outside of Propertyware to the IRS. This functionality/button is available under Money out and Management.

- For Vendor 1099s go to: Money Out > Related Activities > Print Vendor 1099s
- For Owner 1099s go to: Management > Related Activities > Print Owner 1099s

Important: Clicking the Generate 1099 eFile Export button does not automatically send the file to the IRS. It must be saved to your computer and submitted outside of Propertyware to the IRS.

Propertyware provides the necessary file to complete electronic filing for your vendors and owners.

For more information [http://propertyware.force.com/KB2/articles/How\\_To/1099-eFiling](http://propertyware.force.com/KB2/articles/How_To/1099-eFiling)

Other useful links - <https://www.irs.gov/pub/irs-pdf/f4419.pdf>

## HOW DO I GET MY FIRE TRANSMITTER CONTROL CODE (TCC) SO THAT I CAN SUBMIT MY 1099 FORMS ELECTRONICALLY?

You must first submit an application (form 4419) to the IRS to get authorization. If approved, a 5-character alphanumeric Transmitter Control Code will be assigned to your organization. <https://www.irs.gov/pub/irs-pdf/f4419.pdf>

## WHERE IN PROPERTYWARE DO I NOTE MY TRANSMITTER CONTROL CODE IF FILING ELECTRONICALLY?

The Transmitter Control Code field is located under Setup > Administration Setup > Company info > click Edit

## WHERE DOES THE DATA COME FROM FOR THE NAMES THAT GET PRINTED OR ELECTRONICALLY SUBMITTED ON 1099 FORMS?

First, it looks for a "Taxpayer Name." If none exists, it will use the owner First/Last Name or Vendor Name. The "Include Company Name on 1099" will determine if the company name is also included on line two.

## HOW IS BOX 1 CALCULATED ON OWNER 1099S?

Box 1-Rents: This will include income from all account codes set as "Rent" plus the offsets to that income, identified as an Income account set as Discount. Any income received into the portfolio is reported in Box 1 Rents. The IRS requires that Box 1 include everything the tenant is expected to pay to rent the property, as designated on the rental agreement. This may include utilities, late fees, taxes, etc. if recorded as income and received by the owner. Any reductions to this amount (such as discounts/promotions) reduce the amount of Box 1.

This should only apply to discounts in which the actual rent was reduced (such as a move-in discount) and not when the reduction was in lieu of payment of rent for services performed (such as painting the apartment). In that scenario, the discount account should be flagged as Exclude From 1099s in the Chart of Accounts.

[http://propertyware.force.com/KB2/articles/FAQ/How-is-Box-1-Rents-Calculated-on-the-1099/?q=how+are+box+1&l=en\\_US&fs=Search&pn=1](http://propertyware.force.com/KB2/articles/FAQ/How-is-Box-1-Rents-Calculated-on-the-1099/?q=how+are+box+1&l=en_US&fs=Search&pn=1)

## WHERE CAN I CLASSIFY WHICH GL ACCOUNTS ARE APPLICABLE TO 1099 REPORTING?

This can be done under Setup > Customize > Chart of Accounts. Propertyware has an option called "Exclude from 1099" with Yes/No pick list.

- The default for all account types is NO.
- When set to No, it will include all appropriate accounts for owner and vendor 1099s.
- When set to Yes, the amount on the 1099 will be reduced by any amount that was posted to that GL account for the calendar year. (These same changes will apply to Form 1096.)

## DOES PROPERTYWARE ALLOW THE VENDOR 1099 PAYER TO BE FROM THE PORTFOLIO?

Yes, this is located under Setup > Administration Setup > Accounting Preferences > click Edit. Scroll down to the "Vendor 1099 Payer" setting.

This setting provides options regarding who owns the funds that were used to pay the vendor. If the Management Company owns the bank account and holds funds in a joint trust account, they are paying the vendor. This is most common.

Another option is where the bank account that pays the vendor is really the owner's and the PMC only has authorization to write checks. This is common for HOAs and any other time where the PMC manages bank accounts for each owner individually. In this case, the payer on the 1099 is the owner of the Portfolio.

## WHY ARE SOME VENDORS MISSING FROM THE VENDOR 1099 REPORT?

To show all the vendors regardless of the amount they were paid, you would pull up the Vendor 1099 Report. On the left panel, open the folder labeled Statement Options. In that folder, uncheck "Hide less than \$600". This will show the vendors you were missing. If they still do not appear, the "Eligible for 1099" box may not be checked on the Vendor information screen. How to verify:

Money Out > Vendors > find the applicable vendor > click Edit Vendor > mark Eligible for 1099, if applicable.

The same can be checked or verified for the Owner 1099 reports and Owner contact information screen.

## WHAT REPORTS CAN I RUN TO VALIDATE MY 1099S?

Review various reports for monies paid.

### Finance Reports

- Owner 1099s
- Vendor 1099s
- Money Out - Bill Payments
- Money Out - Check

### Financial Statements Reports

- General Ledger report

1099 reports can also be a quick view to see if a Tax ID#, mailing address, specific owner info or vendor info is missing.

Then go to Money Out and review the Vendor Ledger (paid/unpaid)

## WHAT IF ...THEN SITUATIONS

- Client bills in December 2020 but pays them in January 2021; it will not show up as income for this year.
- If there is a markup on a bill, the markup will not show as income and should not be included on the 1099.
- On a tenant ledger, a tenant pays a January 2021 rent charge in the month of December 2020; the income will show for 2020.
- If the management company retains 100% of funds in any income account, that income will not be included on owner 1099s as long as management fees have already been collected correctly.

## END OF YEAR CLOSING TOPICS

### Bank Reconciliation

- Resolve Discrepancies
  - End-of-the-Year Reports
- Run Key Financial statements
  - Close the books –Accounting Close Period

Closing the books should be the last thing you do, after reconciliation, fixing any discrepancies, and running reports.

It is recommended that clients close any monthly periods for the year that have not already been closed after they have completed any year-end entries and have generated their year-end reports. Other than that, everything else is done by Propertyware itself. The system will automatically close out the accounts at year-end which is based on the fiscal period set up in the system.

## BANK RECONCILIATION

Reconciling your bank accounts in Propertyware is very similar to balancing your personal checkbook. This feature allows you to clear all the money that went in and out of each bank account and account for any discrepancies.

In addition, you can add bank fees and interest to ensure your financial records are accurate.

## BANKING MODULE > PAGE VIEW - RECONCILE

[http://propertyware.force.com/KB2/articles/How\\_To/Bank-Reconciliation/](http://propertyware.force.com/KB2/articles/How_To/Bank-Reconciliation/)

## Bank Reconciliation Tips

Be sure to consider how the payment was handled physically (in real life) at the bank and make sure Propertyware has been recorded to match that.

### USEFUL TIP

We recommend that you attempt to find the source of the discrepancy rather than finalizing the bank reconciliation and creating an adjustment right away. Propertyware will keep track of what you've entered and allow you to return to the bank reconciliation in the future. Possible reasons for discrepancies include:

- Missing one of the following types of transactions
  - Payment (lease or another customer)
  - Bill Payments
  - Owner Draw
  - Owner Contributions
  - Payments returned as NSF. These returned payments need to be recorded as an NSF on the tenant ledger or on the Other Customer transaction.

Once you have reconciled your bank account, the included items will be flagged as **CLEARED** in your account.

These items cannot be modified in Propertyware unless you delete the Reconciliation.

### USEFUL TIP

For clients who are starting with Propertyware in January 2021, we recommend that your first Bank Reconciliation date be set to 12/31/2020 with an opening balance of zero.

### End of the Year Reports

- Run Key Financial statements
  - Income Statement Standard
  - Income Statement Standard by Month
  - Balance Sheet Detail
  - Rent Roll
  - Cash Flow (similar to P & L)
  - Budget Comparison\*
  - General Ledger

\* If clients use budgeting, balance sheet, income statement by month, rent roll, tenant delinquency, and owner statements, Budget Comparison reports are helpful.

## Then Close the books – Accounting Close Period

[http://propertyware.force.com/KB2/articles/FAQ/How-is-Box-1-Rents-Calculated-on-the-1099/?q=how+are+box+1&l=en\\_US&fs=Search&pn=1](http://propertyware.force.com/KB2/articles/FAQ/How-is-Box-1-Rents-Calculated-on-the-1099/?q=how+are+box+1&l=en_US&fs=Search&pn=1)

The Accounting Close Date is particularly useful to accomplish the following:

- Prohibit users from recording income or expenses with a date on or prior to the Accounting Close Date.
- Maintain global control over items entered into Propertyware and avoid undesired transactions from being entered into a period where the books have been closed and reconciled.
- Eliminate discrepancies resulting from recording retroactively dated transactions after an owner's statement is generated.

If you sync your Propertyware data with QuickBooks, to preserve the integrity of any reconciliation between your bank statements and QuickBooks company file performed through the Accounting Close Date.

## End-of-Year Frequently Asked Questions

### WHAT DO I NEED TO DO TO GET READY FOR THE END OF THE YEAR?

Start checking income statements standard by month and detail, rent rolls, cash flow reporting; tenant delinquency reports and general ledger. Make sure the numbers look correct in these financials. When running these reports, they should make sense and help give the client a general idea of where they stand.

**USEFUL TIP:** Big companies need to run these reports month by month; only small accounts should run by year.

### IT LOOKS LIKE I AM MISSING THINGS IN MY BANK RECONCILIATION.

Look and see if there are any missing bank fees. If there are, set the bank as the vendor and cut the check.

### WHAT HAVE I PAID MYSELF IN MANAGEMENT FEES AND HOW DO I DOUBLE-CHECK MY NUMBERS?

For management fee calculator: Go to Management > Mgt Fee Calculator > all portfolios > date range is this year> and check for any leftover payments or missing income to the management company.

If missing income is found, you should go month-by-month and collect the management fees.

For continuous calculation: <> you have the potential of overpaying, not underpaying.

**USEFUL TIP:** Clients should run management fees YTD every month.

### WHAT ABOUT RETAINED EARNINGS?

Retained earnings are the net of all expenses and income for the company since you've been in business. It is accumulative year-after-year. Income and Expense accounts for each calendar year will transfer automatically to retained earnings to allow for current year income reports to be accurate. You can also choose to allow the system to transfer other equity accounts like owner draws and contributions to reset those balances as well. Just set the "Transfer Balance at year end to Retained Earnings" option on the Chart of Account setup to allow this.