



Office of the State Controller

OFFICIAL MEMORANDUM

To: Chief Financial Officers, NCFS Fiscal Contacts

From: Taylor Brumbeloe *Taylor Brumbeloe*
Deputy State Controller, North Carolina Financial Systems Division

Date: February 25, 2025

Subject: 1099 Corrections Schedule Change

The Office of the State Controller (OSC) submitted the original 1099 IRS file electronically for all NCFS agencies on Thursday, January 30th, 2025. The previous 1099 memo and attachment communicated that March 31, 2025, would be the last day to enter and pay 1099 zero-dollar correction invoices.

To be compliant with IRS deadlines, OSC needs to move this deadline to March 27th, 2025. Zero-dollar 1099 correction invoices should be entered into NCFS and paid by **midnight on March 27th, 2025**. On March 28th, 2025, OSC will generate the 2024 1099 Correction electronic file to submit to the IRS.

Please do not enter any new 1099 zero-dollar correction invoices into NCFS after midnight on March 27th, 2025. It will be the responsibility of each individual state agency to file 1099 corrections via paper form to the IRS if additional corrections are required beyond March 27th, 2025.

If you have any questions regarding NCFS 1099 activities, please contact the OSC Contact Center at (919) 707-0795 or ncfs@ncosc.gov.

Attachment

Memorandum No. NCFS 25-3



Revised Form 1099 Processing Procedures for Calendar Year 2024

Below is the revised timeline and activities for this year's 1099 processing. All information, including any interest paid on tax exempt bonds, should have been recorded throughout the year 2024 by flagging invoices with the appropriate 1099 codes and reviewing the **AP-022 1099 Maintenance Report**. Additionally, each agency should verify all interfaced data is correct in the North Carolina Financial System (NCFS). The end-of-year tasks should consist primarily of a final review of reports for errors and accuracy of data.

OSC will transmit one file for the NCFS agencies' 1099 data to the IRS. Each agency will be reported under its own Federal ID number and is responsible for its data but is not responsible for transmitting the original electronic file. **There should be no direct reporting of original NCFS 1099 data by the agencies to the IRS.** As in the past, any 1099 information that is not maintained within NCFS will be the responsibility of the agency.

As stated in the previous memos, the IRS has reduced the threshold for submitting 1099 changes to the IRS electronically. Agencies will need to record 1099 corrections in NCFS with zero-dollar invoices to update reportable amounts for suppliers beginning February 1, 2025.

The following timeline has been established to process calendar year **2024** 1099 information:

1099 PROCESSING SCHEDULE FOR CALENDAR YEAR 2024	
Jan 1- December 31, 2024	Review 1099 AP-022 1099 Maintenance Report for 1099 flagging or changes.
September 19, 2024	OSC communicated a link to an online form for the agencies to provide 1099 contacts and phone numbers. The phone number listed on the online form will print on the 1099 form for the agency.
December 17, 2024	IRS deadline for submission of Form 8508. Agencies are responsible for filing Form 8508 with the IRS.
December 31, 2024	2024 calendar year reporting cycle ends.
January 29, 2025	Last day to make changes to 1099 data in NCFS prior to OSC generating the 1099 electronic IRS file. All changes should be completed by midnight.
January 1-31, 2025	2024 1099 forms are available for printing in NCFS. Forms must be postmarked to suppliers by January 31 st . AP-39 Printing 1099 Form
January 30, 2025	OSC will submit the electronic 1099 file to the IRS.
January 31, 2025	IRS required deadline date for issuing printed 1099 forms to recipients and filing the IRS electronic file.
February 1, 2025, and forward	Agencies will record 1099 changes in NCFS for 2024 1099s using zero-dollar invoices. AP-41 Zero Dollar Invoices



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March 27, 2025	Last day to enter 1099 corrections with zero-dollar invoices in NCFS. Zero-dollar invoices must be in paid status and accounted for by midnight.
March 28, 2025	2024 1099 correction forms are available for printing in NCFS. OSC will submit the electronic 1099 corrections file to the IRS. <u>AP-42 Printing 1099 Correction Form</u>

For 1099 corrections that occur after March 27, 2025, it is the responsibility of the individual state agencies to file paper 1099 corrections to the IRS. Agencies are responsible for procuring the needed supplies, completing and mailing these corrected 1099 forms. If blank 1099/1096 forms are needed for 1099 corrections that occur after March 27, 2025, these can be ordered from the IRS free of charge or purchased from an office supply store. All 1099 changes must be issued to the IRS on pre-printed scannable 1099 forms and summary 1096 forms.

A Form 8508, *Request for Waiver From Filing Information Returns Electronically*, will also need to be on file with the IRS for paper 1099 corrections. This form is used to request a waiver of the requirement to file electronically. An IRS approved Form 8508 is valid for the requested tax year only. The IRS requires Form 8508 to be submitted 45 days before the due date of the original 1099 returns (e.g., 1099-NEC forms are due January 31, 2025, so Form 8508 would be due December 17, 2024). Agencies will be responsible for filing Form 8508 with the IRS by December 17, 2024. Please check the boxes of all applicable 1099 forms that will be required by the agency for Tax Year 2024. Agencies will not know in December if corrections may be needed after March 31st, as such it is recommended that all agencies submit Form 8508 with the IRS timely.

Non-resident Aliens (Foreign Nationals) are not eligible to receive IRS Form 1099. These transactions receive a 1042-S form which will be provided by OSC to each reporting agency. Please do not flag foreign vendors for 1099 reporting. The IRS Form 1042-S will be issued out of Sprintax Calculus.

Effective January 1, 2011, Section 6050W of the Internal Revenue Code requires a payment settlement entity to report payments made to merchants for goods and services in settlement of payment card and third-party payment network transactions. To avoid duplicate reporting of these transactions, 1099 eligible payments made with a P-Card should not be recorded in NCFS.

North Carolina Department of Revenue (NCDOR) requires the withholding of income tax from certain payments made to nonresident (of the State of NC) individuals and entities. Additionally, NCDOR requires withholding on payments made to contractors that possess an Individual Taxpayer Identification Number (ITIN). For detailed information on this withholding, please reference the NCDOR website <https://www.ncdor.gov>. The state withholding amount from NCFS payments will not be reflected on the IRS 1099 forms that are printed from NCFS.

It is the responsibility of the individual state agencies to report the state withholding on appropriate NC-1099 forms and to file any required 1099 information with NCDOR based on NCDOR requirements. For details regarding when to file any required 1099s to



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NCDOR and directions on reporting state withholding, please see the NCDOR website.
<https://www.ncdor.gov/taxes-forms/withholding-tax>

If there are any additional questions regarding the proper coding within NCFS, please contact the OSC Contact Center at ncfs@ncosc.gov or NCDOR at 1-877-252-3052 for further withholding and reporting directions.