

Vendor Backup Withholding

Handout 4

In vendor maintenance (Financial or ECA), a field called 'Ignore on 1099?' exists to the right of the remit to name and is used to tell the system to ignore the remit to name & address for 1099's only (not vendor checks). Then, any vendor that is required to have backup withholding done will require 2 vendor numbers. One for the amount the vendor is to receive (box '7' for 1099's) and the other for the amount of federal tax withheld that is to be submitted to the IRS (box '4' for 1099's). Both vendor records will have the same name and address (which must match exact for the 1099 merge) but one record will have the IRS's name & address in the remit to name & address so the federal tax check will be made out correctly. Also, the one that is for the IRS will indicate 'Y' to ignore the remit to information so that both amounts, the vendor amount and the federal tax amount will be printed on the vendor's 1099 form.

The 1099-MISC process will recognize the backup withholding and handle the merging accordingly. It is recommended that any user that is notified of a situation like this contact support to make sure everything is setup correctly before making any payments.

