

# 1099 REPORTING AND PROCEDURES



# GENERAL UPDATES

- **TO AVOID CONFUSION, WE SHOULD DO OUR BEST TO REFER TO THE DEED SET FORM WITH TRUE OR FALSE QUESTIONS (THAT MANY OF US REFER TO AS THE 1099) AS THE CERTIFICATION FOR NO INFORMATION REPORTING**
- **WE WILL NO LONGER HAVE SELLERS OF RESIDENTIAL PROPERTIES SIGN A W9 FORM**
- **UNLESS THE SELLER IS A BUILDER – ALL DEED SETS WILL NEED TO BE PREPARED/ SIGNED WITH THE CERTIFICATION FOR NO INFORMATION REPORTING FORM**

**CERTIFICATION FOR NO INFORMATION REPORTING ON THE SALE OR EXCHANGE OF A PRINCIPAL RESIDENCE**

This form may be completed by the seller of a principal residence. This information is necessary to determine whether the sale or exchange should be reported to the seller, and to the Internal Revenue Service on Form 1099-S, *Proceeds From Real Estate Transactions*. If the seller properly completes Parts I and III, and makes a "true" response to assurances (1) through (6) in Part II, no information reporting to the seller or to the Service will be required for that seller. The term "seller" includes each owner of the residence that is sold or exchanged. Thus, if a residence has more than one owner, a real estate reporting person must either obtain a certification from each owner (whether married or not) or file an information return and furnish a payee statement for any owner that does not make the certification.

File No. Jamie

**Part I. Seller Information**

1. Name: Shawn Seller and Sally Seller, husband and wife
2. Address or legal description (including city, state, and ZIP code) of residence being sold or exchanged:  
Palisades, Lot 50, Douglas County  
123 Main Street, Omaha, NE 68114
3. Taxpayer Identification Number (TIN) listed on income tax returns: TIN/SS# \_\_\_\_\_
4. Name as shown on your income tax returns if other than name listed above on #1: \_\_\_\_\_

**Part II. Seller Assurances**

Check "true" or "false" for assurances (1) through (5), and "true", "false", or "not applicable" for assurance (6).

- | True                     | False                    |   |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | (1) I owned and used the residence as my principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence.  |
| <input type="checkbox"/> | <input type="checkbox"/> | (2) I have not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange of the residence.  |
| <input type="checkbox"/> | <input type="checkbox"/> | (3) I (or my spouse or former spouse, if I was married at any time during the period beginning after May 6, 1997, and ending today) have not used any portion of the residence for business or rental purposes by after May 6, 1997.  |
| <input type="checkbox"/> | <input type="checkbox"/> | (4) At least one of the following three statements applies:<br><br>The sale or exchange is of the entire residence for \$250,000.00 or less.<br><br>OR<br>I am married, the sale or exchange is of the entire residence for \$500,000.00 or less, and the gain on the sale or exchange of the entire residence is \$250,000.00 or less.<br><br>OR<br>I am married, the sale or exchange is of the entire residence for \$500,000.00 or less, and (a) I intend to file a joint return for the year of the sale or exchange, (b) my spouse also used the residence as his or her principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence, and (c) my spouse also has not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange of the residence. |
| <input type="checkbox"/> | <input type="checkbox"/> | (5) During the 5-year period ending on the date of the sale or exchange of the residence, I did not acquire the residence in an exchange to which section 1031 of the Internal Revenue Code applied.  |
| <input type="checkbox"/> | <input type="checkbox"/> | (6) If my basis in the residence is determined by reference to the basis in the hands of a person who acquired the residence in an exchange to which section 1031 of the Internal Revenue Code applied, the exchange to which section 1031 applied occurred more than 5 years prior to the date I sold or exchanged the residence.  |

**Part III. Seller Certification**

Under penalties of perjury, I certify that all the above information is true as of the end of the day of the sale or exchange.

Date: \_\_\_\_\_

Shawn Seller

# PROCESS

- **AFTER THE DEED SET IS SIGNED, 1099 RELATED DOCUMENTS WILL NEED TO BE REVIEWED BY THE PROCESSOR**
  - **CAN BE PART OF THE “BUYER PACKET COMPLETE” TASK**
- **BEGINNING 2019 A MONTHLY TAX IDENTIFICATION NUMBER MATCH WILL BE PERFORMED – THIS WILL HELP US CATCH ERRORS TIMELY**

# NEW CONSTRUCTION

- **FOR NEW CONSTRUCTIONS FILES, WHERE THE BUILDER IS THE SELLER, WE SHOULD USE THE NEWLY CREATED “DEED SET BUILDER” FROM THE PRINT LIST**
  - **THIS WILL CONTAIN THE **SUBSTITUTE FORM 1099** INSTEAD OF THE CERTIFICATION OF NO INFORMATION REPORTING**

# CORPORATIONS

- **WE DO NOT HAVE TO GENERATE 1099 INFORMATION TO SEND TO THE IRS FOR TRANSACTIONS WHERE THE SELLER IS A CORPORATION**
- **CORPORATIONS DO NOT NEED TO SIGN THE CERTIFICATION FOR NO INFORMATION REPORTING FORM OR THE SUBSTITUTE 1099 FORM**

# ESTATES

- **IF THE SELLER'S NAME IN CCE IS LISTED AS " SAMPLE NAME, PERSONAL REPRESENTATIVE FOR THE ESTATE OF DECEASED PERSON" THE NAME FOR 1099 REPORTING IN CCE WILL NEED AN OVERRIDE**
  - **IF THE ESTATE HAS A TIN**
    - **MAKE SURE THE ESTATE'S TIN IS WHAT IS ENTERED INTO CCE**
    - **CHECK THE "BUSINESS NAME OVERRIDE" BOX**
    - **ENTER JUST THE NAME OF THE ESTATE IN THE SPACE BELOW**
    - **# 1 ON THE CERTIFICATION FOR NO INFORMATION REPORTING SHOULD BE FALSE**
      - **THE ESTATE CANNOT LIVE THERE**
  - **IF THE TAXES WILL BE FILED UNDER AN INDIVIDUAL**
    - **MAKE SURE THE INDIVIDUAL'S SSN IS WHAT IS ENTERED INTO CCE**
    - **TYPE THAT PERSON'S NAME IN THE "FIRST MI LAST" BOXES IN THE 1099 REPORTING AREA IN CCE**

# TRUSTS

- **IF THE SELLER'S NAME IN CCE IS LISTED AS " SAMPLE NAME, TRUSTEE OF THE SOMEONE'S TRUST" THE NAME FOR 1099 REPORTING IN CCE WILL NEED AN OVERRIDE**
  - **IF THE TRUST HAS A TIN**
    - **MAKE SURE THE TRUST'S TIN IS WHAT IS ENTERED INTO CCE**
    - **CHECK THE "BUSINESS NAME OVERRIDE" BOX**
    - **ENTER JUST THE NAME OF THE TRUST IN THE SPACE BELOW**
    - **# 1 ON THE CERTIFICATION FOR NO INFORMATION REPORTING SHOULD BE FALSE**
      - **THE TRUST CANNOT LIVE THERE**
  - **IF THE TAXES WILL BE FILED UNDER AN INDIVIDUAL**
    - **MAKE SURE THE INDIVIDUAL'S SSN IS WHAT IS ENTERED INTO CCE**
    - **TYPE THAT PERSON'S NAME IN THE "FIRST MI LAST" BOXES IN THE 1099 REPORTING AREA IN CCE**



# WHEN DO WE NEED TO REPORT?

- **A CERTIFICATION FOR NO INFORMATION REPORTING FORM WAS FILLED OUT AND ANY OF THE ANSWERS ARE MARKED FALSE**
- **A SUBSTITUTE 1099 FORM WAS FILLED OUT BY THE SELLER**
  - **THIS FORM STATES THAT WE WILL BE REPORTING THE TRANSACTION TO THE IRS**

# WHAT TO DO IF WE NEED TO REPORT

- **IN THE CCE ORDER ENTRY BOX SELLER TAB**
  - **UNCHECK THE "DO NOT GENERATE" BOX**
  - **MAKE SURE THE SSN OR TIN IN CCE IS WHAT IS FILLED OUT FOR THE NUMBER THEY FILE TAXES UNDER**
    - **CHOOSE FROM THE DROP DOWN MENU THE TYPE OF NUMBER ENTERED**
  - **IF NEEDED - OVERRIDE THE NAME IN CCE TO WHATEVER IS FILLED OUT FOR HOW THE SELLER WILL FILE THEIR TAXES**
    - **EX. IF THEY FILE TAXES FOR THEIR LLC UNDER THEIR PERSONAL NAME OR UNDER ANOTHER COMPANY THAT THEY OWN**
  - **WHEN MAKING CHANGES TO THE NAME OR TAX ID # - ADD A NOTE IN CCE AND/ OR SAVE THE EMAIL OR DOCUMENT THE INFORMATION CAME FROM IN FILESCAN**

# SPLITTING PROCEEDS

- **IF THERE IS AN INSTANCE THAT 1099 INFORMATION NEEDS TO BE REPORTED AND PROCEEDS ARE BEING SPLIT**
  - **CREATE A SECOND SELLER IN THE CCE ORDER ENTRY BOX**
  - **ALLOCATE DESIGNATED PERCENTAGE TO EACH PARTY**
    - **WILL DEFAULT TO 50%**
  - **UNCHECK “DO NOT GENERATE 1099” BOX FOR THE PARTY WE HAVE TO REPORT FOR**
    - **THERE COULD BE A SITUATION WHERE ONLY ONE PARTY HAS PROVIDED A FALSE ANSWER ON THEIR **CERTIFICATION FOR NO INFORMATION REPORTING FORM****

# ALL FILES

- **DOUBLE CHECK THAT THE CORRECT SSN OR TIN IS ENTERED INTO CCE**
- **DOUBLE CHECK THAT THE NAME WE HAVE IS HOW THE SELLER PLANS TO FILE TAXES**

# WHY IS THIS IMPORTANT?

- **IN 2018 WE HAD APPROXIMATELY 200 FILES WITH AN LLC AS THE SELLER MARKED “DO NOT GENERATE 1099” IN CCE**
  - **IT IS VERY UNLIKELY THAT THIS IS CORRECT**
  - **APPROXIMATELY 40 OF THESE FILES DID NOT HAVE A SSN OR TIN ENTERED INTO CCE**
- **FOR EACH TRANSACTION WE INCORRECTLY DO NOT REPORT TO THE IRS, TCN COULD BE FINED \$270 WITH A MAXIMUM OF OVER \$3 MILLION**

# CHEAT SHEET

## When do we need to issue a 1099?

Seller type	Event	Yes or No?
Person LLC Limited Partnership General Partnership Trust Estate	They've each completed a Certification for No Income Reporting on the Sale or Exchange of a Principal Residence and <b>all answers</b> in Part II - Seller Assurances are <b>TRUE</b> or <b>N/A</b>	<b>NO</b>
Person LLC Limited Partnership General Partnership Trust Estate	They've each completed a Certification for No Income Reporting on the Sale or Exchange of a Principal Residence and <b>any answers</b> in Part II - Seller Assurances are <b>FALSE</b>	<b>YES</b>
Person LLC Limited Partnership General Partnership Trust Estate	They have completed a Substitute Form 1099-Seller's Statement	<b>YES</b>
Corporation	Any circumstance	<b>NO</b>