Form 1099-NEC is a requirement for companies for the 2020 tax year to report nonemployee compensation.

SAP Business ByDesign has implemented changes to generate both the Form 1099-MISC and 1099-NEC. This tip sheet provides step-by-step instructions on the setup of the Tax Arrangement for Form 1099-NEC, create the Tax Return, and release and print the Tax Forms and generate the 1099-NEC's Form 1096 submission file.

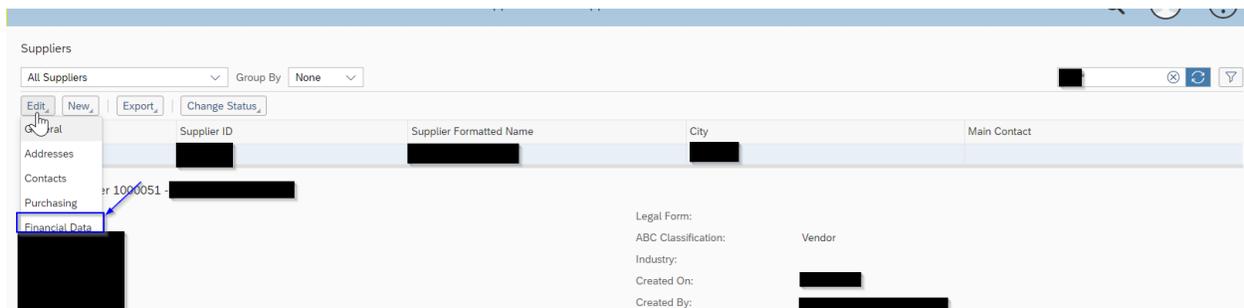**System Assumptions: 1099-MISC is currently setup within the users SAP BYD Tenant.**

Prerequisites:

PA: The withholding tax is setup on all suppliers.

P1A: Navigate to Supplier Base WoC > Suppliers
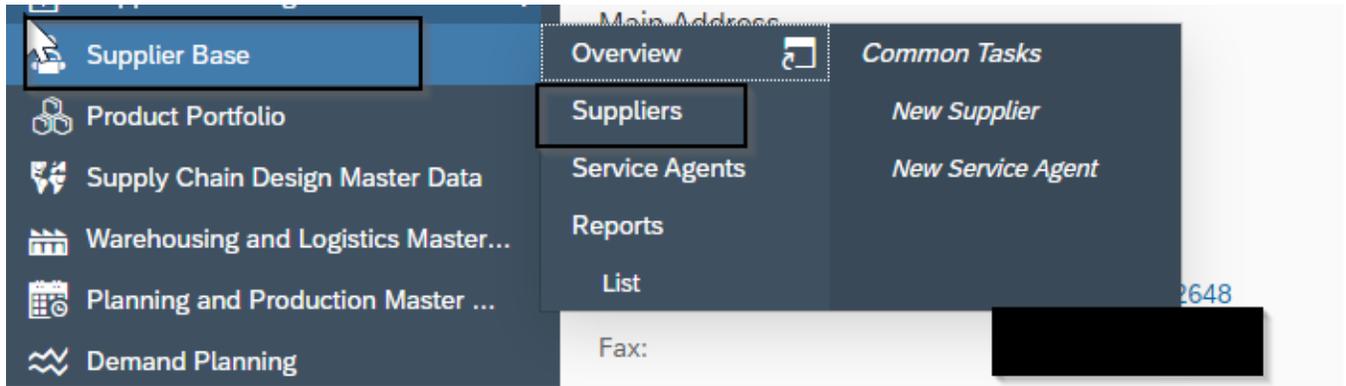
P2A: Choose Desired Supplier > Click Edit > Financial Data

P3A: Navigate to Tax Data tab under Financial Data header tab > Either the 'Employer Identification Number' or 'Social Security' number must be listed under the 'Tax Numbers' section. This is their federal ID number that will be reported on the 1099. This number can be entered with dashes or without.

P4A: Under Withholding Tax Exemptions enter the Country/Region as 'US' > Tax Type = '2-Witholding Tax (1099MISC) > Tax Rate Type = '1-No Backup Withholding' > Withholding Tax Income Type = '7-Nonemployee Compensation.'

*note: The tax rate type will generally be 'No Backup Withholdings' unless a letter from the IRS has been received.
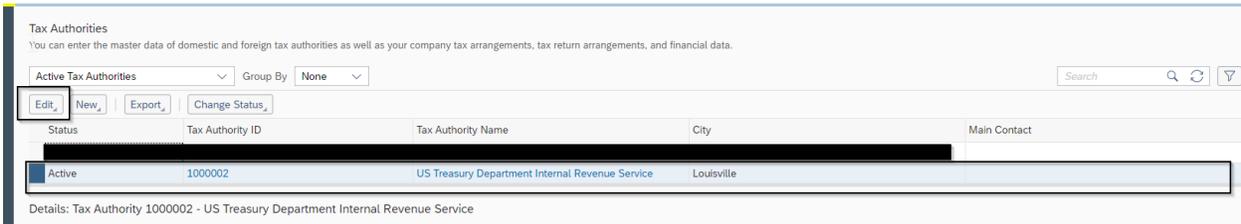

PB: Verify that there is an existing tax authority setup within the tenant for a US tax authority.
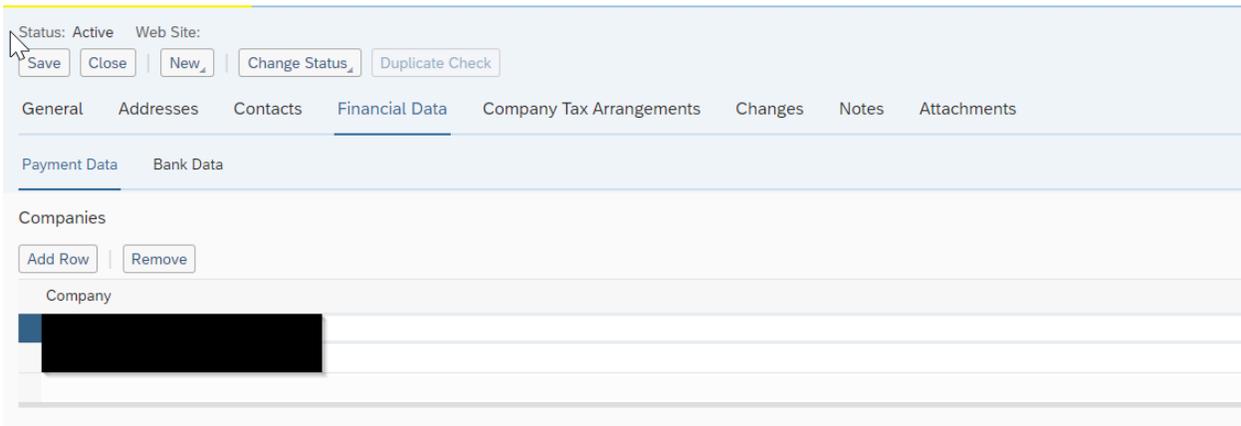
P1B: Navigate to Tax Management WoC > Tax Authorities
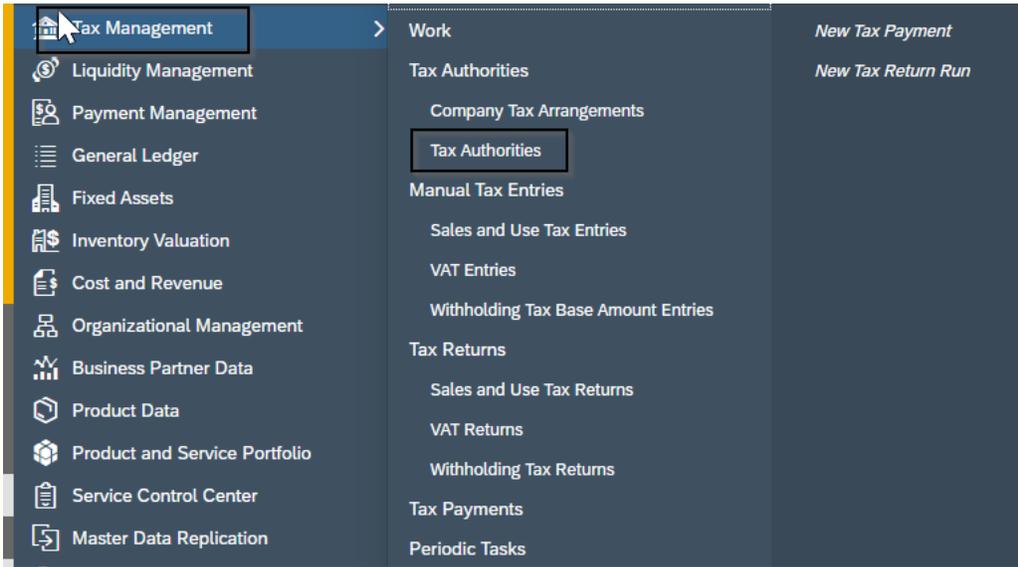
P2B: Highlight US Tax Authority > Edit > Financial Data

P3B: Validate your company(s) are listed under Financial Data

P4B: Navigate to Company Tax Arrangements > Validate the 'Withholding Tax Required' is checked for your company(s)

note: this must be checked in order for SAP BYD to collect the required information for the 1099's.

P5B: Navigate to Tax Number subtab > Verify that the company's tax number is listed

note: this will print on the 1099 form in the format as listed on this screen.

P6B: Navigate to Tax Return Arrangements sub tab > Ensure the 3 Tax Return Arrangement ID's listed below are listed > Ensure there is a Person Responsible assigned as this information will be listed on the file that goes to the IRS.

*note: You are required to have the '1099 File' as SAP does not print the remainder of the forms.

*note: The NEC tax arrangement will create the file that relates to its data, not combined with the 1099MISC. However, all NEC filing data is created at once, rather than with two different tax arrangements.

*note: The person who is assigned as the 'Person Responsible' must have a phone number that is linked to that individual.

*note: If you are already using 1099-MISC, you will only need to add the 1099-NEC.

Overview   Tax Numbers   Tax Return Arrangements   Assigned Business Residences

Add Row | Remove

Tax Return Arrangement ID*	Tax Return Type*	Payment Relevant ⍰	Valid From*	Valid To*	Person Responsible	
1099_NEC_▮	8 - Non Employee Compensation 1099-NEC ⌄	☐	09/01/2019 🗓	Unlimited 🗓	▮	⎘
1099_FORMB_▮	3 - Miscellaneous Income (1099 Misc) - For... ⌄	☐	09/01/2019 🗓	Unlimited 🗓	▮	⎘
1099_FILE_▮	2 - Miscellaneous Income (1099 Misc) - File ⌄	☐	09/01/2019 🗓	Unlimited 🗓	▮	⎘

Details: ▮

Carry Forward: ⍰   ☐   De Minimis Exemption: ⍰   ☐
Electronic Submission: ⍰   ☑   De Minimis Threshold: ⍰   0.00   USD
                                                   Tolerance for Tax Payment   0%

P7B: The settings for each Tax Arrangement ID will be the same

Overview	Tax Numbers	Tax Return Arrangements	Assigned Business Residences

Add Row | Remove

Tax Return Arrangement ID*	Tax Return Type*	Payment Re
1099_NEC_▓	8 - Non Employee Compensation 1099-NEC ⌄	☐
1099_FORMB_▓	3 - Miscellaneous Income (1099 Misc) - For... ⌄	☐
1099_FILE_▓	2 - Miscellaneous Income (1099 Misc) - File ⌄	☐

Details: 1099_FORMB_▓

Carry Forward: ⓘ   ☐
Electronic Submission: ⓘ   ☐
Print Form Required: ⓘ   ☑

Reporting Recurrence

Reporting Recurrence: Yearly ⌄
Recurrence Frequency: ⓘ   [📅]
Recurrence - Month: ⓘ   12
Recurrence - Month/Day: 31   📅

Administrative Data

*note: steps P4B-P7B will need to be repeated for each company on the tenant.

How to: Run a Withholding Tax Return Run for 1099-NEC's

Step 1: Navigate to Tax Management WoC > Withholdings Tax Return Runs
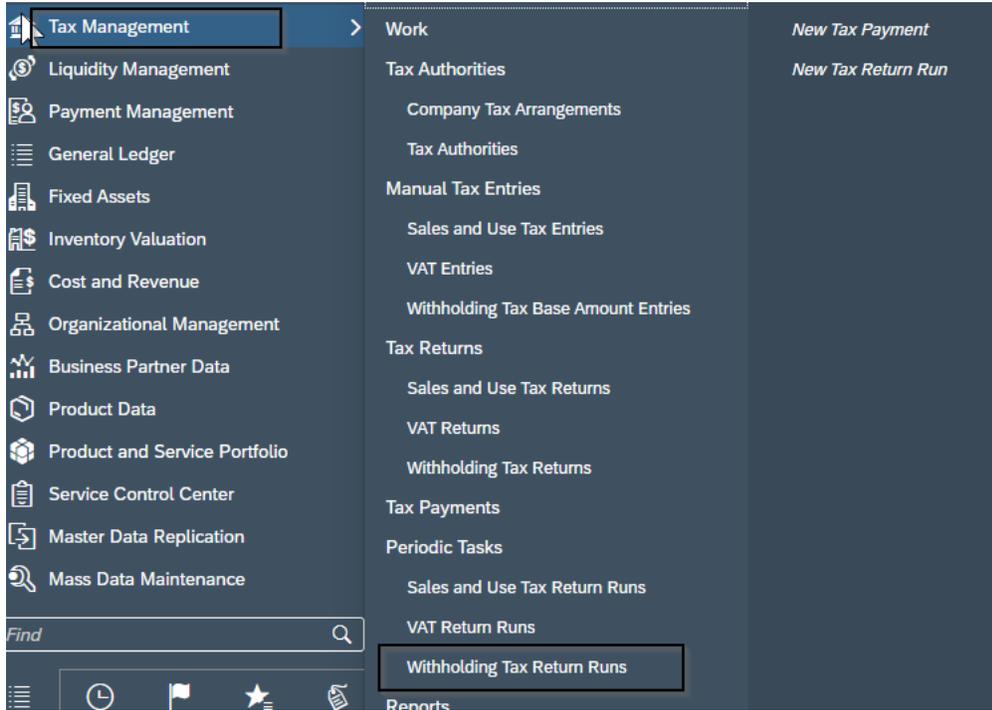
Step 2: Click New > Tax Return Run
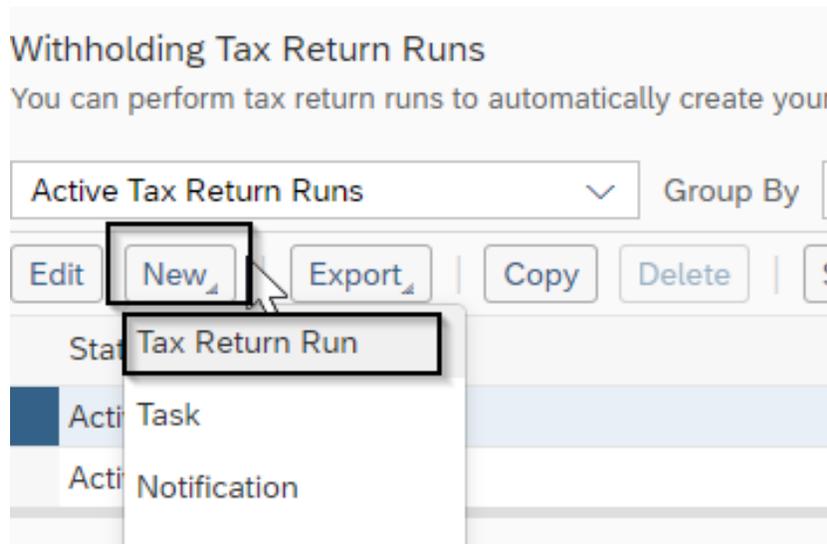
Step 3: Enter Run Description > Click Query Button within 'Tax Return Arrangement ID' box to select the tax return type you are doing.

Step 4: Enter the From and To dates.

*note: this will always be dated January 1 of the tax year to December 31 of the tax year because this is an annual return.

Step 5: Click Set to Active > Click Save and Close

Step 6: This will then create a log with a link to the tax return

Step 6a: You can also get to you tax return by navigating to Tax Management WoC > Withholding Tax Returns

Step 7: All tax returns in preparation will be listed here:

Step 8: The user can drill into the Tax Return ID to obtain more details:

Step 9: Click View All to see all screen details

Step 10: Under the General tab, ensure that the Transmitter Control Code that is received from the IRS is populated, as the file will not create without this TCC.

Step 11: Navigate to Tax Return Tab to review the data.

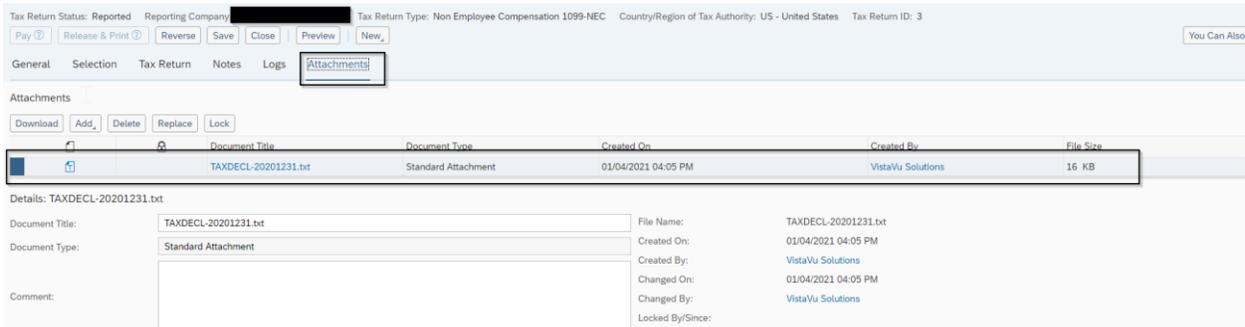**Step 12: Click Preview to see the 1099 NEC that can be printed.**
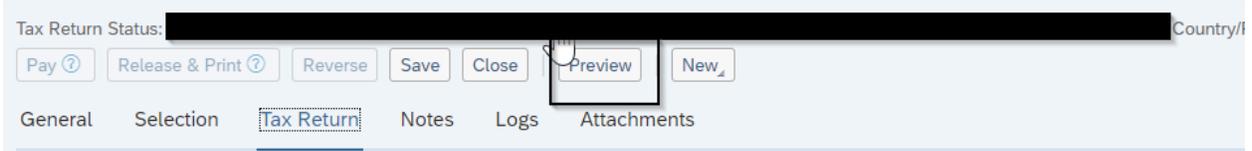
Step 13: Click Release and Print
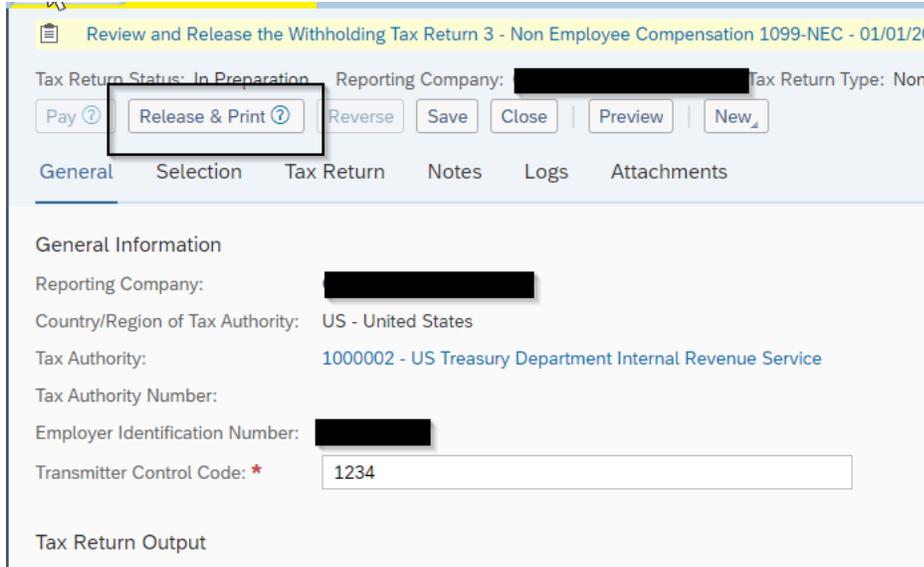
Step 14: Navigate to the Attachments Tab > The attachment created is listed.

*note: Once you click Release & Print, the form pdf goes to Manual Print Task (unless the user is assigned to a Print Queue) and the file is under Attachments in the Tax Return.

Expected result: User was able to run a Withholding Tax Return Run and print.