

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.

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P1A: Navigate to Supplier Base WoC > Suppliers

	Main Addroce	
Supplier Base	Overview 🛃	Common Tasks
🖧 Product Portfolio	Suppliers	New Supplier
👯 Supply Chain Design Master Data	Service Agents	New Service Agent
Harehousing and Logistics Master	Reports	
Planning and Production Master	List	2648
🗱 Demand Planning	Fax:	

P2A: Choose Desired Supplier > Click Edit > Financial Data

Suppliers						
All Suppliers	→ Group By None →					807
Edit _a New _a	Export_ Change Status_					
G mral	Supplier ID	Supplier Formatted Name	City		Main Contact	
Addresses						
Contacts	v 1000051					
Purchasing	11000031-		1			
Financial Data			Legal Form:			
			ABC Classification:	Vendor		
			Industry:			
			Created On:			
			Created By:			





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.

Tax Numbers				
Add Row Remove				
Country/Region *		Tax Number Type *	Tax Number*	
US - United States	~	×	123456789	
		Employer Identification Number		
T. F		Payer Name Control		
Tax Exemptions		Social Security Number		
Add Row Remove		State Business License Number		
Country/Region *	State	State Sales and Use Tax Registration Number		Tax Exemption Reason*

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.

Withholding Tax Classifications					
Add Row Remove					
Country/Region* ≜	Тах Туре *	Tax Rate Type *	Start Date 🔺	End Date	Default
US - United States V	2 - Withholding Tax (1099MISC)	1 - No backup withholding \sim			
Details					
Tax Exemption Reason:	V	Withholding Tax Income Type:	7 - Nonemployee Compensation	~	

PB: Verify that there is an existing tax authority setup within the tenant for a US tax authority.









P2B: Highlight US Tax Authority > Edit > Financial Data

Tax Authorities You can enter the master data of o	domestic and foreign tax authorities as well as your	company tax arrangements, tax return arrangements, and fina	ancial data.		
Active Tax Authorities	✓ Group By None ✓			Search Q	C 7
Edit New Export	Change Status,				
Status	Tax Authority ID	Tax Authority Name	City	Main Contact	
Active	1000002	US Treasury Department Internal Revenue Service	Louisville		
Details: Tax Authority 10000	02 - US Treasury Department Internal Reve	enue Service			

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

Status: Activ Save Cl	ve Web Site: lose New ₄	Change St	atus, Duplicate C	heck				
General	Addresses	Contacts	Financial Data	Company Tax Arrangements	Changes	Notes	Attachments	
Payment Da	ata Bank Data	а						
Companies	5							
Add Row	Remove							
Compan	ıy							





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.

Save Close New, Change Status, Duplicate Check	•				G
General Addresses Contacts Financial Data Company	Tax Arrangements Changes Notes	Attachments			
Add Row Remove	_				
Company*	Valid From*	Valid To*		Withholding Tax Required ⑦	
		Juniimited	10		
8	6	Juniimited	I	2	

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.

General Addresses Contacts Financial Data Compan	Tax Arrangements Changes Notes	Attachments	
Add Row Remove			
Company*	Valid From*	Valid To*	Withholding Tax Required (?)
d		Unlimited 14	V
	14	Unlimited	V
Overview Tax Numbers Tax Return Arrangements Assign	d Business Residences		
Add Row Remove			
Tax Number Type*		Tax Number*	
2 - Employer Identification Number		~ 2	



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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.

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Overview Tax Numbers	Tax Return Arrangements	s Assigned Business Residences								
Add Row Remove										
Tax Return Arrangement ID	Tax Ref	turn Type*	Pa	yment Relevant 🕜	Valid From*		Valid To*	Person Re	sponsible	
1099_NEC_	8 - No	n Employee Compensation 1099-NEC	\vee		09/01/2019	14	Unlimited	14		C
1099_FORMB_	3 - Mis	scellaneous Income (1099 Misc) - For	~		09/01/2019	14	Unlimited	14		C
1099_FILE_	2 - Mis	scellaneous Income (1099 Misc) - File	\checkmark		09/01/2019	14	Unlimited	14		C
Details:										
Come Forward @				De Minimis Exem	nption: ⑦					
Carry Forward: (7)				De Minimis Three	shold: 🕜		0.00 USD			
Electronic Submission: (7)				Tolerance for Tax	Payment	0%				





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

Add Row Remove			
Tax Return Arrangement II	D*	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: ⑦			
Electronic Submission: 🕥			
Print Form Required: ⑦	\checkmark		
Reporting Recurrence			
Reporting Recurrence Reporting Recurrence:	Yearly	~	
Reporting Recurrence Reporting Recurrence: Recurrence Frequency: ⑦	Yearly		
Reporting Recurrence Reporting Recurrence: Recurrence Frequency: ⑦ Recurrence - Month: ⑦	Yearly		

*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

Tax Management	>	Work	New Tax Payment
Liquidity Management		Tax Authorities	New Tax Return Run
Payment Management		Company Tax Arrangements	
📃 General Ledger		Tax Authorities	
Fixed Assets		Manual Tax Entries	
1 Inventory Valuation		Sales and Use Tax Entries	
Scost and Revenue		VAT Entries	
品 Organizational Management		Withholding Tax Base Amount Entries	
 Business Partner Data		Tax Returns	
Product Data		Sales and Use Tax Returns	
Product and Service Portfolio	o	VAT Returns	
Service Control Center		Withholding Tax Returns	
S Master Data Replication		Tax Payments	
아 Mass Data Maintenance		Periodic Tasks	
		Sales and Use Tax Return Runs	
Find	Q	VAT Return Runs	
		Withholding Tax Return Runs	
		Reports	

Step 2: Click New > Tax Return Run

Withholding Tax Return Runs

You can perform tax return runs to automatically create your







Step 3: Enter Run Description > Click Query Button within 'Tax Return Arrangement ID' box to select the tax return type you are doing.

	New Tax Return Run 😣
Save and Close Save Close	se Schedule Set to Active
You can save and activate a new ta:	x return run. You can only schedule a tax return run that has been activated. You have two run options: normal or correction run.
General Data	
Status:	1 - In Preparation
Run ID:	
Run Description:	2020 NEC
Control Parameter	
Correction Run: (2)	
Aggregation Run: (7)	
Selection Criteria	
Tax Return Arrangement ID: *	<u> 日本 </u>
From: 🕜 *	
To: 🕥 *	
Tax Return Details	
Reporting Company:	
Tax Return Type:	
Country/Region of Tax Authority:	
State:	
Tax Return Recurrence:	







*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.

Save and Close Save Clo	ose Schedule Set to Active
You can save and activate a new ta	ax return run. You can only schedule a tax return run that has been activated. You have two run options: normal or correction ru
General Data	
Status:	1 - In Preparation
Run ID:	
Run Description:	2020 NEC
Control Parameter	
Correction Run: ⑦	
Combined Federal/State Filter:	
Aggregation Run: ⑦	
Selection Criteria	
Tax Return Arrangement ID: *	1099_NEC_
From: ⑦ *	01/01/2020
To: 🕜 *	12/31/2020

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

Save and Close Save Clo	se Schedule Set to Active	
You can save and activate a new ta	x return run. You can only schedule a tax return run that has been acti	vated. You have two r
General Data		
Status:	1 - In Preparation	
Run ID:		
Run Description:	2020 NEC	
Cantral Damastar		
Control Parameter		
Correction Run: ⑦		
Combined Federal/State Filter:		
Aggregation Run: 🕜		





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

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Withholding Tax I You can perform tax	Return Runs return runs to automatically create	your withholding tax returns.						
Active Tax Return	Runs 🗸 Group	By None	\sim				Search	9 C 9
Edit New_	Export_ Copy Delete	Schedule View Jobs Action	IS ₄					
Status	Run ID	Run Description	Reporting C	ompany ID	Created By	Created On	From	То
Active								
Active	6	2020 NEC			Katherine Alford (K9Z44RR56GZ)	01/04/2021 09:00 AM	01/01/2020	12/31/2020
Active								
Details: Withhold	ing Tax Return Run 6 2020 N	EC DMT						
Tax Authority:	1000002 - 05 176	easury Department Internal Revenue S	ervice	\mathbf{X}				
Tax Return Type:	Non Employee C	ompensation 1099-NEC						
Lint 7 Days' Logs	~					1		Э
Status	Application Log ID	Created On 👻	Created By	Overall S	N. Tax Return ID	Errors	Warnings	Information
Finished					1			1.0

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

🟦 Tax Management	Work	New Tax Payment
Liquidity Management	Tax Authorities	New Tax Return Run
😰 Payment Management	Company Tax Arrangements	
📃 General Ledger	Tax Authorities	
Fixed Assets	Manual Tax Entries	
🕂 Inventory Valuation	Sales and Use Tax Entries	
Es Cost and Revenue	VAT Entries	
品 Organizational Management	Withholding Tax Base Amount Entries	
💥 Business Partner Data	Tax Returns	
Product Data	Sales and Use Tax Returns	
Product and Service Portfolio	VAT Returns	
Service Control Center	Withholding Tax Returns	
도 Master Data Replication	Tax Payments	
	Periodic Tasks	
🔍 Mass Data Maintenance	Sales and Use Tax Return Runs	
Find Q	VAT Return Runs	
	Withholding Tax Return Runs	
	Reports	





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

	Tax Management - Withholding Tax Returns								
Withholding Tax Returns You can monitor your withholding	tax returns created by the withholding tax return r	uns, release them, and if necessary trigger	r tax payments.				0.015		
View New Preview	Export Delete Release () Pay	⑦ Reverse Actions_							
Tax Return Status	Tax Return ID	Country/Region of Tax Authority	From	То	Tax Return Category (?)	Reporting Company ID			
			No records found						

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

Withholding Tax Returns You can monitor your withholding tax returns created by the withholding tax return runs, release them, and if necessary trigger tax payments.									
All Tax Returns V Group By None V									
View New_ Preview Export_ Delete Release & Print (2) Pay (2) Reverse Actions_									
Tax Return Status Tax Return ID	Country/Region of Tax A	uthority From	То	Tax Return Category 🕐	Reporting Company ID				
1	US - United States	01/01/2020	12/31/2020	Normal					

Step 9: Click View All to see all screen details

Tax Return Status:	eporting Company: Tax Authority:	Tax Return Type: N	on Employee Compensation 1099-NEC	View All
General Information		Technical Information		
Country/Region of Tax Authority:	US - United States	Created On:	01/01/2021 02:35 PM CST	
From:	01/01/2020	Created By:	Katherine Alford (K9Z44RR56GZ)	
To:	12/31/2020	Changed On:	01/04/2021 09:05 AM CST	
Send Date:	01/01/2021	Changed By:	Katherine Alford (K9Z44RR56GZ)	
Reporting Company:		Run ID:	5	
Tax Authority:				
Employer Identification Number:				
Tax Return Output				





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.

General	Selection	Tax Return	Notes	Logs	Attachment	S			
General In	formation								
Reporting C	ompany:								
Country/Reg	gion of Tax Author	ity: US - Unite	d States						
Tax Authority	y:								
Tax Authorit	y Number:								
Employer Id	entification Num	oer:							
Transmitter	Control Code:			-					
🖹 Revi	ew and Release ti	ne Withholding Ta	x Return 3 -	Non Emplo	ovee Compensat	ion 1099-NEC - 0	1/01/2020 - 12/31/:	2020 Prior	ity: High
Tax Return Pay ⑦	Status: In Prepar Release & Print	ation Reportin	g Company Save	Close	Preview N	Tax Return Typ ew∡	e: Non Employee (Compensation 1099-NEC	Countr
General	Selection	Tax Return	Notes	Logs	Attachments				
General I	nformation								Status
Reporting	Company:								Tax Re
Country/Re	egion of Tax Autho	rity: US - Unite	d States						Payme
Tax Author	ity:	1000002 -	US Treasury	Departme	nt Internal Reve	nue Service			
Tax Author	ity Number:								
Employer I	dentification Num	ber:					-		
Transmitte	r Control Code: *	1234							
Tax Retur	n Output								Execu
Electronic	Submission:	\checkmark							Send D
Print Form	Required:	\checkmark							Posting
Run Infor	mation								Tax Re
Created O		01/04/202	1.04-00 DM						Tatal D

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

Tax Return Status: Reporting Company: Pay ⑦ Release & Print ⑦ Reverse Save Close	Tax Return Type: Non Employee Compensation se New_a	1099-NEC Country/Region of Tax Authority: US - United	States Tax Return ID: 1	You Can Also
General Selection Tax Return Notes L	.ogs Attachments			
Export_ Details				
Supplier ID	Supplier	Supplier TIN	Amount Type	Tax Base Amount / Tax Amoun
			1-NEC - Nonemployee Compensation	
			04 - Federal Income Tax Withheld	0.00 USE



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Step 12: Click Preview to see the 1099 NEC that can be printed.

Tax Return	Status:							Country/F
Pay	Release & Print	t ⑦ Reverse	Save	Close	Preview	New		
General	Selection	Tax Return	Notes	Logs	Attachme	nts		

Step 13: Click Release and Print

Review and Release the With	holding Tax Return 3 - Non Employee Compensation 1099-NEC - 01/01/20
Tax Return Status: In Preparation Pay ⑦ Release & Print ⑦ General Selection	Reporting Company: Tax Return Type: Non Reverse Save Close Preview New_ Return Notes Logs Attachments
General Information	
Reporting Company:	
Country/Region of Tax Authority:	US - United States
Tax Authority:	1000002 - US Treasury Department Internal Revenue Service
Tax Authority Number:	
Employer Identification Number:	
Transmitter Control Code: *	1234
Tax Return Output	

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.

Tax Return Status: Reported Rej Pay ⑦ Release & Print ⑦ General Selection	Norting Company Tax Return Reverse Save Close Preview New_ Return Notes Logs Attachments Attachments	m Type: Non Employee Compensation 1099-N	EC Country/Region of Tax Authority: US - U	nited States Tax Return ID: 3	Yo	xu Can Also
Attachments						
Download Add Delete	Replace Lock					
	Document Title	Document Type	Created On	Created By	File Size	
a	TAXDECL-20201231.txt	Standard Attachment	01/04/2021 04:05 PM	VistaVu Solutions	16 KB	
Details: TAXDECL-20201231.tx	t					
Document Title:	TAXDECL-20201231.txt		File Name:	TAXDECL-20201231.txt		
Document Type:	Standard Attachment		Created On:	01/04/2021 04:05 PM		
,,			Created By:	VistaVu Solutions		
			Changed On:	01/04/2021 04:05 PM		
Comment:			Changed By:	VistaVu Solutions		
			Locked By/Since:			

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



