

## Restricted Accounting: 1099 Procedures

*Restricted Accounting complies with the Administrative Rules of Austin Community College, as well as procedures established by the Controller's office and various OMB Circulars.*

*How are 1099 requirements identified for grants and contracts?*

- No payments are approved from the following budget object codes unless a W-9 form has also been received:
  - 6518 Consultants
  - 6519 Honorarium
- All payments made from the following budget object codes are scrutinized. Per guidelines received 4/26/06 from the Controller's office, Restricted Accounting will notify the Purchasing and/or Accounts Payable department when a particular voucher or payment should be flagged for 1099 eligibility.

6471 Non-staff travel: All non-ACC employees who are being reimbursed from a grant for travel expenses are subject to receiving a 1099, and will be flagged as such.

6580 Grant Participant Support: Payments made to individuals are scrutinized on a case by case basis. If the purpose of the payment meets the IRS definition of a scholarship per Publication 515 (tuition, books, fees, supplies, or equipment), the individual payment is not flagged for a 1099. If, however, the individual payment does not meet the IRS criteria to be considered a scholarship, it is flagged for 1099 eligibility.

6598 Current Year Scholarships: Payments made to individuals are scrutinized on a case by case basis. If the purpose of the payment meets the IRS definition of a scholarship per Publication 515 (tuition, books, fees, supplies, or equipment), the individual payment is not flagged for a 1099. If, however, the individual payment does not meet the IRS criteria to be considered a scholarship, it is flagged for 1099 eligibility.

*How is it determined which individuals must be paid through payroll?*

- Any individual who is an ACC employee must be paid through established payroll systems for services rendered.
- Students receiving paid internships will be paid through the payroll system, and the appropriate withholding performed by the Human Resources department, since paid internships do not meet the criteria to be considered scholarships.
- Mentors who are ACC employees will be paid through payroll. However, mentors who are not ACC employees will be paid through object code 6519 (Honorarium), using the procedures established above.