

MEMORANDUM

TO: All Business Managers and VISION End Users
FROM: Adam Greshin, Commissioner of Finance & Management
DATE: June 3, 2020
RE: COVID-19 Economic Relief Payments – 1099-G Reporting Requirements

Payments made to individuals and businesses to provide economic relief in relation to the COVID-19 pandemic may be reportable to the individual or business on a 1099-G as a taxable grant. When the State makes these payments directly to the recipients, the State is responsible for reporting the payments to the recipient and to the IRS.

This document outlines the payment reporting requirements for economic relief payments issued through VISION and the process departments must follow to ensure accurate reporting both to the recipient and to the IRS.

Process for Reporting Payments on 1099-G Form

The Department of Finance and Management will distribute 1099-G forms to payment recipients and the IRS at the end of the calendar year for all payments made that are coded as 1099-G reportable in VISION.

Department Responsibilities - Initiating New Payments

Departments must review the reporting requirements set forth in this guidance prior to initiating any economic relief payments in VISION to determine whether the payment must be reported or not. If it is determined that the payment is required to be reported as a taxable grant on a 1099-G form, the department must code each voucher invoice line in VISION with the 1099-G type and class 06. If the supplier is not an existing supplier or the 1099-G type is not available on the voucher for an existing supplier, the department must initiate a supplier add or update request to include 1099-G reporting before the voucher can be entered.

Steps to be taken by department:

- Review the General 1099-G Reporting Requirements section below to determine whether the payment is required to be reported on a 1099-G as a taxable grant. Questions

regarding reporting requirements may be directed to Ruthellen Doyon at Ruthellen.doyon@vermont.gov or 828-0675.

- If a new supplier is needed – submit a Supplier Add Request Form in VISION.
 - Indicate “Priority” = Urgent or Critical
 - Indicate in the “Request Reason” field: “Economic relief payment – 1099-G reporting needed.”
 - Refer to “Supplier Add Request Form Guide” under Forms at <https://finance.vermont.gov/vision-module-support/accounts-payable> for general guidance on submitting the form.
 - If there is a large volume of suppliers that need to be added for economic relief payments, please contact VISION.SupplierRequests@vermont.gov for a determination of possible options other than the Supplier Add Request Form in VISION.
- If an existing supplier needs to be updated to include 1099-G reporting – submit a Supplier Update Request Form in VISION.
 - Indicate “Priority” = Urgent or Critical
 - Indicate in the “Request Reason” field: “Economic relief payment – 1099-G reporting needed.”
 - Refer to “Supplier Update Request Form Guide” under Forms at <https://finance.vermont.gov/vision-module-support/accounts-payable> for general guidance on submitting the form.
 - If there is a large volume of suppliers that need to be updated for economic relief payments and 1099-G reporting, please contact VISION.SupplierRequests@vermont.gov for a determination of possible options other than the Supplier Update Request Form.
- Code each invoice line of the voucher with 1099-G type and class 06.
 - Follow Exercise 2 on page 80 of the Accounts Payable Manual at <https://finance.vermont.gov/vision-module-support/accounts-payable> with the following exceptions:
 - During Step 12 - under Withholding Details – “Type” must be “1099-G” – update if needed.
 - During Step 12 - On the Withholding Information page under Withholding Details – “Class” must be “06” – update if needed.

Department Responsibilities – Payments Already Issued

Departments may have already issued payments that are required to be reported on a 1099-G, prior to this guidance being available.

Departments must review the reporting requirements set forth in the General 1099-G Reporting Requirements section below along with all economic relief payments already issued to determine if any of the payments must be reported on a 1099-G form. Questions regarding reporting

requirements may be directed to Ruthellen Doyon at Ruthellen.doyon@vermont.gov or 828-0675.

If it is determined that payments already issued are required to be reported on a 1099-G form as a taxable grant, supplier and payment information must be provided to the Department of Finance and Management to ensure accurate reporting at the end of the year. The Department of Finance and Management will make the needed adjustments to the payment data in VISION in order to report the payments.

Information to be provided to the Department of Finance and Management in spreadsheet form:

- Accounts Payable Business Unit
- Supplier ID
- Supplier Name
- Voucher ID
- Invoice ID
- Invoice Date
- Amount reportable on 1099-G
- Payment reference number
- Payment date
- Description of what the payment is

Email spreadsheet to Ruthellen.doyon@vermont.gov no later than 8/1/2020.

General 1099-G Reporting Requirements:

Reporting requirements are different based on the tax classification of the recipient.

In general, all economic relief payments to for-profit, non-incorporated businesses are reportable as taxable grants unless the federal grant program specifically indicates that the grant is to be excluded from income.

Note: There is no language in the CARES Act that allows for economic relief payments made from the Coronavirus Relief Fund (CRF) to be excluded from income.

Individuals

Reportable:

- Unemployment Compensation (Department of Labor only – 1099-G, class 01 – not in VISION)
- Other economic relief payments not listed below under Not Reportable (1099-G, class 06)

Not Reportable:

- General welfare payments under legislatively established social benefit programs
- Payments in connection to qualified disaster to promote general welfare

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- Reimbursement or payment of reasonable and necessary expenses incurred due to qualified disaster
- Federal grant program specifically indicates grant is to be excluded from income

Businesses – Partnerships

Reportable:

- Grant payments for lost profits or business income (1099-G, class 06)
- Economic payments in connection to a qualified disaster (1099-G, class 06)
- Other economic relief payments not listed below under Not Reportable (1099-G, class 06)

Not Reportable:

- Federal grant program specifically indicates grant is to be excluded from income

Businesses – Sole Proprietors

Reportable:

- Grant payments for lost profits or business income (1099-G, class 06)
- Economic payments in connection to a qualified disaster (1099-G, class 06)
- Other economic relief payments not listed below under Not Reportable (1099-G, class 06)

Not Reportable:

- Federal grant program specifically indicates grant is to be excluded from income

Businesses – Corporations

Reportable:

- None

Not Reportable

- All Payments

Businesses – Non-Profit

Reportable

- None

Not Reportable

- All Payments

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