

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

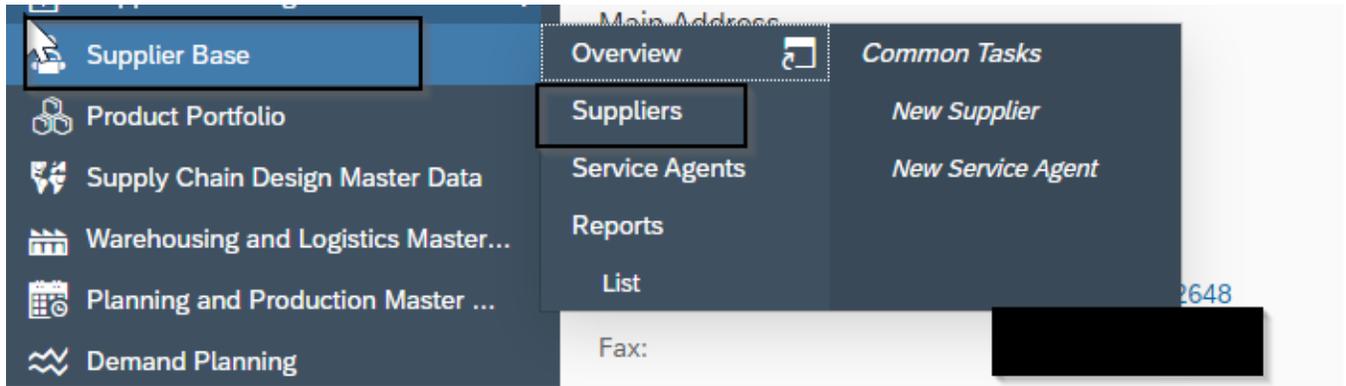
SAP Business ByDesign has implemented changes to generate both the Form 1099-MISC and 1099-NEC. This tip sheet provides step-by-step instructions on the setup of the Tax Arrangement for Form 1099-NEC, create the Tax Return, and release and print the Tax Forms and generate the 1099-NEC's Form 1096 submission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

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

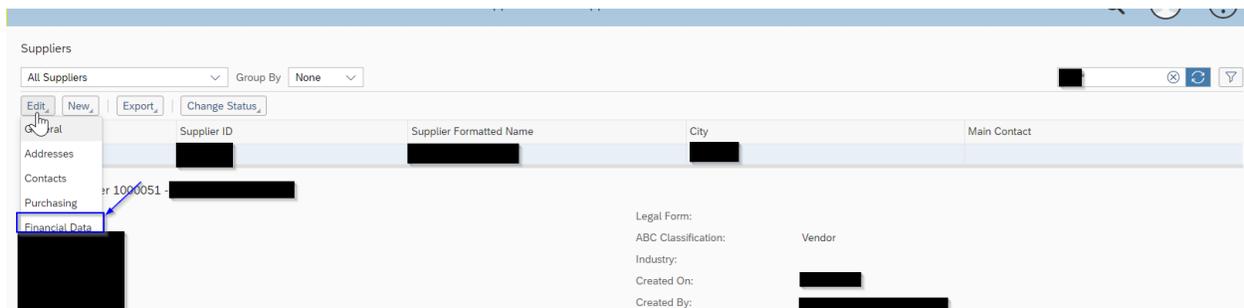
Prerequisites:

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.

Country/Region*	Tax Number Type*	Tax Number*
US - United States	Employer Identification Number	123456789

P4A: Under Withholding Tax Exemptions enter the Country/Region as ‘US’ > Tax Type = ‘2-Withholding 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.

Country/Region*	Tax Type*	Tax Rate Type*	Start Date	End Date	Default
US - United States	2 - Withholding Tax (1099MISC)	1 - No backup withholding			

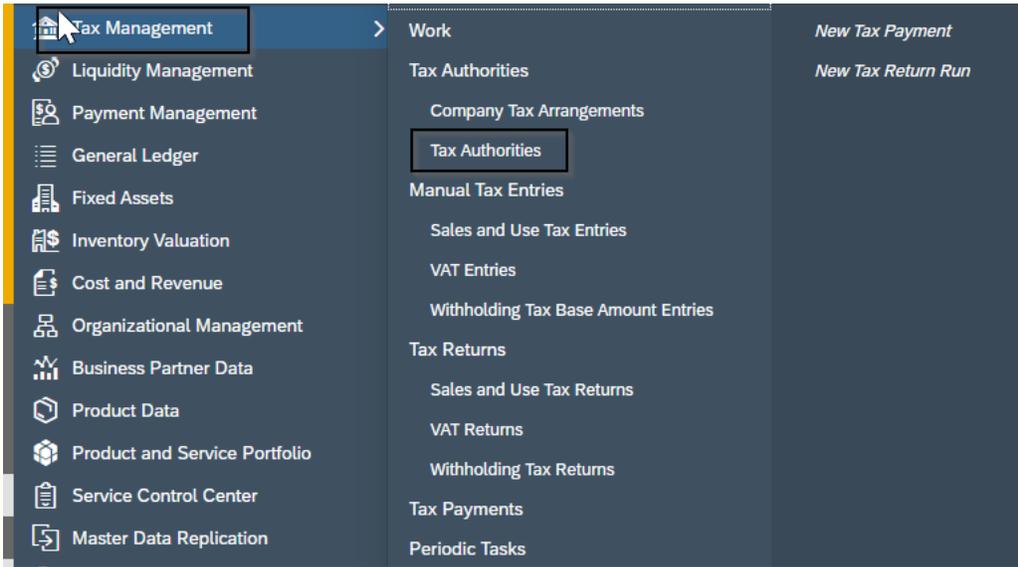
Details

Tax Exemption Reason:

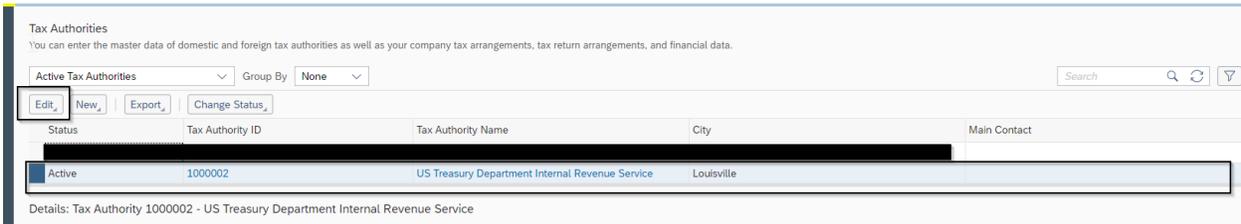
Withholding Tax Income Type:

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

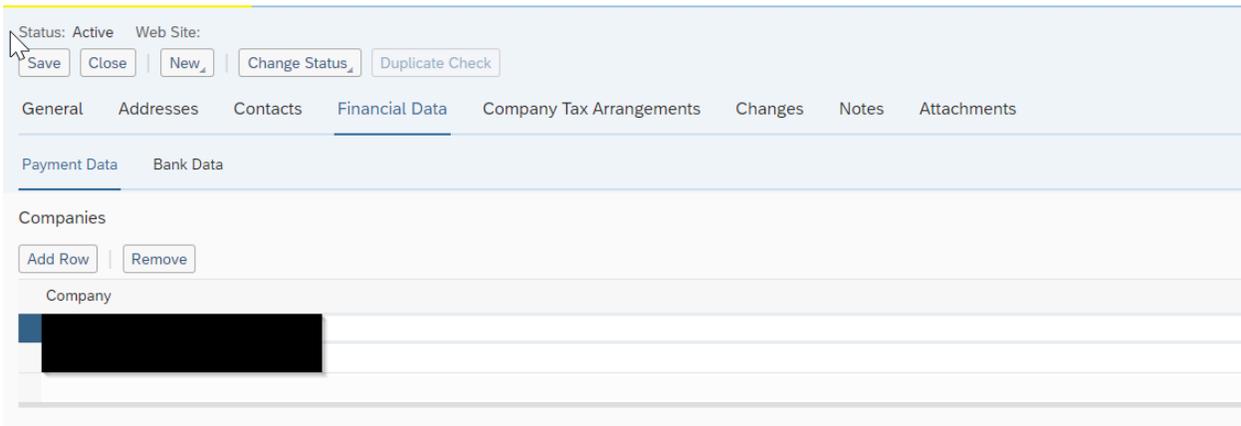
P1B: Navigate to Tax Management WoC > Tax Authorities



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.**

Company Tax Arrangements

Company*	Valid From*	Valid To*	Withholding Tax Required ?
[Redacted]	[Redacted]	Unlimited	<input checked="" type="checkbox"/>
[Redacted]	[Redacted]	Unlimited	<input checked="" type="checkbox"/>

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.**

Tax Numbers

Tax Number Type*	Tax Number*
2 - Employer Identification Number	[Redacted]

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_ [REDACTED]	8 - Non Employee Compensation 1099-NEC	<input type="checkbox"/>	09/01/2019	Unlimited	[REDACTED]
1099_FORMB_ [REDACTED]	3 - Miscellaneous Income (1099 Misc) - For...	<input type="checkbox"/>	09/01/2019	Unlimited	[REDACTED]
1099_FILE_ [REDACTED]	2 - Miscellaneous Income (1099 Misc) - File	<input type="checkbox"/>	09/01/2019	Unlimited	[REDACTED]

Details: [REDACTED]

Carry Forward:

Electronic Submission:

De Minimis Exemption:

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_ [REDACTED]	8 - Non Employee Compensation 1099-NEC ▾	<input type="checkbox"/>
1099_FORMB_ [REDACTED]	3 - Miscellaneous Income (1099 Misc) - For... ▾	<input type="checkbox"/>
1099_FILE_ [REDACTED]	2 - Miscellaneous Income (1099 Misc) - File ▾	<input type="checkbox"/>

Details: 1099_FORMB_ [REDACTED]

Carry Forward: [?](#)

Electronic Submission: [?](#)

Print Form Required: [?](#)

Reporting Recurrence

Reporting Recurrence: Yearly ▾

Recurrence Frequency:

Recurrence - Month:

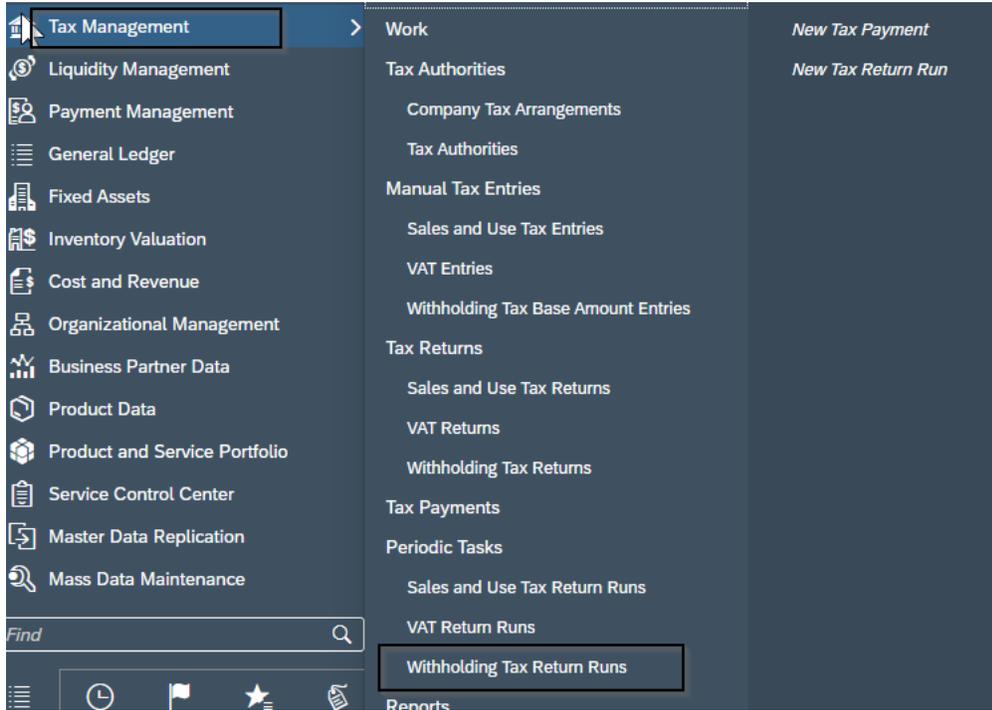
Recurrence - Month/Day:

Administrative Data

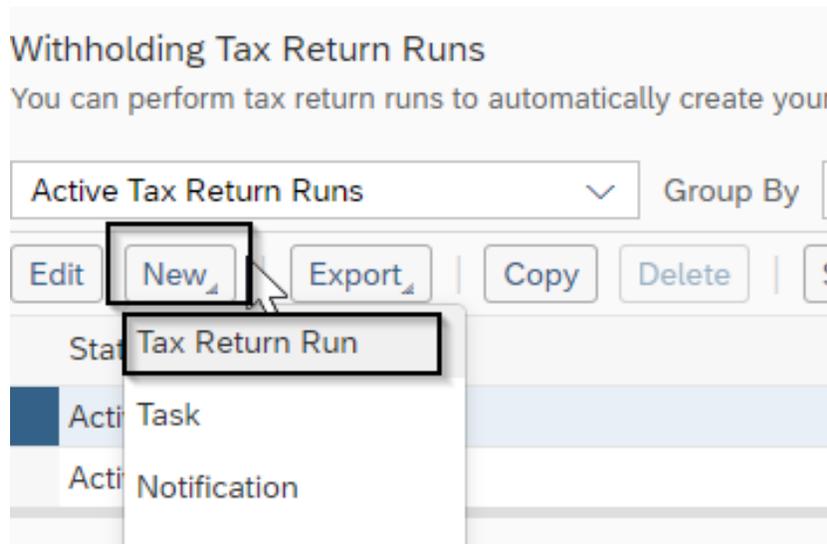
***note: steps P4B-P7B will need to be repeated for each company on the tenant.**

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.

New Tax Return Run ✕

Save and Close | Save | Close | Schedule | Set to Active

You can save and activate a new tax 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:

Control Parameter

Correction Run:

Aggregation Run:

Selection Criteria

Tax Return Arrangement ID: *

From:

To:

Tax Return Details

Reporting Company:

Tax Return Type:

Country/Region of Tax Authority:

State:

Tax Authority:

Tax Return Recurrence:

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.**

The screenshot shows the SAP tax return setup interface. At the top, there are buttons for 'Save and Close', 'Save', 'Close', 'Schedule', and 'Set to Active'. Below the buttons is a descriptive text: 'You can save and activate a new tax return run. You can only schedule a tax return run that has been activated. You have two run options: normal or correction r'. The form is divided into sections: 'General Data' with fields for 'Status' (1 - In Preparation), 'Run ID', and 'Run Description' (2020 NEC); 'Control Parameter' with checkboxes for 'Correction Run', 'Combined Federal/State Filter', and 'Aggregation Run'; and 'Selection Criteria' with a 'Tax Return Arrangement ID' field (1099_NEC) and 'From' (01/01/2020) and 'To' (12/31/2020) date pickers. The date pickers are highlighted with a red box.

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

This screenshot is identical to the previous one, but with a red box highlighting the 'Set to Active' button in the top navigation bar. A mouse cursor is shown clicking on the 'Set to Active' button. The rest of the form content remains the same.

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

Withholding Tax Return Runs
You can perform tax return runs to automatically create your withholding tax returns.

Active Tax Return Runs Group By: None Search

Edit New Export Copy Delete Schedule View Jobs Actions

Status	Run ID	Run Description	Reporting Company ID	Created By	Created On	From	To
Active							
Active	6	2020 NEC		Katherine Alford (K9Z44RR56GZ)	01/04/2021 09:00 AM	01/01/2020	12/31/2020
Active							

Details: Withholding Tax Return Run 6 2020 NEC DMT

Tax Authority: 1000002 - US Treasury Department Internal Revenue Service
Tax Return Type: Non Employee Compensation 1099-NEC

7 Days' Logs

Status	Application Log ID	Created On	Created By	Overall Status	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

The screenshot shows the SAP navigation menu with 'Tax Management' selected. The 'Tax Returns' sub-menu is expanded, and 'Withholding Tax Returns' is highlighted. Other options in the 'Tax Returns' sub-menu include Sales and Use Tax Returns, VAT Returns, and Withholding Tax Return Runs.

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 runs, release them, and if necessary trigger tax payments.

Tax Returns In Preparation Group By: None

View New Preview Export Delete Release Pay Reverse Actions

Tax Return Status	Tax Return ID	Country/Region of Tax Authority	From	To	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 Group By: None

View New Preview Export Delete Release & Print Pay Reverse Actions

Tax Return Status	Tax Return ID	Country/Region of Tax Authority	From	To	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: Reporting Company: Tax Authority: Tax Return Type: Non Employee Compensation 1099-NEC

Close Print New View All

<p>General Information</p> <p>Country/Region of Tax Authority: US - United States</p> <p>From: 01/01/2020</p> <p>To: 12/31/2020</p> <p>Send Date: 01/01/2021</p> <p>Reporting Company:</p> <p>Tax Authority:</p> <p>Employer Identification Number:</p> <p>Tax Return Output</p>	<p>Technical Information</p> <p>Created On: 01/01/2021 02:35 PM CST</p> <p>Created By: Katherine Alford (K9Z44R56GZ)</p> <p>Changed On: 01/04/2021 09:05 AM CST</p> <p>Changed By: Katherine Alford (K9Z44R56GZ)</p> <p>Run ID: 5</p>
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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 Attachments

General Information

Reporting Company: [Redacted]

Country/Region of Tax Authority: US - United States

Tax Authority: [Redacted]

Tax Authority Number: [Redacted]

Employer Identification Number: [Redacted]

Transmitter Control Code: [Redacted] 

 Review and Release the Withholding Tax Return 3 - Non Employee Compensation 1099-NEC - 01/01/2020 - 12/31/2020 Priority: High

Tax Return Status: In Preparation Reporting Company [Redacted] Tax Return Type: Non Employee Compensation 1099-NEC Country/Region of Tax Authority: US - United States

Pay  Release & Print  Reverse Save Close Preview New 

General Selection Tax Return Notes Logs Attachments

General Information Status

Reporting Company: [Redacted] Tax Re

Country/Region of Tax Authority: US - United States Payme

Tax Authority:  1000002 - US Treasury Department Internal Revenue Service

Tax Authority Number: [Redacted]

Employer Identification Number: [Redacted]

Transmitter Control Code: *

Tax Return Output Execu

Electronic Submission: Send D

Print Form Required: Posting

Run Information Tax Re

Created On: 01/04/2021 04:00 PM Total D

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

Tax Return Status: [Redacted] Reporting Company: [Redacted] Tax Return Type: Non Employee Compensation 1099-NEC Country/Region of Tax Authority: US - United States Tax Return ID: 1

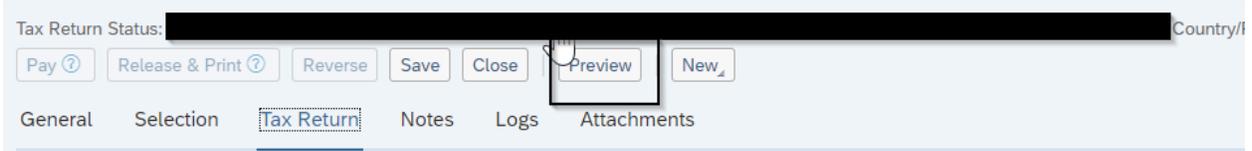
Pay  Release & Print  Reverse Save Close Preview New  You Can Also

General Selection Tax Return Notes Logs Attachments

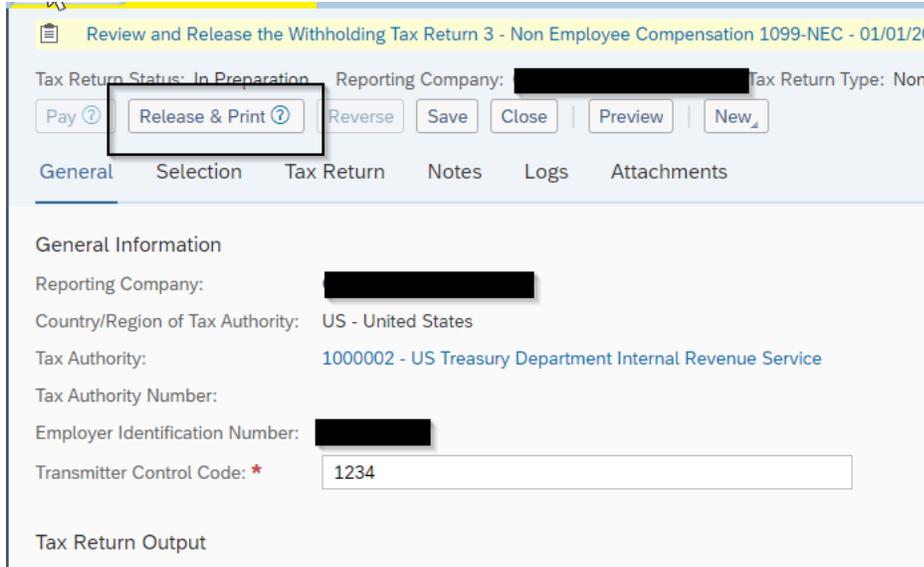
Export  Details

Supplier ID	Supplier	Supplier TIN	Amount Type	Tax Base Amount / Tax Amount
[Redacted]	[Redacted]	[Redacted]	1-NEC - Nonemployee Compensation	[Redacted]
			04 - Federal Income Tax Withheld	0.00 USD

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

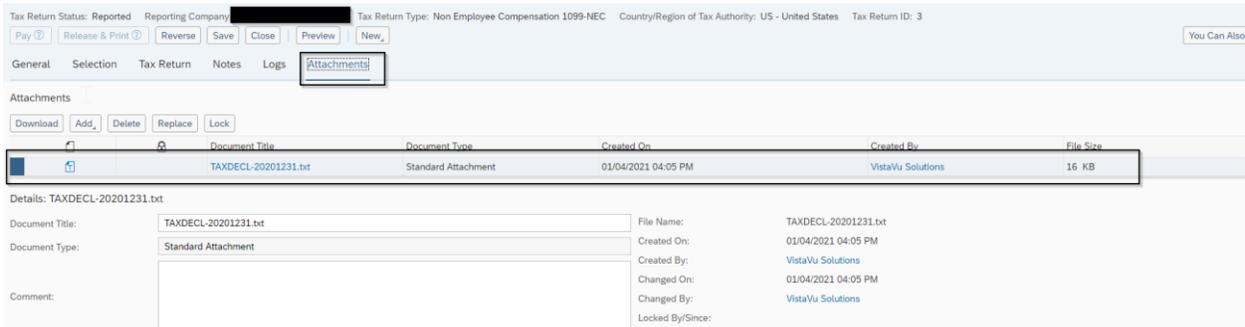


Step 13: Click Release and Print



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.