

 <p>Michigan Department of Human Services</p> <p><b>CSA</b></p> <p>Children's Services Administration Communication Issuance</p>	<b>Type:</b> <input checked="" type="checkbox"/> Informational Memorandum (IM) <input type="checkbox"/> Program Instruction (PI) <input type="checkbox"/> Policy Guide (PG)	
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	<b>Originating Office:</b> Children's Services Administration	
	<b>Subject/Title:</b> IRS-1099 Issuances	
	<b>Distribution:</b> <input checked="" type="checkbox"/> DHS Child Welfare Staff <input checked="" type="checkbox"/> Private Agency Child Welfare Staff <input checked="" type="checkbox"/> CSA Central Office Managers/Staff <input checked="" type="checkbox"/> Native American Tribes <input type="checkbox"/> Data Management <input checked="" type="checkbox"/> DHS County Directors <input checked="" type="checkbox"/> Adult Services Staff <input type="checkbox"/> Other:	
	<input checked="" type="checkbox"/> BCAL <input checked="" type="checkbox"/> CWTI <input checked="" type="checkbox"/> SACWIS	

This communication is intended to alert all staff to recent changes in the issuance of IRS-1099 to DHS payees for services rendered. In February 2012, DHS Accounting became aware of an oversight that resulted in DHS payees not being issued IRS-1099 forms. DHS self-reported the oversight to the IRS and was issued a substantial sanction and requires DHS to go back three tax years and send out IRS-1099s. In order to rectify this issue and gain compliance with the IRS, the following actions were or are being taken:

- All vendor/payees are now required to register their tax information on the MAIN vendor file.
- IRS-1099 forms were issued for services paid out of the Local Accounting System Replacement (LASR), both for social welfare fund payments and for child care fund payments.
- Changes were implemented to contract payments and SWSS payroll.
- Changes are scheduled to occur in the Bridges system in March 2013.
- For tax years 2009 and 2010, DHS must send IRS-1099s to payees who rendered 1099 reportable services and received over \$10,000 in payments.
- For tax year 2011, IRS-1099s are to go to all payees who had not already received an IRS-1099, who rendered 1099 reportable services, and who received over \$600 in payments.

DHS is still in the process of complying with this directive and believes all required steps will be completed by April 1, 2013. If there are questions pertaining to the receipt of the IRS-1099, please direct all recipients to call the telephone number listed on their IRS-1099 or to consult their income tax professional to determine if this income is tax reportable.