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Comptroller
State of Illinois

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ACCOUNTING BULLETIN NO. 45

December 15, 1983

TO: Agency Heads and Chief Fiscal
Officers of All State Agencies

SUBJECT: Taxpayer Identification Number Requirements for Calendar Year 1984

The Interest and Dividend Tax Compliance Act of 1983 (Public Law 98-67, effective January 1, 1984) has made substantial changes in the Form 1099 reporting requirements applicable to the State.

Specifically, after December 31, 1983, recipients of "1099 reportable payments" must have furnished his or her Taxpayer Identification Number (TIN). If the payee fails to supply his or her TIN or supplies an obviously incorrect number, withholding of 20% of the gross amount of the "1099 reportable payment" must be made and remitted to the federal government (I.R.C. 3406). In general, "1099 reportable payments" are payments for services or rents made to an individual, sole proprietorship or partnership which are not reportable on a Form W-2 (I.R.C. 6041).

The Office of the Comptroller will use the following guidelines for determining if the payee has given the proper Taxpayer Identification Number to the state. Social Security Numbers have nine digits separated by two hyphens (123-45-6789). Other Tax Identification Numbers have nine digits separated by only one hyphen (12-3456789). A payee shall be treated as supplying an obviously incorrect TIN if the TIN furnished does not contain the proper number of digits, or if all of the digits are identical (99-9999999).

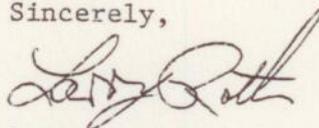
Effective with warrants issued after December 31, 1983, any Invoice Voucher (Form C-13) containing a "1099 reportable payment" which does not contain a TIN or contains an obviously incorrect TIN shall be returned to the vouchering agency to obtain a correct TIN from the payee. If the payee fails to supply a correct TIN, the agency must submit the reportable portion of the payment on a Contractual Services Voucher (Form C-02) using a tax withholding of 20% of the gross amount of the reportable payment.

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To avoid this process, we would urge all state agencies to obtain valid taxpayer identification numbers for all payees who will be receiving 1099 reportable payments after December 31, 1983.

Questions concerning this bulletin should be addressed to Joe DiRocco (217) 782-3608.

Sincerely,



Larry Roth
Director, State Accounting

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