



INFORMATIONAL NOTICE PERSONAL INCOME TAX 2012-02

Issued: September 06, 2012

Submission of Federal Form 1099-MISC for Payments of Income from Sources within this Commonwealth of Nonemployee Compensation or Under an Oil and Gas Lease

Purpose

This notice provides payors of either nonemployee compensation or payments under an oil and gas lease with guidance for submitting a copy of their federal form 1099-MISC information returns to the Department of Revenue.

Background

Under Act 85 of 2012, a payor is required to submit a copy of federal form 1099-MISC to the department. A “payor” is a person who:

1. Makes payments of nonemployee compensation or payments under an oil and gas lease from sources within Pennsylvania to a resident or nonresident individual, an entity treated as a partnership for tax purposes or a single member limited liability company; and
2. Is required to make a form 1099-MISC to the Secretary of the Treasury of the United States with respect to the payments.

Generally, a payment is considered “nonemployee compensation” if it is made (i) to someone who is not your employee and (ii) for services in the course of your trade or business.

Generally, rents, royalties, bonuses and other income paid pursuant to the terms of an oil and gas lease, regardless of the terms used in describing the transactions or how reported on the form 1099-MISC, are considered “payments under an oil and gas lease.”

Filing

Entities subject to employer withholding in PA

Electronic Filing

If the payor is required to perform electronic filing for Pennsylvania employer withholding purposes, the form 1099-MISC shall be filed electronically with the department. Electronic submission will be available through the department’s e-TIDES system.

If the payor is registered to perform electronic filing for Pennsylvania employer withholding purposes, the form 1099-MISC may and is strongly encouraged to be filed electronically with the department. Electronic submission is available through the department’s e-TIDES system.



The due date for electronic filing of the forms 1099-MISC shall be the same as the Internal Revenue Service (“IRS”) due date for filing electronically.

Paper filing

If the payor is not required or registered to perform electronic filing for Pennsylvania employer withholding purposes, and does not wish to register via the PA e-TIDES system, the form 1099-MISC shall be submitted in paper format. The forms shall be mailed to the PA Department of Revenue, P.O. Box 280412, Harrisburg, PA 17128-0412.

Entities not subject to employer withholding in PA

If the payor is not subject to Pennsylvania employer withholding, the 1099-MISC shall be submitted in paper format. The forms shall be mailed to the PA Department of Revenue, P.O. Box 280412, Harrisburg, PA 17128-0412.

The due date for paper filing of the forms 1099-MISC shall be the same as the IRS due date for filing on paper.

Corrected Forms

If a corrected form 1099-MISC is issued to the payee and the amounts related to income from within this Commonwealth changes for nonresident recipients or the total amounts change for resident recipients, a paper copy of the corrected form 1099-MISC should be forwarded to the department.

Reporting

The amounts reported on the form 1099-MISC should be the amounts paid for the entire 2012 calendar year and each calendar year thereafter.

It is suggested that the payor verify the Social Security number for individuals with the number shown on the individual’s Social Security card. For entities, the identification should be confirmed with the notice the entity received from the IRS providing them with their identification number. The verification of the identification number will prevent unnecessary correspondence.

Form 1099-MISC should only be filed with the department as required by the statute for any person who receives nonemployee compensation or payments under an oil and gas lease from sources within this commonwealth. No other form 1099-MISC shall be filed with the department by the payor.