

May 24, 2004

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TO: Distribution

FROM: B/Chief Financial Officer

SUBJECT: Internal Revenue Service Form 1099 Reporting Requirements

This memorandum provides interim guidance to Centers regarding the requirement to issue IRS Form 1099. This tax form is used to notify the Internal Revenue Service (IRS) that an individual or a company has received income. Questions have been raised regarding NASA's responsibility as an independent Agency for complying with the IRS requirements concerning use of the Form 1099. The statute that requires a report of payments on IRS Form 1099 imposes this requirement on "Executive Agencies." That statute adopts the definition of "Executive Agency" which appears in 5 U.S.C. 105, which states, "Executive Agency" means an Executive department, a Government corporation, and an independent establishment. NASA has always considered itself covered by this definition. This interpretation of the IRS statute was confirmed recently in Revenue Ruling 2003-66.

Consequently, NASA Centers must issue IRS Form 1099 whenever the conditions stipulated by the IRS exist. Some of the more common situations that require NASA Centers to prepare and issue IRS Form 1099 are debt write-off and payment for services exceeding \$600 per calendar year to persons or corporations. However, the IRS requirements for preparing and issuing IRS Form 1099 are quite detailed and specific. NASA Center CFO offices must consult the IRS publication "2003 Instructions for Forms 1099, 1098, 5498, and W-2G" for specific requirements. The IRS instruction is available at <http://www.irs.gov/pub/irs-pdf/i1099.pdf>.

If you have questions concerning this guidance, please refer them to Melvin Denwiddle, (202) 358-0983 or via email, Melvin.Denwiddle-1@nasa.gov

Original Signed By

Gwendolyn Sykes Brown

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