



# Impact / SQL

Versions 5.12

## IRS Form 1099-S Electronic Filing Guide

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## Introduction

The purpose of this document is to provide a guide for electronically filing Form 1099-S with the Internal Revenue Service (IRS). For specific details, consult **Publication 1220 Specifications for Filing Forms 1099, 1098, 5498, and W-2G Electronically or Magnetically**, available for download on the Internet at <http://www.irs.gov> by using a web browser.

Because IRS specifications can change, this guide is applicable for the preparation of Tax Year 2007 information. Regulations should be checked annually for changes.

The IRS requires that the transfer agent (escrow company) file the 1099-S information returns on gross proceeds from the sale or exchange of real estate. At the start of a new calendar year, the escrow company is responsible for filing the information regarding all of the 1099-S forms issued during the prior year. USA Digital Solutions, Inc. can also conduct the filing of 1099-S information with the IRS on behalf of your company, if so desired. Please discuss this with your USA Digital Solutions, Inc. representative.

The following due dates apply to Tax Year 2007 Electronic Filing:

Recipient Copy – January 31, 2008

IRS Copy – March 31, 2008

**Note:** The IRS no longer accepts 3 ½-inch diskettes for filing information returns.

To familiarize yourself with how Impact handles the 1099-S process, you can review the **1099-S Reporting** section in the Impact Accounting v5.12.0 Manual.

Typically, during the 2007 year:

- The IRS Form 1099-S, if required, is given to the customer at the time of closing.
- On a monthly basis, the **Closing Report** is run in Escrow, and every closed escrow file with the **Reportable to IRS** status of “unknown”, should have its status resolved. These files should be properly completed, before the **1099-S Reports** function is run in Accounting.
- The **1099-S Reports** function is run in Accounting in order to review the data that will actually be submitted to the IRS.

Typically, at the beginning the 2008 year:

- The **1099-S Reports** function is run in Accounting in order to review the data that will actually be submitted to the IRS. This would be the final review before submitting data to the IRS.
- Modifications of the data are made as needed.
- The data is electronically filed with the IRS before the due dates.

## General Information and Helpful Hints

Some formatting conventions used in this guide are:

- When you need to press the Enter key, you will see **ENTER** in this guide.
- When you see text displayed on a menu or window such as the words “Edit” or “Cancel”, you will see **Edit** or **Cancel** in this guide.
- **Misc. > Search** means that you select **Misc.** from the main menu and then select **Search** from the next menu.

## Verify Your Company's IRS Information

### Logon

Double-click on the Impact Utilities icon on your desktop.

When Impact is configured to require a logon step, enter your user initials in the first field, and then **TAB** to the **Password** field. Enter your password and, if the correct database is identified in the **Log on to** field, click **OK**. If the database is not correct, then **TAB** to the **Log on to** field and select the correct database by clicking on the drop down list arrow and highlighting a database name; then click **OK**. Most users will only have one database available.

Version number  
information

Alternatively, if you do not want to use the mouse to click **OK**, you can press the **TAB** key until **OK** is highlighted, and press **ENTER**.

**NOTE:** When you enter your password, it will not display on the screen, but will be represented by a series of asterisks "\*\*".

If you don't want to continue, click on **Cancel** instead. This will cause the Logon dialogue box to close and the Impact Utilities module will not be opened.

### IRS Reporting Entity Information

The information shown in the **IRS Reporting Entity Information** screen is what appears on the 1099-s. Within the **Utilities module > System Files > IRS Reporting Entities**, highlight an existing **Company**

Company Name	Company TIN
IMPACT ESCROW AND TITLE	860451211

**Name** and then select **Modify** to view the existing information for the company.

**NOTE:** If there is more than one **Company Name** listed then you will need to complete the instructions in this guide from this section of the guide through the end for every company that is listed.

Confirm that the **Company Information as it appears on the 1099-s form** data shown on the left side of the screen is accurate so that the information on all 1099-S forms issued out of the system will be correct. The name and address of the company should be entered, along with the Tax ID Number (**TIN**). Do not include the "-" (dash) in the **TIN** field. Also, verify the information in the three **Contact** fields at the bottom.

Verify that all of the **Transmitter Information for reporting to the IRS** data shown on the right side of the screen contains the correct **TCC Number** (transmitter control code) information for reporting 1099-S information to the IRS.

If a firm other than your company is responsible for transmitting the data to the IRS annually, then the information on the right side of the screen will be different from that on the left, otherwise it will be the same. USA Digital Solutions, Inc. is the transmitter of 1099-S information for many clients, and in that situation the information on the right side of the screen would pertain to USA Digital Solutions, Inc. The information shown above is **sample** data.

If your company needs to obtain a **TCC Number**, download **Form 4419 Application for Filing Information Returns Magnetically/Electronically** from the <http://www.irs.gov> website, and then submit the completed form to the IRS.

**Note:** If USA Digital Solutions, Inc is filing on your company's behalf, you do not need a **TTC Number**.

Click **OK** to save the changes, or **Cancel** to abort the changes made to the data.

## Generate and Verify Your Customer's 1099-S Data

### Logon

The actual file uploaded to the IRS is created within the Accounting module. Within the **Impact Accounting module > Misc > 1099s Reporting > Reporting** is where you will create your file.

### 1099 Reporting Screen

Prior to performing this step, we presume that the **Closings Report** was run in Escrow, and every closed escrow file with the **Reportable to IRS** status of "unknown" had its status resolved. The 1099-S **Reports**

function, in Accounting should also have been run, and the data scrubbed. You can review this process by examining the **1099-S Reporting** sections within the Impact Accounting v5.12.0 Manual.

**NOTE:** Review these reports and verify your customer's 1099 S data to cut down on the number of errors reported back from the IRS each with a \$50 penalty assessment.

Select **1099S Reporting** from the **Misc.** menu, and then click on **Reporting** to open the **IRS Reporting On Floppy Disk** screen.

### Reporting For

Select the correct **Company Name** by clicking on the drop down list arrow and highlighting the name.

### Date Range

Verify that the **Date Range** fields reflect dates that are for the correct year. Typically, this will be January 1st through December 31st for the year that just ended. For example, the **Date Range** 01/01/2007 **Thru** 12/31/2007 would be applicable for the preparation of Tax Year 2007 information.

### Select Disk Drive to Use

In the **Select Disk Drive to Use** area select the correct disk drive by clicking on the drop down list arrow and highlighting a disk drive name.

### Additional Information

In the **Additional Information** area, click on the **Electronic Filing** check box.

Click on **OK** at the bottom of the screen, to open the **Print IRS Form 4804** screen.

The file that is generated is named **ORIG** with your company's **TCC Number** as the extension, for example, **ORIG.12345**.

Impact will also send two reports to the printer, the **IRS Reporting Information Sheet** and the **IRS Foreign Alien Report**, and remain at the **IRS Reporting On Floppy Disk** screen.

Because your company should retain a copy of the 1099-S information returns filed with the IRS for at least three years from the reporting due date, keep the **IRS Reporting Information Sheet** and a copy of the file uploaded to the IRS for your records.

IRS Reporting Information Sheet				
09/27/2007				
<u>Tax Year</u>	<u>Company Name</u>	<u>Total Records</u>	<u>Total Amount 2</u>	<u>Total Amount 5</u>
2006	IMPACT ESCROW AND TITLE	13	\$5,544,099.00	\$649.53

Click on **Cancel** to return to the Accounting desktop. Click on **File > Exit** to close the Accounting module and return to the Windows desktop.

Continue with the guide by following the **Transmitting 1099-S Data to the IRS Website** section below.

## Transmitting 1099-S Data to the IRS Website

The IRS offers The Filing Information Returns Electronically (FIRE) System via an Internet connection at <http://fire.irs.gov> for electronic filing of Forms 1042-S, 1098, 1099, 5498, 8027, and W-2G.

### Preparing to File Information Returns Electronically

The IRS advises that before connecting to the FIRE System you should:

- Have your TCC and EIN available.
- Turn off pop-up blocking software, if it is installed on your computer.
- Verify that your browser supports SSL 128-bit encryption.
- Enable JavaScript or Jscript, depending on the browser used.
- Make certain that your browser is set to receive “cookies”.

### First Time Connection to the FIRE System

If you have logged on to the FIRE System previously, and have established an account, skip to the ***Subsequent Connections to the FIRE System*** section below.

The first time that you log on to the FIRE System, you must establish an account for your company. Click on the Windows® Start menu, and then open your Internet browser, type <http://fire.irs.gov> into the address field, and press **ENTER**.

Click on **Create New Account** to open the **Create FIRE System Account** browser screen.

The screenshot shows the 'Create FIRE System Account' page. At the top left is the Internal Revenue Service logo and the text 'Internal Revenue Service United States Department of the Treasury'. On the left side, there is a 'User Options' menu with links for 'Log On', 'Create New Account', and 'Learn The Basics'. The main content area is titled 'Create FIRE System Account' and contains the following text: 'Please complete the form below. All fields are required unless noted otherwise. If you already have an account, you can go ahead and [Log on](#)'. Below this is a note: '\*Do you already have an account but can't remember your password? Give us a call toll-free at 1-866-455-7438 x3 to assign a new password.' The form includes input fields for 'Company', 'Address', 'City', 'State', 'ZIP', 'Phone' (with area and exchange codes), 'Exten' (Optional), 'Contact', and 'E-mail'. A 'Submit' button is located at the bottom right of the form. At the bottom of the page, there is a link for 'FIRE Privacy Policy'.

Click within the **Company** field to enter your company name, and then fill out the rest of the registration form.

Click on the **Submit** button at the bottom of the screen.

Enter your **User ID**. Most users logon with their first and last name.

Enter and verify your self-assigned **Password**. The password must be eight alpha/numeric characters, containing at least one uppercase, one lowercase, and one numeric character.

Click on **Create**.

If you receive the message **Account Created**, then you should click on **OK**.

Enter and verify your self-assigned ten-digit Personal Identification Number (**PIN**).

Click on **Submit**.

If you receive the message **Your PIN has been successfully created**, then you should click on **OK**.

If applicable, read the bulletin(s), and then click on **Click here to continue**.

The screenshot shows the Internal Revenue Service website interface. At the top, it says "Internal Revenue Service" and "United States Department of the Treasury". Below this is a "Menu Options" sidebar with links for "Main Menu" and "Log Out". The main content area is titled "Important Bulletins" and includes a link "Click here to continue". There are three main sections of bulletins:

- Publication 1220**: Publication 1220 (Rev. Proc. 2007-51), Specifications for Filing Forms 1098, 1099, 5498 and W-2G Electronically or Magnetically is now available on the IRS website at [http://www.irs.gov/formspubs/lists/0\\_id=97819.00.html](http://www.irs.gov/formspubs/lists/0_id=97819.00.html). Publication 1220 is only available online.
- Fill-in Form 8809**: If you need to file for an extension of time for forms W-2, W-2G, 1042-S, 1098 series, 1099 series, 5498 series or 8027, you can now do it online via the FIRE system in lieu of filing out the paper Form 8809 and mailing it to us. From the main menu, click on 'Extension of Time Request', then click on 'Fill-in Extension Form' and follow the prompts. **PLEASE NOTE: This is not for recipient copies and is only for the forms listed above.**
- IMPORTANT - DISKETTE REPLACEMENT FILERS**: If you received a letter from the Internal Revenue Service indicating that we do not accept diskettes or CD's for reporting your information returns and you are replacing the files electronically via this system, it is **critical that you transmit the file(s) as a replacement file**. From the Choose a File Type menu, click 'Replacement File', click 'Mag Media Repl' and enter the Alpha Code. The Alpha Code is located in the Transmitter Control Code box on Form 9267, Media Tracking Slip. For example, if the TCC indicates 11111 A, then your alpha code would be 'A'. If you have any questions, please call us at 1-866-455-7438 x3.

After you have logged on to the FIRE System, skip to the **Uploading Your File to the FIRE System** section below.

## Subsequent Connections to the FIRE System

Click **Log On**.

Enter your **User ID**. Most users logon with their first and last name.

Enter your **Password**. The FIRE System may require you to change the password once a year.

## Uploading Your File to the FIRE System

After you are logged on to the FIRE System, click on the **Send Information Returns** button located in the **Menu Options** area of the browser screen.

**Menu Options**

- [Send Information Returns](#)
- [Extension of Time Request](#)
- [Check File Status](#)
- [E-Mail](#)
- [Change Password](#)
- [Update Account](#)
- [Change PIN](#)
- [Log Out](#)

**Where Do I Go From Here?**

If you want to electronically file 1042-S, 1099, 1099, 5498, 8027 and W-2's files, click the [Send Information Returns](#) menu option on the left to begin the Electronic Filing process.

Similarly, you can choose the [Extension of Time Request](#) menu option to electronically file an Extension file for all of the above types except for 8027.

**Please note: this system does not support fill-in forms, except for form 8809, Application for Extension of Time to File Information Returns.**

**Electronic Filing Deadlines**

**Due Dates for TY2006**


Form types 1098, 1099, and W-2's are all due by **April 2, 2007**

5498, 5498-SA and 5498-ESA are all due by **May 31, 2007**

Form 1042-S is due by **March 15, 2007**

Form 8027 is due by **April 2, 2007**

Note: These deadlines are for electronic




**The IRS Wants You To File Electronically**

Getting your processing results from the files you sent on magnetic media could take up to 3 months.

File electronically and you will have your results within 2 business days, except for 1042-S and 8027 which require additional processing time.

Enter your **TCC** and **EIN**.



**Internal Revenue Service**  
United States Department of the Treasury

**Menu Options**

- [Main Menu](#)
- [Log Out](#)

**Enter your TCC and EIN for Filing Information Returns**

TCC

EIN  (9 numerics - no hyphens)

Do not send W-2's on this system. They must be filed via [www.ssa.gov/employer](http://www.ssa.gov/employer).

NOTE: If you do not have a TCC or the TCC/EIN combination you entered does not appear to be valid, please call toll-free at 1-866-455-7438 x3 for assistance.

Click on **Submit**. The system will then display the company name, address, city, state, ZIP code, phone number, contact and email address. This information will be used to contact or send correspondence (if necessary) regarding this transmission. Update the contact information if appropriate, and then click on **Accept**.

Click on one of the following options:

- **Original File**
- **Correction File**
- **Test File** (This option only available from 11/1/2007 – 2/15/2008)
- **Replacement File**

If you choose the **Replacement File** option, select the following:

- **Electronic Replacement** (the file was originally transmitted on this system) and then click on the file to be replaced.

Enter your ten-digit **PIN**. (You will not be prompted, if this is a **Test File** being sent.)

**Internal Revenue Service**  
United States Department of the Treasury

**Menu Options**

- [Main Menu](#)
- [Log Out](#)

**The Legalese**

If the file you are about to send is **GOOD**, it will be released after 10 calendar days from receipt, unless you notify us otherwise within this 10 day period. If the file is **BAD**, follow normal replacement procedures. This process replaces the Form 4804, Transmittal of Information Returns Reported Magnetically.

**Under penalties of perjury, I declare that the file I am about to transmit is correct and complete, to the best of my knowledge and belief.**

Although an authorized agent may enter their PIN, the payer is responsible for the accuracy of the returns. The payer will be liable for penalties for failure to comply with filing requirements (refer to Publication 1220 Part A).

Enter Your PIN:

**NOTE:** If you forget your PIN, please call us toll-free at 1-866-455-7438 x3.

[FIRE Privacy Policy](#)

Click on the **Submit** button.

Click on **Browse** to locate the file named "**ORIG.xxxx**" (without the quotes and where "xxxx" is your TCC number) that you generated in the **1099 Reporting Screen** section above.

**Internal Revenue Service**  
United States Department of the Treasury

**Menu Options**

- [Main Menu](#)
- [Log Out](#)

**Upload Your File**

Type: ORIG      User ID: PATTYFLOOD  
TCC: 57835  
EIN: 880452311

Click on the BROWSE button located below to open a file selection window and choose your file, then click on UPLOAD to transmit your file.

File Name

[FIRE Privacy Policy](#)

Click on the **Upload** button. When the upload is complete, the Internet browser screen will display the total bytes received and show you the name of the file (created on their system) that you just uploaded. Save this IRS generated confirmation number.

If you have more files to upload for that TCC number, then click on the **File Another?** button, otherwise click on **Main Menu**.

**NOTE:** It is your responsibility to verify the acceptability of files submitted. Be sure to log on to the system in one or two business days and select the **Check File Status** option.

The results of the electronic transmission will be available on the FIRE System within one or two business days; click on **Check File Status**.

If the correct email address was provided on the “Verify Your Filing Information” screen when the file was sent, an email will be sent regarding your File Status. If the results of the email indicate “Good, not Released” and you agree with the “Count of Payees”, then you are finished with this file. The “Count of Payees” should match the count on your **IRS Reporting Information Sheet** generated from the 1099 Reporting screen.

### Submitting a Replacement File to the IRS

The IRS website listed above will need to be checked to see if the files were accepted or not. If a file is bad it must be determined why and, after fixing, must be re-filed as a **Replacement File** with the IRS.

To re-file as a **Replacement File** with the IRS, follow the instructions in this guide from the beginning.

**NOTE:** It is your responsibility to verify the acceptability of files submitted. Be sure to log on to the system in one or two business days and select the **Check File Status** option.

### Recordkeeping of 1099-S Data

Your company should retain a copy of the 1099-S information returns filed with the IRS or have the ability to reconstruct the data for at least three years from the reporting due date, with the exception of:

- A four year retention period is required for all information returns when backup withholding is imposed.
- A financial entity must retain a copy of **Form 1099-C Cancellation of Debt**, or have the ability to reconstruct the data required to be included on the return, for at least 4 years from the date such return is required to be filed.

**NOTE:** Keep copies of the 1099-S information returns you filed with the IRS, or have the ability to reconstruct the data for at least 3 years.

## Appendix A - Troubleshooting

USA Digital Solutions Support personnel may ask that you make a screen shot so that you can e-mail Support a “picture” of the screen as it appears when the error occurs.

To create this screen shot and save it for the Support personnel:

Press the **Print Screen** key on the keyboard, which is usually located on the top row of the keyboard, and is usually the third key from the right.

At bottom left of your screen, click on the **start** button. From the menu, select **New Office Document**.

After the Microsoft Word application starts, go to the top left of the screen with the cursor and from the menu select **File > New**.

As soon as Microsoft Word opens a new document, go to the top left of the screen with the cursor and from the menu select **Edit > Paste**.

After the screen shot is pasted into the document, go to the top left of the screen with the cursor and from the menu select **File > Save**. Save this document in a location from where you can send it as an e-mail attachment (navigate to wherever you put non-Impact Microsoft Word documents). You will have to remember the path and the document name in order to locate this document later.

After the document is saved, go to the top left of the screen with the cursor and from the menu select **File > Close** to close Word.

Return to your Impact session, and finish the current process.

Now e-mail the saved document as an attachment, via your normal e-mail routine, to the email address provided by USA Digital Solutions Support personnel. USA Digital Solutions Support personnel can be reached at (602) 866-8199 extension 2.