



HHS TRANSMITTAL 98.1  
Departmental Accounting Manual  
Issue Date: 01/05/98

Page 1

### **Material transmitted**

Chapter 0-30, Table of Contents, (page 3).  
Chapter 10-70, Filing and Reporting Form 1099 Information Returns  
With the Internal Revenue Service, (pages 1-7).

### **Material superseded**

Chapter 0-30	(page 3	:	97.1).
Chapter 10-70	(pages 1-8	:	87-1).
Exhibit 10-70-A	(page 1	:	87-1).
Exhibit 10-70-B	(page 1	:	87-1).
Exhibit 10-70-C	(page 1	:	87-1).
Exhibit 10-70-D	(page 1	:	87-1).

### **Background**

Chapter 10-70 is being updated and reissued to reflect the following changes:

- Shortened the chapter title by deleting "Departmental Policy for..." from the beginning of the chapter title.
- Backup Withholding percentage increased from 20 to 31 percent.
- Added IRS Form 945, Annual Report of Backup Withholdings Reported on Forms 1099. Formerly the IRS Form 941, Employers Quarterly Federal Tax Return, was used to report Backup Withholding. Form 941 is now used only to report tax withholding on payroll payments.
- Added reference for new IRS Form 1099-C which is used for reporting cancellation of debt.
- Added requirement that all Federal executive agencies must issue IRS Forms 1099-MISC for payments made to **all** corporations receiving \$600 or more for services (object class 25). This is effective for calendar year 1997 as required by section 1022 of the Taxpayer Relief Act of 1977 per IRS memo dated October 3, 1997.

Chapter 0-30 (page 3) Table of Contents is revised to reflect the shortened title for Chapter 10-70.

**Filing instructions**

Remove superseded material and replace it with the new material. Post receipt of this transmittal to the HHS Checklist of Transmittals and file this transmittal in sequential order after the checklist. Please note that HHS Transmittal 98.1 follows HHS Transmittal 97.3.

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