



QAD Adaptive Applications

Enterprise Edition

User Guide
QAD Internationalization
United States Extension

70-3513-1.0
QAD Enterprise Edition 2018 and higher
December 2022

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Change Summary

Product Name Changes

Starting from September 2019, the name for QAD's complete portfolio of products is QAD Adaptive Applications, and QAD Adaptive ERP is the name for QAD's flagship ERP solution. QAD Adaptive ERP includes the functionality previously associated with QAD Cloud ERP and QAD Enterprise Applications - Enterprise Edition (EE).

Change Summary

The following table summarizes significant differences between this document and the previous versions.

Date/Version	Description	Reference
December 2022, v1.0	Initial publication.	--



Introduction

This chapter introduces the QAD Internationalization solution for the United States.

Overview 2

This section introduces QAD Internationalization for the United States, lists related documents, and outlines how to access related QAD resources.

Overview

Globalization presents challenges to global manufacturing companies. QAD helps companies master these challenges by offering a solution that accommodates international variations in language, financial practices, business practices, and regulatory compliance.

QAD addresses the challenge of internationalization by standardizing applicable processes and functions for global manufacturing companies through country extensions. Country extensions provide customers country-specific functionality, primarily in the areas of tax and compliance and related data extraction. Country extensions include the following components:

- Support for electronic banking, paper payment formats, audit files, and specific layouts
- Specific configuration and methods to handle local codes, local tax, and compliance requirements

Country-specific requirements are distributed using the QAD Store.

This document describes an add-on module that meets specific local requirements for the United States. The module only relates to final configuration and formatting for the United States. All core business processes, and database changes are delivered to the core product.

Related Documents

The following documents provide supporting information:

- *QAD Internationalization User Guide* describes the QAD Internationalization functions that let you configure multiple international environments using one generic set of functions.
- *QAD Financials User Guide* describes the QAD Financials module of Enterprise Edition, which provides a complete solution for global manufacturing companies. It includes support for invoice certification.
- *QAD Global Tax Management User Guide* describes Global Tax Management, which offers precise tax calculations and flexible setup for calculating taxes for multiple countries
- *QAD Sales User Guide* describes the sales and shipping solution. It includes support for shipper certification.



QAD Support for Product Documentation and the QAD Knowledgebase

QAD's Web site offers various support-related tools. From the Support link, you can perform the following steps:

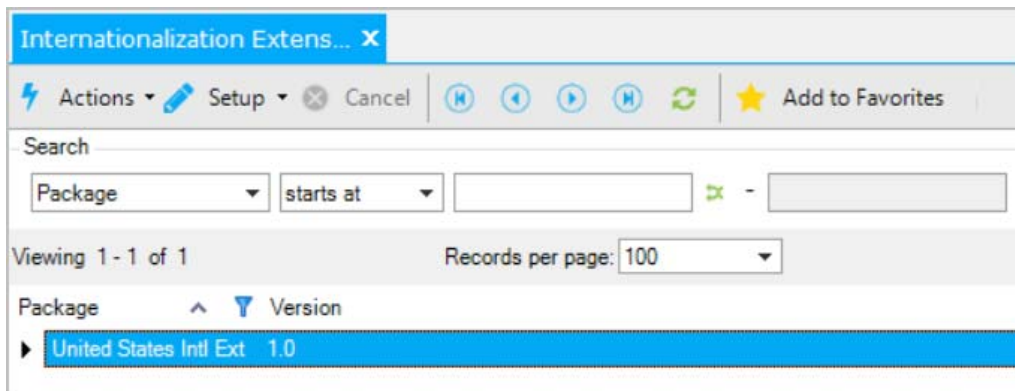
- To access release notes, user guides, installation and conversion guides, training guides, and other similar documents by product and release, select **Support** and then select **Document Library**.
- To access the topic-specific user forums, select **Forums**.
- To access an additional array of tools that may vary based on your company's maintenance agreement with QAD, select **Support Center**. These include the Knowledgebase and direct links to QAD Support experts.

Note Some parts of the Support site require QAD customers and alliance partners to enter a user ID and password. If you do not have a user ID, click the **Register Now** link on the log-in screen to apply for a user ID.

Checking the Version Number of Installed Extensions

Internationalization Extensions (36.5.8.0.1) displays a list of the internationalization extensions installed in an environment, and the version number of each of these extensions.

Fig. 1.1
Internationalization Extensions (36.5.8.0.1)



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United States Reports

This chapter describes the reports that QAD has developed to meet United States requirements.

1099 Reporting 6

This section describes the United States requirements and the QAD solution for the 1099 Report - United States.

1099 Reporting

In the United States, Internal Revenue Service (IRS) requires organizations to submit an annual 1099 form on certain types of payments to suppliers. IRS uses the 1099 form declarations to track payments between businesses or between an organization and independent contractors. Based on these declarations, IRS verifies whether the organization paid the correct amount of taxes.

1099 Box MISC is not required for all suppliers. It is not required for corporations—although there are exceptions for certain types of services—and is only required for payment for services, not for goods. The declaration must differentiate among several categories of payments, such as rent, royalties, medical, and health care. Each category is assigned to a specific box on the form.

A separate form, Form 1099-NEC, is used to report non-employee compensation. It is used specifically for contractors who work for the organization but are not employed by it.

IRS accepts printed and hand-written documents or documents submitted electronically. If you need to file more than 250 returns, you must file the documents using the electronic form. But you can request a waiver. The system supplies functions for generating both printed reports and electronic files:

- Use 1099 Report - United States (36.5.8.39.1.2) to generate a 1099-MISC or 1099-NEC report for printing.
- Use 1099 Electronic Decl - United States (36.5.8.39.1.3) to generate electronic files for 1099-MISC and 1099-NEC.
- Use 1099 Paper Declaration - United States (36.5.8.39.1.4) to print the 1099-MISC or 1099-NEC data on preprinted paper forms.

You do not have to submit reports in the following cases:

- The payer is outside the US, but makes payments to US suppliers.
- The payer is in the US, but makes payments to the non-US suppliers who do not have a social security number or US federal tax ID.

In some cases, payments to employees must be reported; for example, when an employee passes away during the year. In such cases, you must report the accrued wages, vacation pay, and other compensation paid after the date of death, director's fees, and other remuneration.

Note You do not need to report normal wages or business expense reimbursements on the 1099 Report - United States.

If you must submit 1099 Report - United States in the US, a number of setup steps are required.

Define the following information on business relations associated with entities and for suppliers:

- Purchase type codes to group the expense amounts that are reported
- Box attributes for generating the report

Setting Up Address Details

See [QAD Financials User Guide](#) for details on setting up business relations and suppliers. This section summarizes the fields that affect 1099 Report - United States processing for suppliers and entities.



Supplier Setup

1099 reporting uses the following details associated with a supplier:

- In Supplier Create, Tax Info tab, select **Tax Report** to include the supplier in 1099 reports.
- Check the head office address of the associated business relation, including its name, first line of the street address, city, state, and zip code.

Note The head office address must have a federal tax ID. Use one of two formats: social security number (SSN) or federal tax ID. SSNs have nine digits, separated by two hyphens (000-00-0000).

- In the Accounting tab, specify a default purchase type for the supplier.

Fig. 2.1
Supplier Create (28.20.1.1)

The screenshot shows the 'Supplier Create' form with the 'Tax Info' tab selected. The 'Supplier' field contains '10-200' and the 'Active' checkbox is checked. The 'Business Relation' field is empty. The 'Tax Info' tab is active, showing the following fields:

- Taxable Supplier:**
- Tax Is Included:**
- Federal Tax:** 000-00-0000
- State Tax:** [Empty]
- Miscellaneous Tax 1:** [Empty]
- Miscellaneous Tax 2:** [Empty]
- Miscellaneous Tax 3:** [Empty]
- Tax in City:** **Tax Report**
- Tax Zone:** [Empty]
- Tax Class:** [Empty]
- Tax Usage:** [Empty]

Entity Setup

The following steps are relevant for a business relation linked to an entity generating 1099 reports:

- On the General tab, mark the business relation as an internal entity.
- Update the Tax Report, Name Control, and Last Filing fields.
- Select Tax Report. When this field is selected, values for name, first line of the street address, city, state, zip code, telephone number, and federal tax ID are required for the head office address. A warning displays when Name Control is blank.
- In the Name Control field, enter the IRS magnetic media control code assigned to the company. This code is listed on IRS mailing label and contains a combination of the first several letters of your company name.

Note In the United States, this code is assigned by IRS and must be included in all 1099 magnetic media. It is not required when filling in the paper documents.

- Select the Last Filing field to indicate that this is the last time your company is filing a 1099 Report - United States under its current taxpayer ID number.
- On the Address Info tab, select the Taxable Address field. Entity addresses with a blank Taxable Address field are not included in the 1099 Report - United States.

Fig. 2.2
Entity Setup

Business Relation	10-USA-CO	
Name	QMI -USA Division	
Search Name	QMI - USA Division	
Second Name		
Third Name		
Group Name		
Active	<input checked="" type="checkbox"/>	
Address Info General Defaults		
Language Code	us	Tax Report <input checked="" type="checkbox"/>
Domain Restricted	<input type="checkbox"/>	Name Control QMI56
Internal Entity	<input checked="" type="checkbox"/>	Last Filing <input type="checkbox"/>
Intercompany Code	10-USA-CO	
Intercompany	<input checked="" type="checkbox"/>	
Customer/Supplier Compensation Allowed	<input type="checkbox"/>	

The payments included in the report are selected by the entity address or range of addresses that incurred the initial liability, as recorded on the invoices matched to the payments. Even when a payment is processed at a different entity, the head office address that incurred the liability is legally regarded as having made the payment.

You must identify each entity address in the selection range with only a head office address type; otherwise, the system displays an error.

Setting Up Purchase Types

Access Purchase Type Create (28.20.3.1) to define codes for grouping supplier invoices for reporting your cash expenditures for different types of expenses. For example, use EX for miscellaneous expenses and PO for purchases of raw materials or components.

You must use at least three purchase codes—for Rents, Royalties, and Non-Employee Compensation. Each category is summarized in a separate box of the 1099 Report - United States. For more information about setting up purchase types, see [QAD Financials User Guide](#).

Fig. 2.3
Purchase Type Create (28.20.3.1)

Setting Up Box Attributes

Access the 1099-MISC Box Create (29.6.13) to create, modify, view, and delete box information for the 1099-MISC reporting.

Access the 1099-MISC Box Create to set up the Amount boxes for 1099-NEC. To identify the NEC boxes, NEC box numbers must contain a letter N; for example, N1, N2, N4, N5, N6, N7.

The boxes for 1099-NEC are listed in Table 2.1.

Table 2.1
1099-NEC Boxes

NEC Box	Description
N1	NonEmployee Compensation
N2	Payer made direct sales of 5000 or more for consumer products
N4	Federal Income Tax withheld
N5	State tax withheld
N6	State/Payer's state number
N7	State income

Note A 1099 box can be deleted only if no invoices that reference it exist.

Fig. 2.4
1099-MISC Box Create (29.6.3.13.1)

In 1099-MISC Box Create, perform the following actions:

1099 Box. Select a code (maximum 20 characters) that identifies a field on the 1099 tax declaration. The code can match the box number on the tax form.

Description. Specify a brief (maximum 40 characters) description of this field.

1099 Box Reference. Specify a number that identifies a valid 1099 reporting box. You can change the reference associated with a code any time, but the combination of code and box must be unique in a calendar year.

IRS defines the box numbers and can change them yearly. The boxes defined for 2022 are listed in Table 2.2.

Table 2.2
1099 Box Numbers

Box Number	Description
1	Rent
2	Royalties
3	Other Income
4	Federal Income Tax Withheld
5	Fishing Boat Proceeds
6	Medical and Health Care Payments
7	Payer Made Direct Sales of \$5,000 or More
8	Substitute Payments in Lieu of Dividends or Interest
9	Crop Insurance Proceeds
10	Gross Proceeds Paid to an Attorney
11	Fish Purchased For Resale
12	Section 409A Deferrals
13	Reserved
14	Excess Golden Parachute Payments
15	Nonqualified Deferred Compensation
16	State Tax Withheld
17	State/Payer's State Number
18	State Income

Box fields are not validated because the IRS box values can change each year. You must check if the box reference is correct.

Note Box Number 13 is assigned for FATCA Filing Requirement checkbox.

Minimum Amount. Specify this field to exclude amounts below the limit that you want to report. When the total payments for the purchase types linked to this box to a single supplier exceed this amount, they are included on the report; otherwise, they are skipped.

Calendar Year. Specify the year when this code is valid. Specifying the calendar year lets you report for past years, even when box definitions were changed. This field is required. You cannot modify it after the code is saved.

Purchase Type. This field is optional. You can link one or more types to each box. However, you cannot link a specific purchase type to more than one box.

Active. Indicate if this is an active code. Other maintenance functionalities can reference an active record. An inactive record cannot be referenced when a new record is created in other functions and is not included in lookups of valid values.

Running the 1099 Report - United States

Access 1099 Report - United States to generate all data required to complete the 1099-MISC and 1099-NEC paper forms manually.

Fig. 2.5
1099 Report - United States (36.5.8.39.1.2)

The screenshot shows the '1099 Report - United States' application window. The window title is '1099 Report - United States'. Below the title bar, there are tabs for 'Filter' and 'Viewer'. A menu bar contains options: 'New Filter', 'Open', 'Save', 'Save As', 'Delete', 'Settings', and 'Layout'. The main area is titled 'Search Conditions' and contains several filter rows, each with a dropdown menu, a comparison operator, a value, and a delete icon:

- 1099 Report Type: equals 1099-MISC
- Check For Unlinked I: equals No
- Entity: equals
- Federal Tax ID: equals
- Payment Year: equals 2022
- Report Description: equals
- Show Entity Details: equals No
- Show Transaction De: equals No
- Supplier Code: range
- Supplier Type: equals

In 1099 Report - United States, perform the following actions:

1099 Report Type. Select **1099-MISC** or **1099-NEC**.

Check For Unlinked Invoices. Select **Yes** or **No**.

Entity. Optionally specify one or more entities by entity code to select only payments associated with those entities. The entity must be associated with a business relation with Tax Report selected.

Federal Tax ID. Select the federal tax ID of the entity in the current domain for which you want to generate the report.

Payment Year. Specify the calendar year in which the payment you report were registered. This field is required.

Report Description. Specify the description of an existing report when searching for a report.

Show Entity/Transaction Details. Use these two filters to control the output of the report. If you select **Yes**, entity and transaction details are displayed.

Supplier Code. Select a range of suppliers to select for reporting or leave the fields blank. Only suppliers with Tax Report selected are included, regardless of the specified values.

Supplier Type. Select suppliers for reporting by type if you have used the type code to identify reporting groups.

The Header section 1 of the report contains information on the paying entity, such as the federal tax ID, entity name, and address. This data is taken from the head office address of the business relation for the entity.

Note The paying entity is always the entity that initially incurred the liability, not the entity that actually paid (in cases of payment made on behalf of).

The Header section 2 of the report contains information on the supplier (recipient of the payment), such as the supplier's federal tax ID, name, and address. This data is taken from the head office address of the business relation of the supplier.

The Detail Data section of the report contains a list of 1099 boxes and the declaration amounts. Each line contains a 1099 box reference and description, an entity reference, and a declaration amount. The declaration amount is calculated as the sum of all payments from the entity to the supplier for all invoices where the purchase type is linked to the 1099 box.

Note If the calculated amount does not exceed the minimum amount specified in the 1099 box definition, the report displays zero.

The report uses the actual amount paid in cases where a discount is applied to an invoice, and includes prepayments and payments in progress, if applicable.

Running the 1099 Electronic Declaration

Access 1099 Electronic Decl - United States (36.5.8.39.1.3) to generate a file that can be delivered electronically to IRS. 1099 Electronic Decl - United States generates IRSTAX-MISC and IRSTAX-NEC files for electronic filing of 1099-MISC and 1099-NEC.

Before submitting 1099 forms on magnetic media, the transmitter must apply to IRS (Form 4419 or IR-TCC) for approval. After approval, IRS assigns the transmitter a control code that is specified when this program is executed and must be included on all magnetic media filings.

A test file can be generated and submitted to IRS to verify if the data is properly formatted.

Fig. 2.6
1099 Electronic Decl - United States, Frame 1 (36.5.8.39.1.3)

1099 Electronic Decl - Unit... X

Go To Actions Copy Print Preview

Year: 2021

Create Test File For MISC:

Create Test File For NEC:

Transmitter Data

Control Code:

Name:

Address:

City: State: Post: -

Contact E-Mail Address:

Transmitter's Media Number:

In 1099 Electronic Decl - United States, frame 1, perform the following actions:

Control Code. Specify a code assigned by IRS.

Create Test File For MISC. Select this field to generate a test file of 1099-MISC to submit to IRS.

Create Test File For NEC. Select this field to generate a test file of 1099-NEC to submit to IRS.

Fig. 2.7
1099 Electronic Decl - United States, Frame 2 (36.5.8.39.1.3)

Supplier:

Supplier Type:

Company Address:

Fatca Filing:

NEC For Prior Year:

To:

To:

To:

In 1099 Electronic Decl - United States, frame 2, perform the following actions:

FATCA Filing. Select **Yes** or **No**.

NEC For Prior Year. Specify the year for which NEC needs to be declared. (If you declare NEC for a year before 2020, use the new 1099-NEC form, introduced by IRS in 2020.)

Fig. 2.10
1099 Paper Declaration - United States, 1099-MISC, Result (36.5.8.39.1.4)

9595		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED			
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. 1099cName12345678910 1099cAddline123456678910123456789100 1099cAddline223456678910123456789104 1099cAddline323456678910123456789102 1099cCity12345678901 AB 400708 9822345678		1 Rents \$ 1,00,00,00,001.00	OMB No. 1545-0115 Form 1099-MISC (Rev. January 2022) For calendar year 20 22	Miscellaneous Information Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.	
PAYER'S TIN 1099FedTax		3 Other income \$ 1,00,00,00,003.00		4 Federal income tax withheld \$ 1,00,00,00,004.00	
RECIPIENT'S TIN 1099br_FedTax		5 Fishing boat proceeds \$ 1,00,00,00,005.00		6 Medical and health care payments \$ 1,00,00,00,006.00	
RECIPIENT'S name 1099sr123456789123456789100000000000 1099br123456789123456789123456785555 Street address (including apt. no.) 1099br123456789123456789123456785553 1099br123456789123456789123456785551 City or town, state or province, country, and ZIP or foreign postal code City4364364374226321 NJ 3232322		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input checked="" type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$ 1,00,00,00,008.00		
		9 Crop insurance proceeds \$ 1,00,00,00,009.00	10 Gross proceeds paid to an attorney \$ 1,00,00,00,010.00		
		11 Fish purchased for resale \$ 1,00,00,00,011.00	12 Section 409A deferrals \$ 1,00,00,00,012.00		
		13 FATCA filing requirement <input type="checkbox"/>	14 Excess golden parachute payments \$ 1,00,00,00,014.00	15 Nonqualified deferred compensation \$ 1,00,00,00,015.00	
Account number (see instructions)		2nd TIN not <input type="checkbox"/>	16 State tax withheld \$ 1,00,00,00,016.00	17 State/Payer's state no. 1,00,00,00,017.00	18 State income \$ 1,00,00,00,018.00
Form 1099-MISC (Rev. 1-2022) 41-0852411 www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page					

9595		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED			
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. 1099cName12345678910 1099cAddline123456678910123456789100 1099cAddline223456678910123456789104 1099cAddline323456678910123456789102 1099cCity12345678901 AB 400708 9822345678		1 Rents \$ 3,001.00	OMB No. 1545-0115 Form 1099-MISC (Rev. January 2022) For calendar year 20 22	Miscellaneous Information Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.	
PAYER'S TIN 1099FedTax		3 Other income \$ 3,003.00		4 Federal income tax withheld \$ 3,004.00	
RECIPIENT'S TIN 1099Sa3Fedtax		5 Fishing boat proceeds \$ 3,005.00		6 Medical and health care payments \$ 3,006.00	
RECIPIENT'S name 1099Sa3Name 1099Sa3AddLine1 Street address (including apt. no.) 1099Sa3Addline2 1099Sa3Addline3 City or town, state or province, country, and ZIP or foreign postal code 2 MI 1		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input checked="" type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$ 3,008.00		
		9 Crop insurance proceeds \$ 3,009.00	10 Gross proceeds paid to an attorney \$ 3,010.00		
		11 Fish purchased for resale \$ 3,011.00	12 Section 409A deferrals \$ 3,012.00		
		13 FATCA filing requirement <input type="checkbox"/>	14 Excess golden parachute payments \$ 3,014.00	15 Nonqualified deferred compensation \$ 3,015.00	
Account number (see instructions)		2nd TIN not <input type="checkbox"/>	16 State tax withheld \$ 3,016.00	17 State/Payer's state no. 3,017.00	18 State income \$ 3,018.00
Form 1099-MISC (Rev. 1-2022) LMA 41-0852411 5118 www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service					



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