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TO: All Holders of the Financial Planning and Control Manual

NEW ACCOUNTING PROCEDURES

BULLETIN NUMBER: 259	March 2, 1998
SUBJECT: IRS Codes	

** This supersedes the provisions of New Accounting Procedures Bulletins 125 and 178, dated March 31, 1989 and May 13, 1992, respectively.*

Attached is a copy of OSC Accounting Bulletin A-430, dated February 3, 1998. As indicated therein, effective January 1, 1998, all payments to attorneys for settlements or judgements are to be identified as required by provisions of the Taxpayer Relief Act of 1997. This bulletin supersedes the provisions of OSC Accounting Bulletin A-429, dated January 5, 1998, a copy of which is also attached.

Accordingly, all settlement payments made to attorneys, or jointly to an attorney and client, are to be so identified by the entry of an **"L"** in the **'IRS Code'** field of applicable payment vouchers. When preparing vouchers for such payments, the attorney's or law firm's payee identification number should be entered in the 'Payee ID' block and the attorney's or law firm's name should appear in the first 'Payee Name' block.

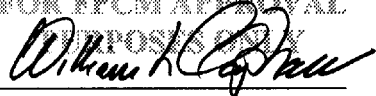
Vouchers for the payment of legal services, including but not limited to, payments to Judicial Hearing Officers, Law Guardians and Assigned Counsel, should continue to be identified as non-employee compensation by the entry of an **"N"** in the **'IRS Code'** block.

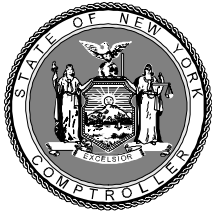
Included with Bulletin A-429 are necessary updates to sections 1.000, 3.1240 and 3.1245 of the State Comptroller's User Procedure Manual. With the establishment of this new code, all payment vouchers, including Quick Pay vouchers, should reflect the appropriate IRS Code when used to pay for the following services rendered:

IRS Codes - Effective January 1, 1998

<u>Code</u>	<u>Description of Service Rendered</u>
E	Rental Payments
H	Hospital / Medical Payments
J	Payments to Jurors
L	Settlement / Judgement Payments to Attorneys
N	Non-Employee Compensation
P	Interest (Late Payments)
R	Survivor Benefits
S	Real Estate
T	Taxable Employee Travel Expense
V	Volunteers
W	Employee Moving Expense
X	Real Property Tax

Please ensure distribution of this bulletin to all personnel within your respective jurisdictions who may be responsible for the processing of, or the monitoring of internal controls relating to, payments for legal services.

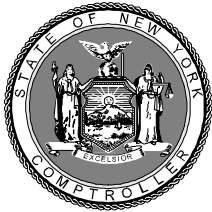
NYS UNIFIED COURT SYSTEM
FOR FPCM APPROVAL

William L. Clapham



Office of the State Comptroller

ACCOUNTING BULLETIN

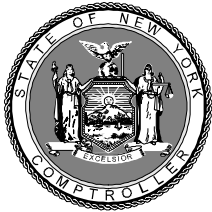
Subject	Bulletin No.	Date
New IRS Code for Payments to Attorneys	A-429	01/05/98
<p>Section 1021(a) of the Taxpayer Relief Act of 1997 requires 1099 reporting of payments to attorneys in connection with legal services. As of January 1, 1998, all such voucher payments must have an IRS Code of "L".</p> <p>Please update Volume VIII, Accounting Codes Manual, with the accompanying pages which list IRS Reporting Codes.</p> <p>Direct questions on this bulletin to the Accounting Information Center, (518) 473-1170.</p>		



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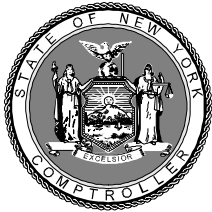
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2.0200	Structure of the Manuals	09/30/92	
2.0300	Procedure Presentation Methods	09/30/92	
2.0310	Manual Procedure Worksteps	09/30/92	
2.0320	Document Descriptions	09/30/92	
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3.1145	Batch Type Codes-Uses & Descriptions	10/15/94	
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3.1170	Fund Codes	10/15/94	
3.1180	Object Codes-Uses & Descriptions	10/15/94	
3.1185	Object Codes	04/01/95	
3.1190	Originating Agency Codes	10/15/94	
3.1200	Payee Name/Address List	10/15/94	
3.1210	Route Codes	10/15/94	
3.1215	Route Codes-Uses & Descriptions	10/15/94	
3.1220	Statistic Type Codes	10/15/94	
3.1230	Transaction Codes	10/15/94	
3.1240	IRS Reporting Codes	01/05/98	
3.1245	IRS Reporting Codes-Uses & Descriptions	01/05/98	



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Volume Name ACCOUNTING CODES MANUAL		Volume VIII	Date 01/05/98																												
Section Name IRS REPORTING CODES		Section 3.1240	Page 1																												
<div>CODE TYPE<div>IRS REPORTING CODES</div></div> <div>DESCRIPTION<div>THIS TABLE DEFINES THE VALID IRS REPORTING CODES FOR PERSONAL SERVICE PAYMENTS TO NON-EMPLOYEES.</div></div> <table><thead><tr><th>CODE</th><th>DESCRIPTION</th></tr><tr><th>-----</th><th>-----</th></tr></thead><tbody><tr><td>E</td><td>RENTAL PAYMENTS</td></tr><tr><td>H</td><td>HOSPITAL/MEDICAL PYMTS</td></tr><tr><td>J</td><td>PAYMENTS TO JURORS</td></tr><tr><td>L</td><td>PAYMENTS TO ATTORNEYS</td></tr><tr><td>N</td><td>NON-EMPLOYEE COMPENSATION</td></tr><tr><td>P</td><td>INTEREST-LATE PAYMENTS</td></tr><tr><td>R</td><td>SURVIVOR BENEFITS</td></tr><tr><td>S</td><td>REAL ESTATE</td></tr><tr><td>T</td><td>TAXABLE TRAVEL EXPENSE</td></tr><tr><td>V</td><td>VOLUNTEERS</td></tr><tr><td>W</td><td>REIMBURSE MOVING EXPENSE</td></tr><tr><td>X</td><td>REAL PROPERTY TAX</td></tr></tbody></table>				CODE	DESCRIPTION	-----	-----	E	RENTAL PAYMENTS	H	HOSPITAL/MEDICAL PYMTS	J	PAYMENTS TO JURORS	L	PAYMENTS TO ATTORNEYS	N	NON-EMPLOYEE COMPENSATION	P	INTEREST-LATE PAYMENTS	R	SURVIVOR BENEFITS	S	REAL ESTATE	T	TAXABLE TRAVEL EXPENSE	V	VOLUNTEERS	W	REIMBURSE MOVING EXPENSE	X	REAL PROPERTY TAX
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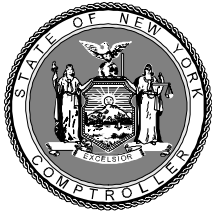
ACCOUNTING BULLETIN

Volume Name ACCOUNTING CODES MANUAL	Volume VIII	Date 1/05/98
Section Name IRS Reporting Codes - Uses and Descriptions	Section 3.1245	Page 6

IRS Reporting Codes are required on certain types of payment documents.

Listed below is an explanation of each IRS Reporting Code and under what circumstances it should be used.

<u>Code</u>	<u>Description</u>
E	<u>Rental Payments</u> - Payments to individuals, unincorporated businesses, partnerships and associations for the rental of space or equipment.
H	<u>Hospital/Medical Payments</u> - Payments to individuals, partnerships, corporations, professional corporations, or hospitals for any medical or health care service.
J	<u>Payments to Jurors</u> - Per diem payments to jurors. (OCA use only)
L	<u>Payments to Attorneys</u> - Gross proceeds paid to an attorney in connection with legal services.
N	<u>Non-Employee Compensation</u> - Payments for personal services rendered by someone, other than a corporation, who is not an employee. Non-employee compensation includes fees for services, prizes and awards for services rendered.
P	<u>Interest</u> - Payments to other than corporations of interest amounts on Late Vouchers or Real Estate purchases. (OSC use only)
R	<u>Survivor Benefits</u> - One time payment of death benefits to the survivor or estate of the deceased. (Use restricted to Thruway Auth)
S	<u>Real Estate</u> - Payments for the purchase of real property. Examples are payments for land, buildings and air space.
T	<u>Taxable Travel Expense</u> - Employee travel reimbursement payments that include excess (taxable) amounts.
V	<u>Volunteers</u> - Travel reimbursement payments to volunteers.
W	<u>Moving Expense</u> - Payments to employees or moving companies on behalf of employees for moving expenses.
X	<u>Real Property Tax</u> - Payments for property taxes involved in the purchase of real estate.



Office of the State Comptroller

ACCOUNTING BULLETIN

Subject	Bulletin No.	Date
Clarification on Payments to Attorneys	A-430	02/03/98
<p>This update to Accounting Bulletin A-429, dated 1/5/98, is based on a subsequent clarification provided by IRS.</p> <p>Contrary to A-429, if an attorney or law firm provides services to an agency, continue to code vouchers for this type of payment with an "N" (non-employee compensation) in the IRS Code block.</p> <p>Agencies should use the new IRS Code "L" when paying settlements or judgments to claimants' attorneys. Specifically, when a settlement payment is made to an attorney, or jointly to an attorney and client, enter the following on the voucher:</p> <ul style="list-style-type: none">- The attorney's or firm's Payee ID;- The corresponding attorney's or firm's name in the first Payee Name block;- An "L" in the IRS Code block. <p>On occasion, two payments resulting from the same settlement or judgment are made to an attorney. One payment represents the attorney's fee and the other payment represents the client's portion of the settlement. In this case, the payment for the attorney's fee should be coded with an "N" in the IRS Code block, and the payment representing the client's share should have a blank IRS Code since none of the latter is income to the attorney.</p> <p>If your agency has processed payments in 1998 that require a change to IRS Code based on this bulletin, please contact OSC's Federal Reporting Unit at (518) 474-5436.</p> <p>Direct questions on this bulletin to the Accounting Information Center, (518) 473-1170.</p>		