

**IEVS SPECIFICATIONS GLOSSARY****BACKGROUND**

The purpose of this specifications glossary is to assist employees of state and local agencies administering certain programs under the Social Security Act, the Food Stamp Act of 1977, and state unemployment compensation laws understand certain tax return information received from the Internal Revenue Service (IRS) in accordance with Section 6103 (1) (7) of the Internal Revenue Code.

This glossary is only a guideline of definitions extracted from the instructions for preparing the IRS tax forms. These definitions are unofficial and cannot be used in any legal action.

**PURPOSE**

The specifications glossary is updated to include money fields that have been added for successive tax years.

**DEFINITIONS**

The definitions are listed under the form on which the information is reported to the IRS.

## Form W2-G

**REPORTABLE GAMBLING WINNINGS** - Excluding keno, bingo and slot machine winnings a payer of reportable gambling winnings must report any winnings (1) equal to \$600 or more by filing a Form W2-G. Payment of gambling winnings of \$1,200 or more (if the amount paid is not reduced by the wager) from bingo or slot machine play or \$1,500 or more (if the amount is reduced by the wager) from keno games must be reported.

**ADDITIONAL WINNINGS** - Payment for an identical wager on the same thing must be reported. Winnings from identical wagers that are not part of the payment for which this form is filed are aggregated for withholding purposes to determine if the total amount of proceeds from identical wagers is more than \$5,000.

## Forms 1041, 1065 and 1120s Schedule K-1

**OTHER TAXABLE INCOME** - (Formerly Distributive Shares) In a trust/partnership/subchapter "S" corporation, each beneficiary/partner/shareholder must report his/her distributive shares of income or loss whether or not distributed.

**INTEREST** - Any interest on indebtedness. This includes interest on deposits with a bank, savings and loan or credit union.

**DIVIDENDS** - A distribution of property made by a corporation to its shareholders.

## Form 1099 - A

The underlying asset would be any distribution of proceeds on foreclosure, etc.

**DEBT OUTSTANDING** - The amount reported for each borrower, when money is lent in connection with a trade or business.

**FULL OR PARTIAL DEBT SATISFACTION** - The amount of debt satisfied by the lender through acquiring an interest in the borrower's property that is security for the debt.

**FAIR MARKET VALUE** - The standard for determining value of property received in exchange or acquisition. In the case of foreclosure, execution, or similar sale, the gross foreclosure bid price is considered to be the fair market value.

**PROPERTY** - Real property, intangible property, or tangible personal property held for investment or used in a trade or business.

## Form 1099-B

Items below relate to the proceeds from broker or barter exchange transactions.

**AGGREGATE PROFIT AND LOSS** - In a bartering transaction, the aggregate profit (or loss) for the year from regulated futures or foreign currency contracts.

**PROFIT AND LOSS REALIZED** - In a bartering transaction, the profit (or loss) realized by a customer on closed regulated futures or foreign currency contracts in 1995.

**STOCKS AND BONDS** - The gross proceeds from any disposition of securities, commodities, or forward contracts. The underlying asset was the item disposed of.

**UNREALIZED PROFIT AND LOSS FROM PRIOR YEAR** - In a bartering transaction, the unrealized profit (or loss) on open regulated futures or foreign currency contracts at the end of 1994.

**UNREALIZED PROFIT AND LOSS FROM CURRENT YEAR** - In a bartering transaction, the unrealized profit (or loss) on open regulated futures or foreign currency contracts as of December 31, 1995.

## Form 1099-DIV

**DIVIDENDS** - A distribution of property (usually cash) made by a corporation to its shareholders.

**CAPITAL GAINS** - Capital gain net income in excess of the gains from sales or exchanges of capital assets over the losses from such sales or exchanges.

**NON-TAXABLE DISTRIBUTIONS** - Any distribution made out of earnings and profits by a corporation to its stockholders.

**CASH LIQUIDATION DISTRIBUTION** - An interest in a corporation may be disposed of by sale or exchange of the capital stock, by redemption of the stock by the corporation, or by complete or partial liquidation of the corporation.

**NON-CASH LIQUIDATION DISTRIBUTION** - The basis of property received in a distribution in complete or partial liquidation, in which gain or loss is recognized by the stockholder.

## Form 1099-G

**UNEMPLOYMENT COMPENSATION** - Payments of \$10 or more received under a United States or a state's unemployment compensation laws or Railroad Retirement Board payments for unemployment.

**PRIOR YEAR REFUND** - Refunds, credits, or offsets of state or local income tax for which the recipient previously had been allowed a deduction on his/her Federal Income Tax return. Payments of \$10 or more are reported.

**DISCHARGE OF INDEBTEDNESS** - Any amount in excess of \$600 that was owed to the Federal Government and that has been declared not collectable.

**AGRICULTURAL SUBSIDIES** - U.S. Department of Agriculture agricultural subsidy payments made to recipients during the year.

## Form 1099 - INT

**INTEREST** - Amounts that are paid or credited to any person's account by savings and loan associations, mutual savings, banks not having capital stock, building and loan associations, cooperative banks, homestead associations, credit unions or similar organizations.

**SAVINGS BONDS** - Amounts of interest paid on U.S. Savings Bonds, Treasury Bills, Treasury Notes, and Treasury Bonds.

**INTEREST FORFEITURE** - Amounts of interest or principal forfeited as a penalty for early withdrawal of time deposits.

## Form 1099-MISC

**PRIZES AND AWARDS** - Amounts equal to or greater than \$600 which the filer has paid in rents, services, prizes and awards.

**RENTS** - Amounts paid to recipients for all types of rents, like real estate rentals paid for office space (unless paid to a real estate agent), machine rentals, and pasture rentals.

**ROYALTY PAYMENTS** - Gross royalty payments of \$10 or more paid by a publisher directly to an author or literary agent.

**SUBSTITUTE PAYMENTS** - Payment in-lieu-of: (1) tax-exempt interest to the extent that interest has accrued while the short sale was open, and (2) a dividend if the ex-dividend date is after the transfer of stock for use in a short sale and before the closing of the short sale.

## Form 1099-OID

**INTEREST FORFEITURE** - Amounts of interest or principal forfeited because of an early withdrawal such as an early withdrawal from a CD, that are deductible from gross income.

**ORIGINAL ISSUE DISCOUNT** - The difference between the issue price and the stated redemption price at maturity of a debt instrument.

**CROP INSURANCE PROCEEDS** - Amounts paid to farmers by insurance companies unless the farmer has informed the insurance company that expenses have been capitalized.

## Form 1099-PATR

**PATRONAGE DIVIDENDS** - Amount paid to a patron in cash, qualified written notices of allocation, and other property.

**NON-PATRONAGE DISTRIBUTIONS** - Amounts paid as in cash, qualified written notices of allocation, and other property.

**PER-UNIT RETAIN ALLOCATIONS** - Per-unit Retain Allocations paid in cash, qualified per-unit retain certificates (face amount), and other property.

**REDEMPTION OF NON-QUALIFIED AND RETAIN ALLOCATIONS** - All redemption of non-qualified written notices of allocation, issued as patronage dividends, non-qualified written notices of allocation issued as non patronage allocations, and non-qualified per-unit retain certificates, issued with respect to marketing.

## Form 1099-R

On these transactions, the underlying asset account will be the total amount distributed to the taxpayer.

**IRA OR SEP DISTRIBUTIONS** - Amount distributed from an Individual Retirement Arrangement (IRA) or Simplified Employee Pension (SEP).

**PROFIT SHARING OR RETIREMENT PLAN DISTRIBUTION** - Total of Employee Contributions, Other Income and Ordinary Income and Capital Gain from distribution of a retirement plan.

**EMPLOYEE CONTRIBUTIONS** - Employee contributions made to a profit sharing, retirement plan or insurance premiums.

**ORDINARY INCOME AND CAPITAL GAIN** - Upon retirement, an allocation of the taxable portion of a lump-sum distribution between long-term capital gain and ordinary income is made on the basis of the number of employee's months of plan participation before 1974 and 1973.

Form 1099-R

**OTHER INCOME** - The current value of an annuity that is distributed as part of a lump-sum retirement plan distribution.

**TOTAL PENSION DISTRIBUTION** - Lump-sum cash distribution from a retirement plan.

**OTHER PENSION DISTRIBUTION** - Formerly "Profit Sharing or Retirement Plan Distribution". Value of an annuity purchased as part of a retirement distribution.

Form 1099-S

**REAL ESTATE SALES** - The amount received as a result of the sale of real estate property.

**SALE OR EXCHANGE** - Any transaction properly treated as a sale or exchange for federal income tax purposes.

**OWNERSHIP INTEREST** - Includes fee simple interests, life estates, reversions, remainders, and perpetual easements.

**INVOLUNTARY CONVERSION** - A sale of real estate under threat or imminence of seizure, requisition, or condemnation.