

# 2000



Department of the Treasury  
Internal Revenue Service

# Instructions for Form 1099-G

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Form 1099-G and other forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

## Specific Instructions for Form 1099-G

File **Form 1099-G**, Certain Government and Qualified State Tuition Program Payments, if you made certain payments as a unit of a Federal, state, or local government or distributions from a qualified state tuition program (see **Box 5** below).

### Statements to Recipients

If you are required to file Form 1099-G, you must provide a statement to the recipient. Furnish a copy of Form 1099-G or an acceptable substitute statement to each recipient, except as explained below under **Box 2**. Also, see part **H** in the **2000 General Instructions for Forms 1099, 1098, 5498, and W-2G**.

### Box 1

Enter payments of \$10 or more in **unemployment compensation** including Railroad Retirement Board payments for unemployment. Enter the total amount before any income tax was withheld. If you withhold Federal income tax at the request of the recipient, enter it in box 4.

### Box 2

Enter **refunds, credits, or offsets of state or local income tax** of \$10 or more you made to recipients. If recipients deducted the tax paid to a state or local government on their Federal income tax returns, any refunds, credits, or offsets may be taxable to them. If you can determine that the recipient did not claim itemized deductions on the recipient's Federal income tax return for the tax year giving rise to the refund, credit, or offset, you are not required to furnish a copy of Form 1099-G or a substitute statement to the recipient. However, you must file Form 1099-G with the IRS in all cases.

A tax on dividends, a tax on net gains from the sale or exchange of a capital asset, and a tax on the net taxable income of an unincorporated business are taxes on gain or profit rather than on gross receipts. Therefore, they are income taxes, and any refund, credit, or offset of \$10 or more of these taxes is reportable on Form 1099-G. In the case of the dividends tax and the capital gains tax, if you determine that the recipient did not itemize deductions, as explained above, you are not required to furnish a Form 1099-G or substitute statement to the recipient. However, in the case of the tax on unincorporated businesses, you must furnish a Form 1099-G or substitute statement to the recipient in all cases, as this is a tax that applies exclusively to income from a trade or business. See **Box 8** on page G-2 and Rev. Rul. 86-140, 1986-2 C.B. 195.

If you pay **interest** of \$600 or more on the refund, you must file Form 1099-INT and furnish a statement to the recipient. For interest payments of less than \$600, you may choose to enter the amount with an appropriate designation such as "Interest Income" in the blank box on the statement to the recipient.

### Box 3

No entry is required in box 3 if the refund, credit, or offset is for the 1999 tax year. If it is for any other tax year, enter the **year** for which the refund, credit, or offset was made. Also, if the refunds, credits, or offsets are for more than 1 tax year, report the amount for each year on a separate Form 1099-G. Use the format "YYYY" to make the entry in this box. For example, enter 1998, not '98.

### Box 4

Enter **backup withholding**. For example, persons who have not furnished their taxpayer identification number (TIN) to you are subject to backup withholding at a 31% rate on payments required to be reported in box 6 or 7.

Also enter any **voluntary Federal withholding** on unemployment compensation, Commodity Credit Corporation loans, and certain crop disaster payments. If you withheld state income tax, you may label it and report it on the statement to the recipient. However, you are not required to report state withholding to the IRS.

### Box 5

Enter the earnings part of any distribution (including in-kind distributions) from a qualified state tuition program (QSTP) made to the designated beneficiary or account owner. If a QSTP makes a distribution directly to an eligible educational institution to pay tuition and fees for the designated beneficiary or the QSTP makes a check payable to both the beneficiary and the educational institution, enter the name, address, and TIN of the beneficiary on Form 1099-G.

**Qualified state tuition program.** A QSTP is a program established and maintained by a state or its agency or instrumentality under which a person:

1. May purchase tuition credits or certificates on behalf of a designated beneficiary that entitle the beneficiary to the waiver or payment of qualified higher education expenses or
2. May make contributions to an account established to meet the qualified higher education expenses of the account beneficiary.

Other rules apply. See Proposed Regulations section 1.529-2.

**Distributions.** Distributions, whether in cash or in kind, include tuition credits or certificates, payment vouchers, tuition waivers, or other similar items. Distributions also include a refund to the account owner, to the designated beneficiary, or to the designated beneficiary's estate.

Do not file Form 1099-G for a **change in the name** of the designated beneficiary on an account if the new beneficiary is a member of the former beneficiary's family. Also, do not file Form 1099-G for a **rollover**. For purposes of reporting on Form 1099-G, a rollover is a trustee-to-trustee transfer from the designated beneficiary's account to an account established for a member of the designated beneficiary's family. The new designated beneficiary's account may be in a QSTP in the same or another state. A distribution is **not** a rollover unless there is

a change in beneficiary. Thus, a transfer from the designated beneficiary's account to himself or herself, regardless of whether the transfer is to an account within the same QSTP or another QSTP in the same or another state, is not a rollover and must be reported on Form 1099-G.

For more information on reporting distributions, see Proposed Regulations section 1.529-4.

**Earnings.** To determine the earnings, you may use the earnings ratio described in Proposed Regulations section 1.529-3. These earnings are not subject to backup withholding.

**Program's name and EIN.** In the Payer's name and Federal identification number areas of the form, enter the name and employer identification number (EIN) of the QSTP. If the QSTP is using the EIN of the state, enter the name of the state on the first name line and the name of the program on the second name line.

#### **Box 6**

Enter any amount of a **taxable grant** administered by a Federal, state, or local program to provide subsidized energy financing

or grants for projects designed to conserve or produce energy, but only with respect to section 38 property or a dwelling unit located in the United States. Also report amounts of other taxable grants of \$600 or more. A Federal grant is ordinarily taxable unless stated otherwise in the legislation authorizing the grant. **Do not** report scholarship or fellowship grants. See **Scholarships** in the **Instructions for Form 1099-MISC**.

#### **Box 7**

Enter USDA **agricultural subsidy** payments made during the year. If you are a nominee that received subsidy payments for another person, file Form 1099-G to report the actual owner of the payments, and report the amount of the payments in box 7.

#### **Box 8**

If the amount in box 2 is a refund, credit, or offset attributable to an income tax that applies exclusively to income from a trade or business and is not a tax of general application, enter an "X" in this box.