

2019

Instructions for Form 1099-PATR

Taxable Distributions Received From Cooperatives



Department of the Treasury
Internal Revenue Service

Instruction 1099-PATR (Rev. 2019) Catalog Number 47759K
Department of the Treasury **Internal Revenue Service** www.irs.gov



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Contents

Topic	Regular Page	Large Print Page
Future Developments	1	3
What's New	1	3
Reminders	1	4
Specific Instructions	1	5

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

Future Developments

For the latest information about developments related to Form 1099-PATR and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1099PATR](https://www.irs.gov/Form1099PATR).

What's New

For specified agricultural and horticultural cooperatives only, qualified payments paid to the patron will be reported in new box 7, Qualified Payments.

Reminders

In addition to these specific instructions, you also should use the 2019 General Instructions for Certain Information Returns.

Those general instructions include information about the following topics.

- Who must file.
- When and where to file.
- Electronic reporting.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers (TINs).
- Backup withholding.
- Penalties.
- Other general topics.

You can get the general instructions at [IRS.gov/1099GeneralInstructions](https://www.irs.gov/1099GeneralInstructions).

Online fillable copies. To ease statement furnishing requirements, Copies B and C have

been made fillable online in a pdf format available at [IRS.gov/Form1099PATR](https://www.irs.gov/Form1099PATR). You can complete these copies online for furnishing statements to recipients and for retaining in your own files.

Specific Instructions

File Form 1099-PATR, Taxable Distributions Received From Cooperatives, for each person to whom the cooperative has paid at least \$10 in patronage dividends and other distributions described in section 6044(b), or from whom you withheld any federal income tax under the backup withholding rules regardless of the amount of the payment. A cooperative determined to be primarily engaged in the retail sale of goods or services that are generally for personal, living, or family use of the members may ask for and receive exemption from filing Form 1099-PATR. See Form 3491, Consumer Cooperative Exemption Application, for information about how to apply for this exemption. Report dividends paid on a cooperative's capital stock on Form 1099-DIV, Dividends and Distributions.



Report on Form 1099-PATR only items of income, expenses, and credits that you properly pass through to patrons for reporting on the patron's tax return.

Exceptions. Generally, you are not required to file Form 1099-PATR for payments made to a corporation, a tax-exempt organization including tax-exempt trusts (HSAs, Archer MSAs, and Coverdell ESAs), the United States, a state, a possession, or the District of Columbia. See Regulations section 1.6044-3(c).

Statements to Recipients

If you are required to file Form 1099-PATR, you must furnish a statement to the recipient. For more information about the requirement to furnish statements to recipients, see part M in the 2019 General Instructions for Certain Information Returns.

Truncating recipient's TIN on payee statements. Pursuant to Regulations section 301.6109-4, all filers of this form may truncate a payee's TIN (social security number (SSN), individual taxpayer

identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A filer's TIN may not be truncated on any form. See part J in the 2019 General Instructions for Certain Information Returns.

2nd TIN Not.

You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect TIN. If you mark this box, the IRS will not send you any further notices about this account.

However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two-notices-in-3-years rule, you are considered to have received one notice and you are not required to send a second "B" notice to the taxpayer on receipt

of the second notice. See part N in the 2019 General Instructions for Certain Information Returns for more information.



For information on the TIN Matching system offered by the IRS, see Items You Should Note in the 2019 General Instructions for Certain Information Returns.

Account Number

The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-PATR. Additionally, the IRS encourages you to designate an account number for all Forms 1099-PATR that you file. See part L in the 2019 General Instructions for Certain Information Returns.

Box 1. Patronage Dividends

Enter the patron's share of total patronage dividends paid in cash (including qualified or "consent" checks), qualified written notices of allocation (face amount), and other property (except nonqualified written notices of

allocation) allowable as a deduction under IRC §1382(b)(1).

Box 2. Nonpatronage Distributions

For farmers' cooperatives exempt from tax under section 521 only, enter the patron's share of the total amount paid in cash (including qualified or "consent" checks), qualified written notices of allocation (face amount), and other property (except nonqualified written notices of allocation) on a patronage basis with respect to the cooperative's earnings that are derived from business done for the United States or any agency thereof or from nonpatronage sources allowable as a deduction under IRC §1382(c).

Box 3. Per-Unit Retain Allocations

Enter the patron's share of the total per-unit retain allocations paid in cash, qualified per-unit retain certificates (face amount), and other property (except nonqualified per-unit retain certificates) allowable as a deduction under IRC §1382(b)(3).

Box 4. Federal Income Tax Withheld

Enter backup withholding on patronage payments. Persons who have not furnished their TIN to you in the manner required are subject to withholding on payments required to be reported in boxes 1, 2, 3, and 5 to the extent such payments are in cash or qualified check. See Regulations section 31.3406(b)(2)-5 for more information on backup withholding by cooperatives.

For more information on backup withholding, including the applicable rate, see part N in the 2019 General Instructions for Certain Information Returns.

Box 5. Redemption of Nonqualified Notices and Retain Allocations

Enter the amount of redemptions of nonqualified written notices of allocation that were paid as a patronage dividend and the amount of redemptions of nonqualified per-unit retain certificates that were paid as a per-unit retain allocation. See IRC §§1382(b) (2) & (4).

In addition, for farmers' cooperatives exempt from tax under section 521 only, enter the amount of redemptions of nonqualified written notices of allocation that were paid on a patronage basis with respect to the cooperative's earnings that are derived from business done for the United States or any agency thereof or from nonpatronage sources. See IRC §1382(c)(2)(B).

Pass-Through Credits and Deductions

Report in the appropriate boxes the patron's share of credits and deductions that the cooperative is passing through to the patron.

Box 6. Domestic Production Activities Deduction

For specified agricultural and horticultural cooperatives only, enter the patron's share of the amount of domestic production activities deduction (DPAD) claimed by the cooperative under IRC §199(a) or IRC §199A(g) and passed through to the patron. No deduction is allowed under section 199A for such qualified

payments. Do not reduce the amounts reported in box 1 or 3.

Box 7. Qualified Payments

For specified agricultural and horticultural cooperatives only, enter the qualified payments paid to the patron. You are required to provide this information whether or not you pass any of the DPAD through to the patrons.

Box 8. Investment Credit

Enter the patron's share of total investment credit.

Box 9. Work Opportunity Credit

Enter the patron's share of total work opportunity credit.

Box 10. Patron's AMT Adjustment

Enter the patron's share of total alternative minimum tax (AMT) patronage dividend adjustment.

Box 11. Other Credits and Deductions

- For the patron, state separately in box 11 the type and amount of each of the following credits and deductions.
- The credit for renewable energy and refined fuel (Form 8835).
- The empowerment zone credit (Form 8844).
- The low sulfur diesel fuel production credit (Form 8896).
- The credit for small employer health insurance premiums (Form 8941).
- The credit for employer differential wage payments (Form 8932).
- The deduction for capital costs incurred by small refiner cooperatives when complying with EPA sulfur regulations.

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