



# Instructions for Form 1099-G

## Certain Government Payments

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

### Future Developments

For the latest information about developments related to Form 1099-G and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099g](http://www.irs.gov/form1099g).

### Reminder

In addition to these specific instructions, you should also use the 2016 General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

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

You can get the general instructions from [www.irs.gov/form1099g](http://www.irs.gov/form1099g).

### Specific Instructions

File Form 1099-G, Certain Government Payments, if, as a unit of a federal, state, or local government, you made payments of unemployment compensation; state or local income tax refunds, credits, or offsets; reemployment trade adjustment assistance (RTAA) payments; taxable grants; or agricultural payments. You must also file this form if you received payments on a Commodity Credit Corporation (CCC) loan. The officer or employee of the government unit having control of the payments, received or made, (or the designated officer or employee) must file Form 1099-G.

Certain amounts that are not reportable on Form 1099-G, such as compensation for services, prizes, and certain incentives, may be reportable on Form 1099-MISC, Miscellaneous Income. See the Instructions for Form 1099-MISC for more information.

### Statements to Recipients

If you are required to file Form 1099-G, you must furnish the same information to the recipient. Furnish a copy of Form 1099-G or an acceptable substitute statement to each recipient, except as explained later under [Box 2. State or Local Income Tax Refunds, Credits, or Offsets](#). Also, see part M in the 2016 General Instructions for Certain Information Returns.

**Truncating recipient's identification number on payee statements.** Pursuant to Treasury Regulations

section 301.6109-4, all filers of this form may truncate a recipient's identification number (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 payer's identification number may not be truncated on any form. See part J in the 2016 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-G. Additionally, the IRS encourages you to designate an account number for all Forms 1099-G that you file. See part L in the 2016 General Instructions for Certain Information Returns.

### Box 1. Unemployment Compensation

Enter payments of \$10 or more in unemployment compensation including Railroad Retirement Board payments for unemployment. If you make payments from a contributory program that has been deemed to be in the nature of unemployment compensation, such as California's Family Temporary Disability Insurance payments or governmental paid family leave program payments, file a separate Form 1099-G for payments from each contributory program. 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. State or Local Income Tax Refunds, Credits, or Offsets

Enter refunds, credits, or offsets of state or local income tax of \$10 or more you made to recipients. These include most state tax credits and incentive payments that are paid under an existing state tax law and administered by the state taxing agency. Film maker incentive credits, home improvement credits paid in low income areas, and solar panel installation credits are some types of state programs which are generally reportable in box 2 if paid by the state taxing agency.

Do not enter in box 2 payments that are not state income tax refunds, credits or offsets. This may include payments made under state grant, incentive, subsidy, or other individual assistance programs. Taxable grants are reported in box 6; see the instructions below. 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. You are not required to furnish a copy of Form 1099-G or a substitute statement to the recipient 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. 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. Trade or Business Income \(Checkbox\)](#), later, 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, Interest Income, 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 Copy B of the Form 1099-G.

### **Box 3. Box 2 Amount Is For Tax Year**

No entry is required in box 3 if the refund, credit, or offset is for the 2015 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 2014, not '14.

### **Box 4. Federal Income Tax Withheld**

**Backup withholding.** Enter backup withholding at a 28% rate on payments required to be reported in box 6 or 7. For example, if a recipient does not furnish its taxpayer identification number (TIN) to you, you must backup withhold.

**Voluntary withholding.** Enter any voluntary federal withholding on unemployment compensation, CCC loans, and certain crop disaster payments. If you withhold state income tax, see *Boxes 10a Through Box 11. State Information*, later. However, you are not required to report state withholding to the IRS.

### **Box 5. RTAA Payments**

Enter RTAA payments of \$600 or more that you paid to eligible individuals under the Reemployment Trade Adjustment Assistance program.

### **Box 6. Taxable Grants**

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 energy property or a dwelling unit located in the United States. Also, enter any amount of a taxable grant administered by an Indian tribal government.

Report amounts of other taxable grants of \$600 or more. State and local grants are ordinarily taxable for federal income purposes unless it can be determined that they are excludable. 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. Agriculture Payments**

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. Trade or Business Income (Checkbox)**

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.

### **Box 9. Market Gain**

Report market gain associated with the repayment of a CCC loan whether repaid using cash or CCC certificates.

### **Boxes 10a Through 11. State Information**

These boxes may be used by filers who participate in the Combined Federal/State Filing Program and/or who are required to file paper copies of this form with a state tax department. See Publication 1220 for more information regarding the Combined Federal/State Filing Program. They are provided for your convenience only and need not be completed for the IRS. Use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dash line. If you withheld state income tax on this payment, you may enter it in box 11. In box 10a, enter the abbreviated name of the state. In box 10b, enter the filer's state identification number. The state number is the filer's identification number assigned by the individual state. In box 11, enter the amount of any state income tax withheld.

If a state tax department requires that you send them a paper copy of this form, use Copy 1 to provide information to the state tax department. Give Copy 2 to the recipient for use in filing the recipient's state income tax return.