



ABHAY JAISWAL

Workday Finance, configured by a Chartered Accountant.

ABHAYJAISWAL.COM

■ WORKDAY FINANCE · STEP BY STEP

Create 1099 Adjustments

■ Table of Contents

1. Purpose
2. Prerequisites
3. 1099 Adjustments
4. Common Errors & Resolutions
5. Best Practices

■ Purpose

This guide provides step-by-step instructions to create 1099 adjustments in Workday. This process is used to correct or modify reported amounts on 1099 forms when direct transaction updates are not possible. These adjustments can include:

- Correcting 1099 amounts for federal and state income and tax withheld
- Reclassifying amounts from one IRS category to another
- Transferring amounts between different 1099 forms
- Updating balances for payments made through third-party applications

■ Prerequisites

To effectively *Create 1099 Adjustments*, ensure the following:

- You have the appropriate Workday security role(s) assigned (e.g. 1099 Analyst)
- Set up 1099 payees
- Configure the *1099 Adjustment* business process

Also note the following:

- 1099 adjustments do not affect accounting records
- Adjustments can be made regardless of the status of ledger periods
- The date entered determines the calendar year for reporting the adjustment
- A memo can be added to describe the reason for the adjustment

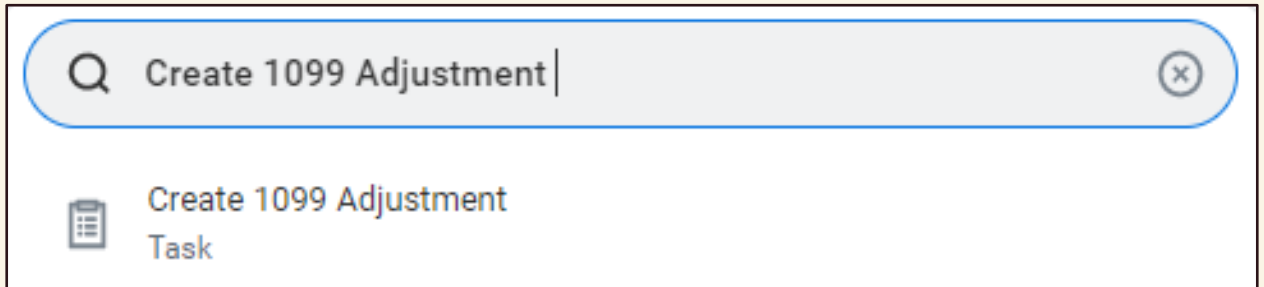
■ 1099 Adjustments

Notes:

- The 1099 Adjustment Business Process currently does not have any approvals.
 - Potential Approver Security Groups:
 - Accounting Manager
 - Controller
 - Supplier Administrator
- Security Groups that can create 1099 Adjustments
 - 1099 Analyst
- You will need to update 1099 MISC and NEC form types via *Edit 1099 and 1096 Print Form Layout* task



➤ Search for *Create 1099 Adjustment* and select the related task.



Q Create 1099 Adjustment | (X)

 Create 1099 Adjustment
Task



- Populate **required** fields including *Company*, *1099 Form Type*, *1099 Payee*, *Adjustment Date*, *Spend Category*, and *Federal Income*. Ensure you are inputting information for Federal Income and State Income on the appropriate tabs. Include details in the *Memo* field to describe the 1099 Adjustment reason (i.e. Include balances in your 1099 forms for payments that you've made in third-party applications). Add additional lines as needed.
- Click Submit.

Create 1099 Adjustment

1099 Adjustment (empty)

Company *

X

Global Modern Services, Inc. (USA)

...

1099 Form Type *

X

1099-NEC

...

1099 Payee *

X

AMP Agency

...

Currency

USD

Adjustment Date *

06/01/2025

Memo

Federal Tax Withheld

0.00

Federal Income

State Income

Attachments

Federal Income 1 item

	*Spend Category	*Federal Income
+		
-	X Contract Labor ...	1,500.00

Submit

Save for Later

Cancel

■ Common Errors and Resolutions

Issue	Description	Resolution
Income Not Removed from 1099-NEC	After performing a 1099 adjustment, the income appears on the 1099-MISC but remains on the 1099-NEC.	A negative adjustment must be made to the 1099-NEC. For example, enter a negative amount in Box 1 of the 1099-NEC and a positive amount in Box 3 of the 1099-MISC.
Modifying 1099 Data After Submission to IRS	The 1099 data needs modification after the file has already been sent to the IRS.	Verify the company and payee tax details, create necessary 1099 adjustments, and generate a new corrected 1099 run using the 'Create Corrected 1099 Run' task. The form will automatically check the 'Correct' box.
Incorrect Payee Information	Errors in payee name or taxpayer identification number.	Create negative 1099 adjustments to zero out incorrect amounts and then create a corrected 1099 run for the payee.
Issuing Payment to Multiple Entities	Need to issue one payment to both a supplier and an individual.	Use the Create 1099 Adjustment task to generate a second 1099 for the individual payee by adding their details.

■ Best Practices

- Use 1099 adjustments to correct amounts, move amounts between Spend Categories, or include balances from third-party applications.
- Make adjustments regardless of the status of your ledger periods. Ensure the **Adjustment Date** reflects the correct calendar year for reporting.
- Always include a **memo** that clearly describes the reason for the adjustment, such as reclassifications or opening balances for new recipients.
- When adjusting, ensure that you enter positive or negative amounts accurately for **Federal Tax Withheld**, **Federal Income**, and **State Income**.
- Attach relevant documents, such as receipts, for auditing purposes. This helps maintain transparency and supports the adjustments made.
- After creating adjustments, preview the 1099 payment details to verify amounts and categories. Use the **Find 1099 Adjustments** report to track any necessary changes or cancellations.



Thank You

abhayjaiswal.com

mail@abhayjaiswal.com

[linkedin.com/in/abhaykj](https://www.linkedin.com/in/abhaykj)

Workday Finance, configured by a Chartered Accountant.

FOLLOW FOR MORE WORKDAY FINANCE WALKTHROUGHS