1099-PATR Box 6 Considerations

If the company will be reporting Domestic Production Activities Deduction (DPAD) (1099-PATR box 6), below are some items that should be discussed with the auditor and suggestions for options on the Domestic Product Report found in Agvance at *Grain\Grain Reports\Settlements\Domestic Production Report.*

1. **Is reporting done on a fiscal year or calendar year basis?**
    1. If reporting on the calendar year, use the January-December date range.
    2. If reporting on the fiscal year, use the fiscal year as the date range.
2. **Are all patrons eligible or do the patrons need to be filtered?**
    1. If needing to filter the patrons who will receive an amount, we have filtering options at the select customer window.
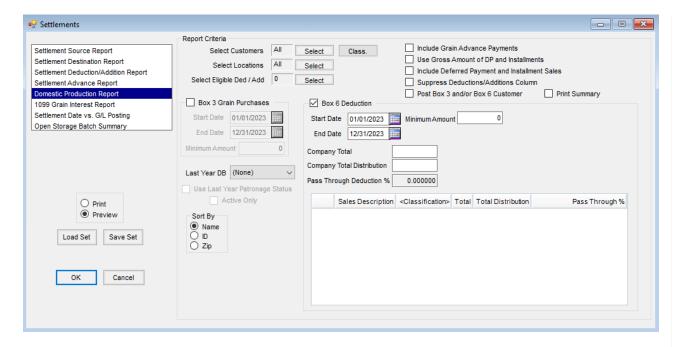3. **When is the income reported for the patron?**
    1. If the answer is *when the patron receives* the check, use the option *Use Gross Amount of DP and Installments.*
    2. If the answer is *when the deferral contract was made,* use the option Include *Deferred Payment and Installment Sales.*
4. **Should customer advances be included in the calculation?**
    1. If yes, use the option *Include Grain Advance Payments*.
5. **Do you have a minimum amount to be reported?**

Additional Information for Options when using the Agvance Domestic Production Activities Deduction (DPAD) (1099-PATR box 6)

- **Select Customers** – Select the Customers to be reported for Box 6. Filter the Customers by selecting a list of Customers. Many times, it is preferable to only include active Patrons.
- **Select Eligible Ded/Add** – If specific Settlement Deductions/Additions are to be included in the calculation of gross purchases, select the Settlement Deductions/Additions. This option would be used if a Customer has a deduction that would normally come off the price being paid, but, to make it easier for the farmer to understand, the company shows it as a deduction on the Settlement (test weight, damage, protein, etc.).
- **Box 6 Deduction** – Indicate if a statement is needed for Box 6 or there is a need to post Box 6 amounts to the Customer for 1099 reporting. Enter the date range for which gross purchases should be included. Box 6 is also known as DPAD.
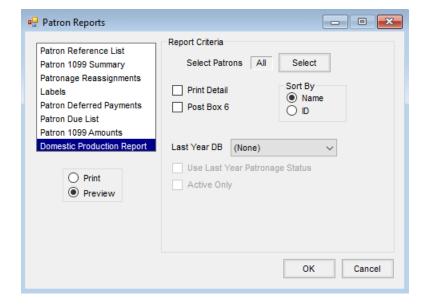- **Company Total** – Enter the total of the gross purchases for the date range selected for the *Box 6 Deduction*. This option is only available when *Box 6 Deduction* is checked.
- **Company Total Distribution** – Enter the amount the auditor states represents the pass-through. This is the number that should be the total for Box 6 in the 1099-PATR media file.
- **Minimum Amount** – Any Customer with gross grain sales below the amount entered here will not be included on the report or for posting Box 6.
- **Accounting Information Grid** – Double-click the *Classification* header to select the Product Classification(s) for Products eligible to be included in the calculation for DPAD. Each Product Classification will have its own pass-through rate.
- **Include Grain Advance Payments** – Optionally select to include Grain Advances in the calculation of gross purchases for the Customer.
- **Use Gross amount of DP and Installments** – When a Priced Settlement's *Source* is a Deferred Payment/Installment Sale and this is checked, it will use the gross amount of the Deferred Payment/Installment Sale in the calculation of gross purchases (Cash Basis option).

- **Include Deferred Payment and Installment Sales** – Select to include Deferred Payment, Installment Sales, and Priced Settlements in the calculation of gross purchases (works like Patronage capture).
- **Suppress Deductions/Additions Column** – Optionally choose to not print the *Settlement Deduction* column.
- **Post Box 3 and/or Box 6 Customer** – Choose to update the 1099 amount to be reported for Box 3 and/or Box 6 on the Customer. This will only update Box 3 and Box 6 amounts when these options are checked on the *Report* screen. When posting occurs, previous Box 3 and/or Box 6 totals will be removed for every Customer, even if only one customer is selected.
- **Print Summary** – Select to print a *Summary* page that will give the grand total for Box 3, Box 6 gross purchases, and Box 6 amounts.

Agvance Domestic Production Report in Patronage

The Domestic Production Report in Patronage (located at *Patronage / Reports / Patrons*) is ONLY used to calculate the amount in Box 6 on the 1099-PATR form.

Note: Prior to running the Domestic Production Report in Patronage, capture totals for the time period being reported on and enter rates on the Patronage Category (located at *Patronage / Setup / Patronage Categories*). Enter the rate in the *DPAD Rate* column for any Patronage Category that should be included when calculating Box 6 on the 1099-PATR form.

- **Select Patrons** – Select the Patrons to be included for DPAD calculation. Many times, only active Patrons should be included.
- **Print Detail** – Check to print one page per Patron and to show the detail of which Patronage Categories were used to calculated DPAD.
- **Post Box 6** – Check to update the Box 6 1099 amount on the Customer to be reported on the 1099-PATR.
- **Last Year DB** – Select a prior year database to use to get the Patron's *Active* status. Also, check *Use Last Year*

Patronage Status and *Active Only*.