

# 1099-PATR Box 6 Considerations

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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*.

The screenshot shows the 'Settlements' application window with the 'Domestic Production Report' selected in the left-hand menu. The main area is titled 'Report Criteria' and contains several sections:

- Report Criteria:** Includes 'Select Customers' (dropdown), 'Select Locations' (dropdown), and 'Select Eligible Ded / Add' (input field).
- Box 3 Grain Purchases:** Includes 'Start Date' (01/01/2023), 'End Date' (12/31/2023), and 'Minimum Amount' (0).
- Box 6 Deduction:** Includes a checked 'Box 6 Deduction' checkbox, 'Start Date' (01/01/2023), 'End Date' (12/31/2023), and 'Minimum Amount' (0).
- Options:** Includes checkboxes for 'Include Grain Advance Payments', 'Use Gross Amount of DP and Installments', 'Include Deferred Payment and Installment Sales', 'Suppress Deductions/Additions Column', and 'Post Box 3 and/or Box 6 Customer'. There is also a 'Print Summary' checkbox.
- Summary:** Includes 'Company Total', 'Company Total Distribution', and 'Pass Through Deduction %' (0.000000).
- Table:** A table with columns: 'Sales Description', '<Classification>', 'Total', 'Total Distribution', and 'Pass Through %'.
- Buttons:** 'Print', 'Preview', 'Load Set', 'Save Set', 'OK', and 'Cancel'.

## 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.

The screenshot shows a software window titled "Patron Reports". On the left is a list of report options: Patron Reference List, Patron 1099 Summary, Patronage Reassignments Labels, Patron Deferred Payments, Patron Due List, Patron 1099 Amounts, and Domestic Production Report (which is highlighted). Below this list are radio buttons for "Print" and "Preview" (selected). The main area is titled "Report Criteria" and contains several controls: a "Select Patrons" section with "All" and "Select" buttons; checkboxes for "Print Detail" and "Post Box 6"; a "Sort By" section with radio buttons for "Name" (selected) and "ID"; a "Last Year DB" dropdown menu currently set to "(None)"; and checkboxes for "Use Last Year Patronage Status" and "Active Only". At the bottom are "OK" and "Cancel" buttons.

- **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 calculate 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.*