Septic Replacement Fund – 1099 FAQ

Why am I being asked to complete a Supplemental Information Form? The IRS requires certain payments to be reported on Form 1099. Because septic replacement funding can be treated differently depending on the situation, the Treasurer's Office needs additional details to determine whether a 1099 is required.

When is septic replacement funding taxable? In some cases, septic replacement funds may be considered taxable income, and a 1099 will be issued. In other cases, the funds may be treated as non-taxable assistance. The Jefferson County Treasurer's Office makes the determination based on the information you provide.

What happens if I receive a 1099? If a 1099 is issued, it will be mailed to you in January and will also be reported to the IRS. You may wish to discuss any tax impacts with your accountant or tax preparer.

What do I need to do? Please complete the attached W-9 Supplemental Information Form and return it with your W-9. This will allow the Treasurer's Office to process your payment correctly.

Why is this process in place? The IRS issued guidance for the Suffolk County Septic Improvement Program, which our program follows. That ruling recognized that septic replacement funding may be taxable in some cases, but not in others. To remain compliant, the Treasurer's Office must review additional information to determine if a 1099 is required.