

Form 1099 Reporting Requirements FAQ

Who gets a Form 1099-MISC? All service providers who are NOT incorporated to whom you paid a total of \$600 or more during the calendar year. This means individuals, partnerships and limited liability companies. The payments made for rent are included in this requirement if you are a business. All this said, there is also a requirement to issue Forms 1099-MISC to attorneys without regard to their form of entity.

What is Form W-9? Entities to which payments are made should complete a Form W-9. The Form W-9 requires the legal name, legal entity form, federal identification number, and mailing address of the entity. It is often prudent to have vendors and others complete Forms W-9 prior to issuing the first payment. However, these forms can be completed at any time. This form can be requested from our office or from the IRS website at www.irs.gov.

Are there other Forms 1099 that need to be issued? If you have paid more than \$10 of interest during the calendar year to an entity other than a bank, a Form 1099-INT is required. Dividends paid are reported on a Form 1099-DIV. Mortgage interest received is reported on Form 1098; on this form real estate taxes paid on behalf of the borrower are also reported. Liquidating distributions from a corporation are reported on a Form 1099. Certain stock, bond & other security purchases are reported on Form 1099-B; certain real estate purchases on Form 1099-S. Pension benefits paid such as withdrawals from a 401(k) are reported on Form 1099-R.

When must Forms 1099 be issued? All Forms 1099 must be mailed to the recipients on or before January 31, 2012 for payments made during 2011. Filing copies must be sent to the Internal Revenue Service prior to February 29, 2012. Typically, the IRS filing is done with paper although very large issuers must use electronic media.

Other things to think about while working on this project: Do you have a sales tax exemption certificate on file with those vendors with whom you are exempt from sales tax? If a subcontractor is an individual, do you have documentation on file that establishes that they are truly subcontractors & not employees (such as certificates of insurance, business cards, invoices, marketing literature)? Do you have a sales tax exemption certificates on file in your office for all those clients who you don't charge sales tax? Are you tracking disbursements to third parties during the year in such a way that preparing the Forms 1099 is easy – QuickBooks, Peachtree and most other software allow vendor tracking in an efficient and transparent manner without much effort upfront.

How do Forms 1099 get prepared? You may easily be able to prepare Forms 1099 yourself. Many software packages such as QuickBooks have templates within the software and offer compatible forms. Additionally, the IRS provides free forms and instructions which you can download from the IRS website www.irs.gov or by phone at 800.TAX.FORM. Some payroll services, pension administrators, insurance companies, etc. prepare forms for clients. We prepare Forms 1099 for a large number of clients and are happy to continue to provide this service. Additionally, we assist clients in creating the data to go on the Forms 1099 even if these forms are prepared by others.