

Getting Ready for 1099-MISC Reporting

Why Send Form 1099-MISC?

IRS form 1099-MISC is an informational return that must be filed to report various types of payments a businesses make to third parties. The IRS and state tax agencies use this information to ensure that the people receiving the payments properly report the income on their tax returns.

Why are the new due dates important?

In the past the due dates were January 31 for recipient copies and February 28 or March 31 depending on the form for the government copies. Starting for the 2016 1099-MISC, the due date is January 31 for recipient and government copies. The penalty applies if you fail to file timely, you fail to include all information required to shown on the return, or you include the incorrect information on a return. In addition to the due date change the penalty amounts & maximums have changed. Penalties are per 1099-MISC form. If you mail out a 1099-MISC to 10 people 20 days late, the penalty will be \$500.

PENALTIES - The amount of penalty is based on when you file the correct information return as follows:

- * \$50 per information return if you correctly file with 30 days, maximum penalty \$532,000 per year or \$186,000 for small business
- * \$100 per information return if you correctly file more than 30 days after the due date but by August 1, maximum penalty \$1,596,500 per year or \$532,000 for small business
- * \$260 per information return if you correctly file with 30 days, maximum penalty \$532,000 per year or \$186,000 for small business
- * \$530 per information return if failure to file a correct information return due to intentional disregard of filing or correct information requirements, with no maximum penalty.

When should 1099-MISC be mailed?

(This deadline is specifically for 1099-Misc reporting Non-Employee Compensation)

Recipient copies to vendors

Federal filing copies w/transmittal form

State filing copies w/transmittal form



2018 Forms must be postmarked by January 31, 2019

When should you began gathering the information?

For 2018

NOW - If you do not have the information listed below on all applicable vendors, we strongly suggest you start gathering it now. Request a completed form W-9 from all new vendors before payment in November & December. *(The best way to determine applicable vendors is require Form W-9.)*

Early January 2019 - Finalize the total amount paid per vendor and check vendor information is complete.

For 2019 & Beyond

Continuously - Set in place new policy to require vendors to complete a W-9 before you pay them.

HOW TO DETERMINE WHO SHOULD RECEIVE 1099-MISC

What was the payment for?

PRODUCT	NO	1099 should NOT be sent for purchase of products(a few exceptions apply)
SERVICES	YES	Subject to other questions
COMBINATION	YES	Subject to other questions
RENT	YES	Subject to other questions

How much was paid to the vendor during the calendar year?

UNDER \$600	NO	Not required
\$600 & OVER	YES	

How was the vendor paid for services?

CASH	YES	
CHECK	YES	
CREDIT CARD	NO	(Vendors accepting credit card payments will receive form 1099-K from the credit card processor.)

Which type of entity received payment?

INDIVIDUAL	YES
SOLE PROPRIETOR	YES
LLC (Limited Liability Company)	YES
PARTNERSHIPS	YES
ATTORNEY/LAW FIRM	YES
S-CORPORATION	NO
C-CORPORATION	NO
NON-PROFIT	NO

Best practice - have completed IRS Form W-9 to determine entity type

Gathering information correctly on form W-9 as needed to process 1099-MISC

TYPE OF ENTITY	NAME	TAXPAYER ID NUMBER
Individual	Individual's name as shown on their 1040 on line 1, page 1. DBA (Doing Business As) maybe added on 2nd line of	Social Security Number
Sole Proprietor	Individual's name as shown on their 1040 on line 1, page 1. DBA (Doing Business As) maybe added on 2nd line of	Social Security Number or Federal Employer Id Number (FEIN) associated with the entity name
Single Member, LLC	Individual's name as shown on their 1040 on line 1, page 1. DBA (Doing Business As) maybe added on 2nd line of	Social Security Number or Federal Employer Id Number (FEIN) associated with the entity name
C-Corp, S-Corp, Partnership, LLC with more than 1 member	Entity's name as shown on tax return on line 1, DBA(Doing business as) maybe added also	Federal Employer Id Number (FEIN) associated with the entity name
Other Entities	Name as shown on US Federal tax documents matching charter or document creating entity	Federal Employer Id Number (FEIN) associated with the entity name
Disregarded Entity	Name of the owner. Disregarded entity name should only be entered as DBA	Federal Employer Id Number (FEIN) associated with the entity name
Address	Street address is preferable - make sure it's current and don't forget the zip code	
Amount	Total amount paid to Vendor during the calendar year per type of 1099	
Type of payment	Most 1099-MISC are reporting Non-Employee Compensation. Also frequently reported on this form are Rents & Royalties. "Other Income" is used for very specific types of payments and the IRS instructions should be consulted. Many types of form 1099 are available for certain types of reporting. If you feel you have information to report other than that reported on 1099-MISC, please contact our office.	