



NELSON CPAs

IRS Form 1099-MISC General Filing Requirements

To close the “Tax Gap” on unreported income, the IRS is aggressively assessing penalties for failure to file all required Forms 1099. All businesses are required to answer the following two questions on all business tax returns.

1. Did your business make any payments that would require it to file Form(s) 1099?
2. If “Yes,” did the business file or will it file all required Forms 1099?

Make sure you are aware and are following all Form 1099 filing requirements. Contact our office with any questions regarding your specific situation.

- **Who is required to file Forms 1099-MISC?** Any business that makes a reportable payment in the course of its trade or business. Personal payments are not reportable.
- **To whom are you required to issue Form 1099-MISC?**
 - All individuals and businesses unless the business is a Corporation or a Limited Liability Company (LLC) that is taxed as a Corporation.
 - All attorneys.
- **What are some of the types of payments you are required to report on Form 1099-MISC?**
 - Any individual or business you pay \$600 or more in a calendar year for services.
 - Any individual or business you pay \$600 or more in a calendar year for rent.
 - All attorneys you pay \$600 or more in a calendar year.
- **What amount do you report?**
 - The total paid to the business or individual, excluding any payments paid by a major credit card.
- **Form W-9:** Have every payee you make reportable payments to complete IRS Form W-9 **before** you make your first payment to them. It is much easier to obtain this information up front. The completed Form W-9 will either have the information needed to issue a Form 1099-MISC or show the vendor is a Corporation or a Limited Liability Company taxed as a Corporation and therefore, you are not required to issue a Form 1099-MISC. All completed Forms W-9 should be kept in your records.
- **Backup Withholding:** If a payee fails to furnish you with their tax identification number you are required to withhold 28% of the amount due as backup withholding. The backup withholding must be timely remitted to the IRS. Failure to follow the backup withholding rules could lead to the IRS assessing your business for the 28% backup withholding.
- **For further information** – See the IRS Instructions for Form 1099-MISC that can be found on the IRS website at www.irs.gov.