

## **GENERAL REPORTING REQUIREMENTS FOR FORMS 1099**

The Internal Revenue Service requires businesses to file information returns for various types of payments (including payments for services made to non-employees). Form 1099-MISC is the most common form.

### **You may be required to issue Form 1099 if you made payments for the following:**

- Payments of \$600 or more for:
  - Rent
  - Services performed by someone who is not your employee
    - Including parts and materials incidental to performing a service, but excluding “stand alone” parts and materials purchases
  - Prizes and awards to someone who is not your employee
    - Note: Prizes and awards to an employee are reported on the employee’s Form W2.
  - Medical and health care payments (including corporations)
  - Payments for legal or accounting fees
    - Note: You should issue a Form 1099-MISC to Elliott Davis, LLC.
  - Payments to an LLC business that is not treated as a C- or S- Corporation
    - Note: See Box 3 of Form W-9 Request for Taxpayer Identification Number and Certification.
  - Other income payments
    - Payments for dividends of at least \$10 (or in the case of a liquidation \$600)
    - Payments for interest of at least \$600 in the course of your trade or business (or at least \$10 for financial institutions, other similar organizations or for collateralized debt obligations). Exceptions: payments to corporations and tax-exempt organizations
    - You must also file Forms 1099 for each person from whom you have withheld any federal income tax under the backup withholding rules regardless of the amount of the payment.

Note: The list above includes the more common payments that require reporting, but it is not all inclusive. Please let us know if you made other payments for something other than materials and supplies that you may need to consider for reporting purposes.

**You are not required to issue Form 1099 for the following:**

- Payments to an LLC business that is treated as a C- or S-Corporation
  - Note: See Box 3 of Form W9.
- Payments to a corporation (with the exception of medical and health care payments and payments to attorneys)
- Payments for merchandise or utilities (unless payments for services were also included)
- Compensation (wages, travel auto allowance, bonuses and prizes) to employees
  - Note: This information is reported on Form W2.

Did you receive payments for mortgage interest in the amount of \$600 or more (Form 1098)?

The Internal Revenue Service (IRS) suggests that you request the recipient complete Form W9 (US person or entity) or Form W8BEN (foreign person). These forms are used by those who are required to file information returns with the IRS to get the payee’s (or other person’s) correct name and taxpayer number/social security number.

***If you are not certain if you are required to file information returns for these or other payments, please contact our office for assistance.***

<b>Do you need to file Form 1099?</b>		
Before you answer the question, consider the penalties:		
-	filing information returns 30 days late (after January 31 for e-filers):	\$50 per return
-	filing information returns between January 31 - August 1:	\$100 per return
-	filing information returns after August 1:	\$260 per return
-	intentional disregard of filing requirements:	\$530 or more per return