



Action Requested by: January 25, 2015

1099 Frequently Asked Questions:

What is a 1099? In order to make sure that individuals and other entities meet their requirements of reporting all of their income, the IRS imposes the responsibility on all trades or businesses to complete 1099 forms.

What specific forms are required by the IRS? There are over 100 types of 1099 forms. Most of our clients use one or more of the following forms:

1099-MISC	Non-Employee Compensation, Rents, Royalties, and other income
1099-DIV	Dividends and Distributions
1099-INT	Interest Income
1099-S	Real Estate sales transactions

To whom do I need to send 1099's?

- Identify who your business paid \$600 or more during the year
- Generally, payments to corporation are not reportable. However, there are some exceptions, such as payments to corporations for Medical and Health Care payments, attorney fees, barter exchange transactions, substitute payments in lieu of dividends or interest, cancellation of debt, withheld federal income tax or foreign tax, etc.
- Sole Proprietors, Individuals, LLC's, Partnerships, Estates, and Trusts are all required recipients, including LLC's taxed as corporations

What information is required from the recipients?

For each individual, sole proprietor, or single member LLC: Proper Name, Business Name, Business Address, Social Security Number and Amount Paid if \$600 or more

For each Partnership, Estate, Trust, LLC filing as a Corporation or S-Corporation, etc...or corporation if payment is for medical and healthcare payments or for legal fees: Business Name, Address, Federal ID Number and Amount Paid if \$600 or more

Final Due date of 1099 forms:

January 31, 2015 to Recipient

February 28, 2015 to IRS

Are there penalties for not filing or incorrect forms? Yes. \$30-100 per unfiled or incorrect form, up to a maximum of \$500,000 for small businesses

How do I get the information needed to prepare the 1099 Forms?

- Use Form W-9 ("Request for Taxpayer Identification Number & Certification")
- The link below provides a digital copy of the Form W-9 <http://www.irs.gov/pub/irs-pdf/fw9.pdf>
- Send Form W-9 to recipients and have them complete, sign, and return.
- The digital version of the form can be easier to fill out and easier to read.
- Don't forget the payee must sign the Form W-9!
- Information should be re-verified every year insure continued accuracy. **DO NOT ASSUME THE INFORMATION IS THE SAME AS LAST YEAR.** *We recommend that you establish a business procedure to obtain a completed and signed Form W-9, at the time you begin paying each recipient.*

What if I can't get the information? If the payee fails to furnish their Tax Identification Number (TIN) to you, you may be required to withhold 28% backup withholding from their payments. See instructions for 1099 forms for more information.

Where can I get more information? Detailed 1099 filing requirements information can be found at www.irs.gov, or give us a call if you still have questions!

Payroll Clients If you are a payroll client of ours please send us a copy of your letter from Texas Workforce Commission with your 2014 tax rate.

Sincerest Regards,

