

Forms 1099 Filing Requirements

1099-MISC is required to be filed for each person to whom you have paid at least \$600 in rents, services (including parts and materials), prizes and awards, or other income payments made in the course of your trade or business. Payments made to independent contractors (nonemployee compensation) are reported on form 1099-MISC.

Nonemployee compensation includes fees, commissions, prizes and awards for services performed for your trade or business by an individual who is not your employee. The following are some examples of payments to be reported:

- ❖ Professional service fees, such as fees to attorneys, accountants, contractors, etc.
- ❖ Fees paid from one professional to another such as fee-splitting or referral fees
- ❖ Payments for services, including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service
- ❖ A fee paid or travel reimbursement for which the nonemployee did not account to the payer
- ❖ Exchanges of services between individuals in the course of their trades or businesses

Payments to a corporation, except medical and health care payments and attorney fees paid, are not required to be reported. Reporting is required for all payments to partnerships.

The forms 1099 must be provided to the recipients on or before January 31st of each year and must be filed with the Internal Revenue Service by February 28th.

Use IRS form W-9 to request the information needed to issue the 1099 form. Ask the recipient to provide this information before you make payment. It is often difficult and very time consuming to get the information after the recipient has their money. (Enclosed is a copy of the W-9 form and instructions.)

This is not all inclusive. There are other examples that may apply to a 1099 form being required.

Provide us with the following information for each 1099-MISC form you are required to file:

- ❖ Full name of recipient
- ❖ Social security number or FEIN of recipient
- ❖ Recipient's address
- ❖ Amount paid
- ❖ Purpose of payment

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