

## **1099 FACT SHEET**

1099-MISC forms are required to be issued to each person or unincorporated business that you paid **\$600** or more for rent or services, including Attorneys and other professionals. 1099-MISC forms do not need to be issued to Corporations (Inc.), but do need to be sent to all other individuals and businesses, including LLC's and Partnerships. Examples of services requiring reporting are subcontractors, plumbing, painting, electrical, lawn care, auto repair, cleaning, computer maintenance, commissions, accounting, consulting, legal fees, etc.

1099-MISC forms are required to be sent to the recipient by January 31 and to the IRS by February 29. Late filing, incorrect information, or failure to file can result in penalties of up to \$500 per form. For more details see the instructions for 1099-MISC at [www.irs.gov](http://www.irs.gov).

If you would like us to prepare your 1099-MISC forms for you, we will need the name, address, and social security number or business tax id number and the total paid for the year for each service vendor receiving payments of \$600 or more.

For 2011, the IRS has changed all of the various business income tax forms (1120, 1120-S, 1065, Schedule C and Schedule E) to incorporate some key questions regarding the completion and filing of Form 1099. The questions are: "Did you make any payments in 2011 that would require you to file Form 1099? If yes, did you file all required Forms 1099?"

This is a very important cross reference which could cause major problems if answered incorrectly. This could trigger additional audits or questions regarding expenses for subcontractors, professionals, and other payments for services deducted on business schedules. As a result, the questions should be answered correctly and the forms should be prepared accordingly to avoid possible problems with cross-checking.