

## INFORMATIONAL GUIDE

### 2018 Form 1099 Information Returns and W-9 Forms What is Required & The Penalties

Businesses, farms and NFPs are required to issue and file 1099 Forms to report certain types of business payments made during the calendar year. **The penalties can be significant for late or non-filing.**

1099 and W-9 forms are increasingly complex, so please call us if you would like help complying with these laws or preparing the forms.

#### **TYPES of PAYMENTS to be REPORTED**

Most 1099 Forms are to be issued to your payees by January 31, 2019.

The most common types of reportable payments are:

- *Rental of real estate or personal property*
  - *Prizes and Awards*
  - *Services provided by non-employee.*
  - *Interest and Dividends*
- (“Services” include items such as Labor, Repairs, Janitorial, Commissions, Attorney, Hotel rooms and banquets, Advertising, Trade show space, Alarm services. Payments for materials and other tangible personal property are to be reported when purchased as a part of services.)

More unusual reportable payments are:

- *Retirement pay, legal settlements, royalties, medical care, real estate sales.*

A detailed list of reportable payments and other information is on our web site at [www.Freidag.com](http://www.Freidag.com) “**Bus Forms + Docs**”, or call us for more information.

#### **SOME OTHER GENERAL 1099 FILING GUIDELINES & REQUIREMENTS**

- The due date to issue 1099 Forms to payees is 01.31.2019 (*Some forms have a later date*).
- The due date to file 1099s to the IRS is:
  - 01.31.2019 for 1099 MISC forms reporting “non-employee compensation”
  - 02.28.2019 for all other 1099s.
- 1099s are generally required if the year’s payments to a payee are  $\geq$  \$600.
- Payments to non-corporate payees are to be reported. (*Sole proprietors, most LLCs, Partnerships, etc.*)
- Payments to incorporated attorneys and law firms are to be reported.
- Tax ID numbers may be truncated on the payee copies, but not on the IRS copies.
- The filing due dates and filing requirements of the 50 states vary.
- Incorrect, incomplete, and late filing penalties range from \$50 to \$540 per 1099 form.
- Non-filing penalties for not issuing and/or filing 1099s are \$270 to \$540 per payee.
- Amounts reported on 1099-MISC are not to include amounts you paid by credit card, PayPal, etc.

#### **W-9 FORMS**

The law states that you are to have a W-9 Form on file from every 1099-type payee, even corporations. If you do not have a W-9 on file, you are required to withhold 24% federal income tax from the payments you make, and you may be penalized if you do not. Link to W-9 Forms <http://www.irs.gov/pub/irs-pdf/fw9.pdf>

#### **1099 FORMS & INSTRUCTIONS Links**

1099 Instructions <http://www.irs.gov/pub/irs-pdf/i1099gi.pdf>

1099 Forms <http://apps.irs.gov/app/picklist/list/formsInstructions.html?value=1099&criteria=formNumber>

1096 Forms <http://apps.irs.gov/app/picklist/list/formsInstructions.html?value=1096&criteria=formNumber>

Please call us with questions, for help complying with these laws, or with preparing 1099 forms.

We wish you a joyous holiday and prosperous 2019.