

## Steps to Take Now to Prepare for 1099-MISC Forms

**Form 1099-MISC** is used to report certain types of payments made in the course of a trade or business. If you're in business or self-employed, you may need to submit this report to both the Internal Revenue Service and the person or business that you paid.

### When is Form 1099-MISC Required?

Businesses will need to fill out a Form 1099-MISC for persons, vendors, subcontractors, independent contractors, and others in the following circumstances:

#### **\$600 or more per year is paid for**

- cash payments to fishermen
- crop insurance proceeds,
- medical and health care payments,
- prizes and awards,
- proceeds paid to attorneys,
- rents,
- services (including parts and materials), and
- other types of payments not covered by another information reporting document.

#### **\$10 or more per year is paid for**

- broker payments in lieu of dividends or tax-exempt interest, and
- royalties

Reporting such payments is required if the recipient of the payment is not a corporation -- for example, when the recipient is an individual, partnership, a limited liability company treated as a partnership or sole proprietorship. Payments made to corporations are required in the case of medical and health care payments and in the case of legal fees paid to attorneys. Other types of payments made to corporations may be reported using Form 1099-MISC, but is not required.

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You should request that your vendors, contractors and other payment recipients submit to you a [Form W-9](#). The W-9 will provide you with the legal name, address and taxpayer identification number for the vendor, which is the information you will need when preparing any 1099-MISC forms.

### Penalties for Filing Form 1099-MISC Late

The following penalties will be in effect for the year 2014:

- \$30 penalty for filing a 1099 not more than 30 days late;
- \$60 penalty for filing a 1099 more than 30 days late and before August 1;
- \$100 penalty for filing a 1099 on or after August 1;

- \$250 penalty for intentional failure to file.

### **Deadlines for 1099-MISC Forms**

- Provide the recipient with his or her copy of the Form 1099-MISC by **January 31** reporting income for the previous calendar year.
- Mail the Form 1099-MISC to the IRS by **February 28**.
- Or electronically file Form 1099-MISC with the IRS by **March 31**.