

The IRS is starting to assess filing penalties for each 1099 that is filed late. The deadline for timely filing is January 31.

IRS fines are \$60 for EACH 1099 filed after January 31 but before August 1, and \$100 for each 1099 filed after August 1.

How do you know if you are required to file 1099s? Read on.....

Requirements for Filing Forms 1099

All **businesses**, including non-profit corporations and self-employed individuals are required to report to the IRS money that has been paid to vendors under the following circumstances:

- The total amount of money paid to the vendor is \$600 or more for the calendar year
- The vendor is an individual or business that is either a sole proprietor, partnership or LLC. **Do not issue 1099s to corporations (C Corps or S Corps or LLC's filing as a Corporation).**
Exception: You must issue a 1099 to your attorney even if they are incorporated.
- The money is payment for services such as:
 - Rent
 - Casual Labor
 - Subcontracting
 - Professional Services
 - Interest Payments (greater than \$10)
 - Gross Attorney Fees & gross proceeds paid to attorneys (any amount)
 - You do not need to report payments for merchandise, telegrams, telephone, freight, storage and similar items
 - Consulting
 - Commissions
 - Real Estate Transactions
 - Barter Transactions
- **1099-MISC** is for payments for services and rent
- **1099-INT** is for interest payments in excess of \$10
- Use **Form W-9** to get the name, address and TIN (SSN) from each vendor. Vendors are **required** to complete a W-9 for this purpose. It's a good practice to get a completed W-9 from each subcontractor **before they begin working for you**. Keep the W-9 on file. You can download forms W-9 by visiting the *links* section of our website at **www.islandcpas.com** or contact our office for assistance.
- You must have on file the UBI Number of each vendor that you have paid for services (i.e. consulting, subcontracting, casual labor, commissions, professional services, etc.)

Important IRS Rules:

- **Forms 1099** must be typed or computer generated on approved forms or file them at **yearli.com**
- Recipient copies of **Forms 1099** must be delivered to vendors no later than **January 31, 2017**
- The IRS copies of **Forms 1099**, with Summary **Form 1096**, must be postmarked no later than **January 31, 2017**
- Penalties apply for late filers! You will be fined \$60 for each 1099 filed after January 31 but before August 1. You will be fined \$100 for each 1099 filed after August 1.

** Please call our office if you have any questions or to schedule your 1099 preparation **