

Boring and Associates
Certified Public Accountants, Inc.
1099 Filing Requirement Information

By January 31st of each year businesses and are required to issue 1099's if applicable. Below is a summary of what type of payments will require the issuance of a 1099:

You must report payments of \$600 or more for non-incorporated businesses and individuals for services performed or rent paid. This includes commissions & fees as well. If your payment is to a corporation you don't need a 1099 except for the two exceptions listed below. Examples of when you would need a 1099:

If **NOT incorporated** you would need a 1099 for these type services:

- Accounting
- Legal (**must give to all legal even if incorporated**)
- Computer Services – Repairs or programming
- Commissions, Referral fees paid
- Custom Hire, Custom Combining, Custom Harvesting
- Engineering
- Excavating
- Trucking
- Wrecker Services
- Lawn Care – Landscaping
- Janitorial – Window Cleaning
- Construction Work – all types, Electrical, Plumbing, Concrete, Masonry, Painting
- Medical Services (**must give to all medical even if incorporated**)
 - You do not need to give to tax-exempt Hospitals or Extended Care Facilities operated by government.
- Sub Contractor
- Refuse Service
- Rent
- Repair Services - including: Vehicle, Building and Equipment
 - Examples – Repair of Forklift
 - Repair of Dump Truck
 - Repair of Copier
- Carpet Laying
- Port a Pot Rental
- Advisor – Promotional, Professional, Human Resources, Design Work

The amount to include on the 1099 is total payment made. For example if you are billed for truck repairs and parts, the 1099 is for the total cost of service and parts.

You do not need to issue 1099's for personal expenses; you only need to give 1099's if you are using the expense on your business or farm. For example payment to your doctor does not require a 1099; however payment to the doctor for drug testing required in your business does require a 1099.

It is not required for payment of product only with no service. Examples of products you would not need a 1099 for:

Insurance	Advertising
Parts	Postage
Supplies	Chemical, Fertilizer, Seed
Telephone	Utilities
Vehicle Purchases	Equipment Purchases
Fuel	

1099 Interest – If you pay an individual interest for a business loan for greater than \$10 you are required to issue a 1099. No 1099 is required for interest paid to a bank or a lending institution.

How do you know if they are incorporated? Send a W-9 to the Company/Individual - the form has a box for the Company to check if they are incorporated; we have attached a blank W-9 for your convenience. Most Limited Liability Companies **ARE NOT INCORPORATED** so you need to issue 1099's to them. You should get the form completed and returned to you before issuing the first payment; if they refuse to complete the form you are required to withhold 20% federal income tax from the amount you owe them.

Payments to Tax Exempt Organizations do not require a 1099.

New beginning in 2011 ---We are now required to answer two questions that relate to 1099's on your tax returns:

- #1 – Did you make payments in the year that would require you to file form 1099?
- #2 – If yes, did you file all required 1099's?

Since the 1099's are due before we complete your tax return you need to compile the information and forward to us the first part of January each year (prior to bringing in your taxes) or prepare the 1099's yourself.

If you have any questions, please give us a call.

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