

Who needs 1099 reporting?

We are finding there continues to be some misunderstanding surrounding when 1099 filings are required.

- **A SERVICE** qualifies as ANY labor, examples include: consulting, professional services (computer IT, attorneys, repair services, auto repair/maintenance labor, bookkeeper, etc.).
 - o Attorney's services are always required to be reported.
- **RENT** includes equipment rental, building rental, storage rental etc.

Payments via credit card are not included in your 1099 reporting total(s), only cash and check payments.

How can you simplify reporting?

1. Request a W-9 form from the vendor BEFORE you pay them for services.
2. Pay via credit card, debit card, as the payment processor reports the income to the vendor for you.
 - a. **NO 1099 required!**

REMINDER 1099's ARE REQUIRED TO BE FILED ELECTRONICALLY: The IRS has implemented new filing requirements to e-file all 1099s if you file 10 or more "informational returns" per year regardless of the type (i.e. 1099's, 941/940 payroll reports & W-2's). For more information see the link below.

<https://www.irs.gov/newsroom/irs-and-treasury-issue-final-regulations-on-e-file-for-businesses>

1099's ARE REQUIRED FOR SERVICES OR RENT OF \$600 OR MORE IN TOTAL FOR THAT YEAR

- You must have the vendor complete a W-9 form to determine the entity type of that vendor.
- The W-9 protects your company and deduction from the IRS should there be a discrepancy so long as the form is completed.

VENDOR FORMS & REVIEW INSTRUCTIONS FOR CHECKING FOR FILING REQUIREMENTS

- Included are instructions to review vendors for both desktop and online QuickBooks.
- Please ensure you have W-9's for your vendors. To assist in filing your 1099's we may need a copy of the W-9 in order to determine if a 1099 is required.
- If you have the old W-9 form (not revised March 2024), we recommend getting an updated copy since the form information changed.

Here is an example W-9 form and what to look for:

In section 3a. if the vendor has marked C Corp, S Corp or LLC taxed as C Corp or S Corp (and they are NOT attorney's) you are not required to issue a 1099.

- Remember if paid via credit card, then there is no filing requirement.

Form W-9 (Rev. March 2024) Department of the Treasury Internal Revenue Service	Request for Taxpayer Identification Number and Certification Go to www.irs.gov/FormW9 for instructions and the latest information.	Give form to the requester. Do not send to the IRS.	
Before you begin. For guidance related to the purpose of Form W-9, see <i>Purpose of Form</i> , below.			
Print or type. See Specific Instructions on page 3.	1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)		
	2 Business name/disregarded entity name, if different from above.		
	3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor <input checked="" type="checkbox"/> C corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions)	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____ <i>(Applies to accounts maintained outside the United States.)</i>	
	3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions <input type="checkbox"/>		
	5 Address (number, street, and apt. or suite no.). See instructions.	Requester's name and address (optional)	
	6 City, state, and ZIP code		
	7 List account number(s) here (optional)		
Part I Taxpayer Identification Number (TIN)			
Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> , later.			
Note: If the account is in more than one name, see the instructions for line 1. See also <i>What Name and Number To Give the Requester</i> for guidelines on whose number to enter.			
Part II Certification			
Under penalties of perjury, I certify that:			
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and			
2. I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and			
3. I am a U.S. citizen or other U.S. person (defined below); and			
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.			
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.			
Sign Here	Signature of U.S. person	Date	