

1099 REPORTING

The business requirement for filing forms 1099's are not new. This year they must be filed with the government by January 31 which is 30 to 60 days earlier than in past years.

If, as part of your trade or business, you made any of the following types of payments, you are required to file a 1099.

- Payments, in the course of your trade or business (1099 Misc):
 - Services performed by independent contractors or others (not employees of your business) (Box 7)
 - Prizes and awards and certain other payments (Box 3)
 - Rent (Box 1)
 - Royalties (Box 2)
 - To physicians, physicians' corporation or other supplier of health and medical services (Box 6)
 - Gross proceeds of \$600 or more paid to an attorney even if a corporation (generally, Box 7, but see instructions as Box 14 may apply)
- Interest on a business debt to someone (excluding interest on an obligation issued by an individual) (1099-INT)
- Dividends or other distributions to a company shareholder (1099-DIV)
- Distribution from a retirement or profit plan or from an IRA or insurance contract (1099-R)

If, as part of your trade or business, you received any of the following types of payments, file the appropriate information return.

- Payment of mortgage interest (including points) or reimbursements of overpaid interest from individuals (1098)
- Sale or exchange of real estate (1099-S)
- You released someone from paying a debt secured by property or someone abandoned property that was subject to the debt (1099-A) or otherwise forgave their debt to you (1099-C)

Forms must be given to any entity that is not a corporation. Increased enforcement, tighter deadlines, and higher penalties for failure to complete the forms are new. The penalties for failure to either file 1099's (with either the recipient or Government) or to file a correct 1099 are as follows:

Returns filed between February 1 and February 28th - \$50 per return

Returns filed between March 1 and August 1 - \$100 per return

Returns filed after August 1 or Not at All - \$260 per return (separate penalty for failing to file with payee and with IRS)

The penalty for failure to file a correct information return includes:

Filing on paper when required to file electronically

Failure to report a correct taxpayer identification number

Failure to file paper forms that are machine readable.

We suggest that you make sure that you have current W-9's from all of your vendors including landlords. As detailed above, failures to file correct information returns can be very costly. Please notify us if we need to change any of the information we already have on file.

If you want us to prepare the 1099 for you in a timely manner, we must have the information by **January 13, 2017**. We will not be responsible for any penalties for late filing if we do not have the information by this date.

Please do not hesitate to contact us with any questions.

Going Beyond The Numbers.