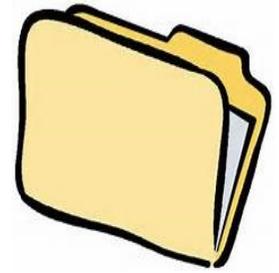# 1099-MISC Filing Requirements

The IRS is trying hard to close the tax gap. Beginning in 2011, every Schedule C filer was asked the following two questions:

1. Did you make any payments that would require you to file Forms 1099?

2. If yes, did you or will you file the required Forms 1099?

If you answer yes to question 1, you should file the required forms. Not doing so may attract attention from the IRS, disallowance of payments to the service provider in an audit, and penalties.

When is a Form 1099 required?

If you pay $600 or more for services rendered to your business, you must file Form 1099-MISC. Payments to a Corporation (unless it's an Attorney) do not require filing a Form 1099-MISC, but payments to Partnerships and non-corporate LLCs do require filing the form.

How to proceed:

- A *TIN solicitation* is required. This solicitation should be made when the first transaction with the service provider occurs.

- You should request the service provider to furnish the TIN information on Form W-9 (*Request for Taxpayer Identification Number and Certification*). This Form asks for the payee's name, address, tax classification, and ID number (either EIN or Social Security number).

- Keep this Form on file.

- If you fail to secure a Form W-9 before making the first payment, the law requires you to withhold 28% backup withholding from the payment.

Due date for filing Form 1099-MISC:

You must furnish Copy B to the recipient by February 2, and Copy A along with Form 1096 to the IRS by March 2 (March 30 if filed electronically).

Penalties for non-compliance:

You can be penalized for filing late, not including all of the required information, not including the correct information, filing an incorrect TIN, or not reporting a TIN.

The penalty for late filing a Form 1099 is:

- $50 per 1099 for the first 30 days

- $100 per 1099 if filed between 30 days and August 1

- $250 per 1099 if filed after August 1

- $500 per 1099 if failure to file is due to "intentional disregard"