



1099 Tax Form Guidance

WHAT IS A 1099 TAX FORM

Form 1099 is a tax form that is used to report non-salary income that you received, and which you need to report on your tax return. The payer sends the proper 1099 to the IRS, and a copy of the form to you. There are various kinds of 1099 forms. Each 1099 is designated by one or more letters (such as 1099-R or 1099-NEC), and each one is used to report different types of income.

COMMON 1099 FORMS & WHY YOU MAY RECEIVE ONE

1099-DIV

If you received a Form 1099-DIV from a brokerage firm or other entity because you have investments or accounts that earned dividends, you might also get a few other tax forms in the mail.

1099-MISC

If you rented out real estate, farm pastures, equipment or machines to someone you will likely be sent a 1099-MISC to claim this income. Other types of income that are reported on this form include; prizes or awards earned, payment gained from Crop Insurance, and Gross proceeds paid to an attorney from a winning case. If you bought \$5,000 or more in direct sales of consumer products from a buyer for resale, then you would issue a 1099-MISC to the recipient.

1099-CAP

You might receive a 1099-CAP if you hold shares of a corporation that was acquired or underwent a big change in capital structure. You may have gotten cash, stock or other property as a result.

1099-INT

If you earned more than \$10 in interest from a bank, brokerage or other financial institution, you will receive a 1099-INT.

1099-OID

You might receive Form 1099-OID if you bought bonds, notes or other financial instruments at a discount to the face value or redemption value at maturity. Typically, the instrument must have a maturity of more than one year.

1099-PATR

If you belong to a co-op and received at least \$10 in patronage dividends, expect to see Form 1099-PATR in your mailbox.



1099-R

If you got distributions from a pension, retirement plan, profit-sharing program, IRA or annuity, you might receive a 1099-R. (Remember, many retirement plans are tax-advantaged, so this form might be simple record-keeping on behalf of the IRS.) If you took a loan from your retirement plan, you might have to treat it as a distribution, which means it might be on this type of form too, as well as, permanent and total disability payments under life insurance contracts.

DOES YOUR BUSINESS NEED TO ISSUE 1099 FORMS

If your business hired a non-employee or partnership for a professional service and you paid at least \$600 for their work; you're responsible for issuing that non-employee a 1099-NEC form.

There are a couple of exceptions. Service providers (excluding legal services) that are incorporated or structured as an LLC (*registered as a C corporation or S corporation*) do **not** need to receive a 1099.

WHEN ARE 1099'S DUE EACH YEAR

The deadline for Federal filing with the IRS and sending copies to your contractors is **January 31**.

HOW MUCH ARE PENALTIES FOR FILING LATE

Miss the deadline and you could have to pay the following IRS penalties for each late 1099 form:

- \$50 if you file within 30 days
- \$100 if you file more than 30 days late, but before August 1
- \$260 if you file on or after August 1

*If you intentionally fail to file, you may be subject to a minimum penalty of \$530 per statement, with no maximum.

CAN I REQUEST DONOVAN TO PREPARE AND FILE MY 1099

Absolutely! [Request 1099 Tax Form Prep](#)

Fill out the online form, submit your request and then save a completed copy to your computer. All in 3 easy steps!

Donovan has also created a personalized form you can download and save to your personal computer. This option will allow you to reuse and submit future requests through a secure upload link on CPADonovan.com. Bypass the hassle of filling out a new 1099 form year after year! Simply add dollar amounts, save, and upload to submit your request again next year.

***It is NOT required to save the form on your computer; yet we highly suggest it as a tax prep time-saver. NO HANDWRITTEN REQUESTS WILL BE PROCESSED, and NO OLD FORMATS CAN BE SUBMITTED.**

For questions or assistance contact Amy at (317) 745-6411 or acarter@cpadonovan.com.