



Form 1099 Quick Guide

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General Overview

The purpose of the 1099 is informational reporting to the IRS.

So who has to file informational returns?

Any “person” who has reportable transactions during the calendar year, must file informational returns. So who do we define as a person? In the eyes of the IRS, a person is one of the following:

- Individual
- Corporation
- Partnership
- Estate
- Trust

Not only do these forms go to the IRS, but they must go to the recipient as well. If there are more than 250 recipients, the forms must be filed electronically.

Most Common types of Informational returns for the 1099-series

SEE APPENDIX A

- 1099-A, Acquisition or Abandonment of Secured Property
- 1099-B, Proceeds from Broker & Barter Exchange Transactions
- 1099-C, Cancellation of Debt
- 1099-CAP, Changes in Corporate Control and Capital Structure
- 1099-DIV, Dividends and Distributions
- 1099-G, Certain Government Payments
- 1099-H, Health Coverage Tax Credit (HCTC) advance payments
- 1099-Int, Interest Income
- 1099-K, Merchant card & Third Party Network Payments
- 1099-LTC, Long term care and Accelerated Death Benefits
- 1099-Misc, Miscellaneous Income
- 1099-OID, Original Issue Discount
- 1099-PATR, Taxable Distributions Received From Cooperatives
- 1099-Q, Payments from Qualified Education Programs (under Sections 529 & 530)
- 1099-R, Distributions from Pensions, Annuities, Retirement, or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
- 1099-S, Proceeds from Real Estate Transactions
- 1099-SA, Distributions from an HAS, Archer MSA, or Medicare Advantage MSA

Where to File

The informational returns are actually sent to the Social Security Administration

When to file

Forms are due to recipients by January 31 each year. Depending on your circumstances the filer forms are due February 28 or March 31, if they are filed electronically.

Filing Thresholds

Once a person pays for services of \$600 or more and they are not incorporated. The exception to this would be attorneys.

When is 1099-Misc required?

In order to understand who has to file the 1099-Misc, a person needs to know when these forms are required.

Professional services have been provided.

When an individual performs personal services equal to or greater than \$600, a 1099-Misc will need to be issued to the person who has performed these services. These services are performed in a business to business relationship, and the total services will be calculated based on the calendar year, regardless of whether the company who is paying for services maintains their accounting and taxes on a fiscal year.

The person performing the services is normally an un-incorporated individual, and is often conducting business as a Sole Proprietor.

Example: BC Bookkeeping Inc maintains an office location, but has no janitorial services. The owner, Ms. Bueller, hires Jacko's Janitorial to clean the offices on a nightly basis. Jacko's Janitorial is not a corporation and is owned and operated by Jack Slack. Jack quotes Ms, Bueller a weekly rate of \$125. By the end of month one, BC Bookkeeping has paid \$500 for these services. If they were to terminate the service contract at this point, there would be no reason to file a 1099-Misc, because the amount of services did not equal to or exceed \$600. However, if they continue on to month 2, total services would then be \$1,000 and a 1099-Misc would need to be filed for that tax year.

Given this example of services rendered and knowing when a 1099-Misc has to be filed, the individual who has secured the services will be the one to issue the 1099-Misc.

What types of businesses will need to issue 1099-Misc

Any and all types of business may find themselves needing to issue Form 1099-Misc. If an individual is engaged by a business to perform services they may need to receive a 1099 from that business. Those businesses and individuals include, but are not limited to:

- Corporations, (“C” & “S”)
- Partnerships
- LLCs
- Sole Proprietors
- Owner's of Rental Property

Internal Revenue’s “kindness”

Prior to the 2010 tax year, there was no true follow up or reminders to the business owner or rental owner that the 1099-Misc was required to be filed. Many taxpayers who prepare their own taxes could easily misinterpret questions in the “off the shelf” or online “do-it-yourself” tax programs. It would often go unnoticed if the 1099-s were neglected. If these taxpayers were selected for audit, it would be the first exposure to these rules and they were now being faced with the possible loss of the deduction for the services they paid for.

Many times when I meet with a small business owner who has prepared their own taxes for years and is asking for a review of prior years because they think they are missing deductions. More often than not, 1099s seem to be a large area of non-compliance.

Starting with the 2011 tax forms, the Internal Revenue has extended a “kindness”. Any form or schedule that has the potential need for a 1099-Misc, now has a checkbox. This check box is asking if the taxpayer has made any payments that would require Form-1099-Misc to be filed. Examples of the 2013 Schedules C, with line # 1 highlighted for you. On the Schedule E that follows line A is referenced for the 1099 question. The third example provided is form 1120 for a corporate tax return; in this case the 1099 question is actually on the bottom of page 4. (Pages 1 and 4 are included here for the example.)

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service (50)

Profit or Loss From Business
(Sole Proprietorship)

► For information on Schedule C and its instructions, go to www.irs.gov/schedulec.
► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074

2013
Attachment
Sequence No. **09**

Name of proprietor

Social security number (SSN)

A Principal business or profession, including product or service (see instructions)

B Enter code from instructions

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), (see instr.)

E Business address (including suite or room no.) ►

City, town or post office, state, and ZIP code

F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►

G Did you "materially participate" in the operation of this business during 2013? If "No," see instructions for limit on losses ☐ Yes ☐ No

H If you started or acquired this business during 2013, check here ☐

I Did you make any payments in 2013 that would require you to file Form(s) 1099? (see instructions) ☐ Yes ☐ No

J If "Yes," did you or will you file required Forms 1099? ☐ Yes ☐ No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ☐

2 Returns and allowances

3 Subtract line 2 from line 1

4 Cost of goods sold (from line 42)

5 Gross profit. Subtract line 4 from line 3

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)

7 Gross income. Add lines 5 and 6

Part II Expenses Enter expenses for business use of your home only on line 30.

8 Advertising

9 Car and truck expenses (see instructions)

10 Commissions and fees

11 Contract labor (see instructions)

12 Depletion

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)

14 Employee benefit programs (other than on line 19)

15 Insurance (other than health)

16 Interest:

a Mortgage (paid to banks, etc.)

b Other

17 Legal and professional services

18 Office expense (see instructions)

19 Pension and profit-sharing plans

20 Rent or lease (see instructions):

a Vehicles, machinery, and equipment

b Other business property

21 Repairs and maintenance

22 Supplies (not included in Part III)

23 Taxes and licenses

24 Travel, meals, and entertainment:

a Travel

b Deductible meals and entertainment (see instructions)

25 Utilities

26 Wages (less employment credits)

27a Other expenses (from line 48)

b Reserved for future use

28 Total expenses before expenses for business use of home. Add lines 8 through 27a

29 Tentative profit or (loss). Subtract line 28 from line 7

30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions).

Simplified method filers only: enter the total square footage of: (a) your home:

and (b) the part of your home used for business: Use the Simplified

Method Worksheet in the instructions to figure the amount to enter on line 30

31 Net profit or (loss). Subtract line 30 from line 29.

• If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2.

(If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3.

• If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

• If you checked 32a, enter the loss on both Form 1040, line 12, (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3.

• If you checked 32b, you must attach Form 6198. Your loss may be limited.

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11334P

Schedule C (Form 1040) 2013

.SEE LINE I

SCHEDULE E
(Form 1040)Department of the Treasury
Internal Revenue Service (99)**Supplemental Income and Loss**

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040, 1040NR, or Form 1041.

▶ Information about Schedule E and its separate instructions is at www.irs.gov/schedulee.

OMB No. 1545-0074

2013Attachment
Sequence No. **13**

Name(s) shown on return

Your social security number

Part I **Income or Loss From Rental Real Estate and Royalties** **Note.** If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.**A** Did you make any payments in 2013 that would require you to file Form(s) 1099? (see instructions) ☐ Yes ☐ No**B** If "Yes," did you or will you file required Forms 1099? ☐ Yes ☐ No

1a	Physical address of each property (street, city, state, ZIP code)				
A					
B					
C					
1b	Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
A		A			<input type="checkbox"/>
B		B			<input type="checkbox"/>
C		C			<input type="checkbox"/>

Type of Property:**1** Single Family Residence**3** Vacation/Short-Term Rental**5** Land**7** Self-Rental**2** Multi-Family Residence**4** Commercial**6** Royalties**8** Other (describe)

Income:		Properties:	A	B	C
3	Rents received		3		
4	Royalties received		4		
Expenses:					
5	Advertising		5		
6	Auto and travel (see instructions)		6		
7	Cleaning and maintenance		7		
8	Commissions		8		
9	Insurance		9		
10	Legal and other professional fees		10		
11	Management fees		11		
12	Mortgage interest paid to banks, etc. (see instructions)		12		
13	Other interest		13		
14	Repairs		14		
15	Supplies		15		
16	Taxes		16		
17	Utilities		17		
18	Depreciation expense or depletion		18		
19	Other (list) ▶		19		
20	Total expenses. Add lines 5 through 19		20		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198		21		
22	Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)		22	() () ()	
23a	Total of all amounts reported on line 3 for all rental properties		23a		
b	Total of all amounts reported on line 4 for all royalty properties		23b		
c	Total of all amounts reported on line 12 for all properties		23c		
d	Total of all amounts reported on line 18 for all properties		23d		
e	Total of all amounts reported on line 20 for all properties		23e		
24	Income. Add positive amounts shown on line 21. Do not include any losses		24		
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here		25	()	
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2		26		

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11344L

Schedule E (Form 1040) 2013

SEE LINE A

Form 1120 Department of the Treasury Internal Revenue Service	U.S. Corporation Income Tax Return For calendar year 2013 or tax year beginning _____, 2013, ending _____, 20____ Information about Form 1120 and its separate instructions is at www.irs.gov/form1120 .	OMB No. 1545-0123 <div style="font-size: 2em; font-weight: bold;">2013</div>
A Check if: <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> 1a Consolidated return (attach Form 951) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/> </div> <div style="width: 35%; text-align: center;"> TYPE OR PRINT </div> </div>		
B Employer identification number _____		C Date incorporated _____
D Total assets (see instructions) \$ _____		E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change
Income	1a Gross receipts or sales _____ 1a _____ b Returns and allowances _____ 1b _____ c Balance. Subtract line 1b from line 1a _____ 1c _____ 2 Cost of goods sold (attach Form 1125-A) _____ 2 _____ 3 Gross profit. Subtract line 2 from line 1c _____ 3 _____ 4 Dividends (Schedule C, line 10) _____ 4 _____ 5 Interest _____ 5 _____ 6 Gross rents _____ 6 _____ 7 Gross royalties _____ 7 _____ 8 Capital gain net income (attach Schedule D (Form 1120)) _____ 8 _____ 9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) _____ 9 _____ 10 Other income (see instructions—attach statement) _____ 10 _____ 11 Total income. Add lines 3 through 10 _____ 11 _____	
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (see instructions—attach Form 1125-E) _____ 12 _____ 13 Salaries and wages (less employment credits) _____ 13 _____ 14 Repairs and maintenance _____ 14 _____ 15 Bad debts _____ 15 _____ 16 Rents _____ 16 _____ 17 Taxes and licenses _____ 17 _____ 18 Interest _____ 18 _____ 19 Charitable contributions _____ 19 _____ 20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562) _____ 20 _____ 21 Depletion _____ 21 _____ 22 Advertising _____ 22 _____ 23 Pension, profit-sharing, etc., plans _____ 23 _____ 24 Employee benefit programs _____ 24 _____ 25 Domestic production activities deduction (attach Form 9903) _____ 25 _____ 26 Other deductions (attach statement) _____ 26 _____ 27 Total deductions. Add lines 12 through 26 _____ 27 _____ 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 _____ 28 _____ 29a Net operating loss deduction (see instructions) _____ 29a _____ b Special deductions (Schedule C, line 20) _____ 29b _____ c Add lines 29a and 29b _____ 29c _____	
Tax, Refundable Credits, and Payments	30 Taxable income. Subtract line 29c from line 28 (see instructions) _____ 30 _____ 31 Total tax (Schedule J, Part I, line 11) _____ 31 _____ 32 Total payments and refundable credits (Schedule J, Part II, line 21) _____ 32 _____ 33 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/> 33 _____ 34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed _____ 34 _____ 35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid _____ 35 _____ 36 Enter amount from line 35 you want: Credited to 2014 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/> 36 _____	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Sign Here	Signature of officer _____ Date _____ Title _____	
Paid Preparer Use Only	Print/Type preparer's name _____ Preparer's signature _____ Date _____ Check <input type="checkbox"/> if self-employed PTIN _____ Firm's name _____ Firm's EIN _____ Firm's address _____ Phone no. _____	
For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11450Q Form 1120 (2013)		

NOTHING ON THIS PAGE----BUT WAIT!!

Schedule K Other Information *continued* (see instructions)

				Yes	No
5 At the end of the tax year, did the corporation:					
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.					
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock		
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.					
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.					
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? For rules of attribution, see section 318. If "Yes," enter: (i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____ (c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____					
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.					
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____					
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ _____					
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.					
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ _____					
13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶ \$ _____					
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? If "Yes," complete and attach Schedule UTP.					
15a Did the corporation make any payments in 2013 that would require it to file Form(s) 1099?					
b If "Yes," did or will the corporation file required Forms 1099?					
16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?					
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 85% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?					
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million?					

HERE IS IT, PAGE 4, LINE 15 & 15a

Of course there are similar items on other returns for Partnerships, LLC's, S-Corporations, and Non Profits. Now that the IRS has extended these reminders, there will be no room for a taxpayer to claim they did not know the rules or simply forgot.

To summarize this section of who must file? A business, landlord or sole proprietor who has paid another individual for professional services for their business or rental property and the accumulated amount paid in the calendar year is equal to or exceeds \$600.

