



**MUHLENKAMP
& ASSOCIATES, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

1099 FORMS

Do you need to file 1099 forms? In order to deduct certain types of business or farm expenses on your tax return, the IRS requires 1099 forms to be issued if you pay a total of \$600 or more per recipient annually to unincorporated individuals.

Examples of payments requiring a 1099 form:

- Interest
 - Interest YOU paid totaling \$10.00 or more
 - Farming Activities:
 - Land and equipment rental
 - Custom work
 - Subcontractor labor
 - Veterinary fees
 - Professional fees
 - Business Activities (non-farming)
 - Subcontractor labor
 - Commissions paid
 - Professional fees
 - Rental payments for buildings, equipment, vehicles, etc.
- All LLCs should be issued appropriate 1099 forms.
- 1099 forms are NOT required for any personal expenses paid.
- Any payments by credit card rather than check or cash do not need to be reported on a 1099 form. The credit card company will complete these filing requirements.
- **Exceptions:** Attorneys and Veterinarians, even if incorporated, need to receive a 1099 form if paid \$600 or more during the year.

1099 forms are due to the IRS and recipients by January 31st. Please complete the backside and return to our office by **January 10th**. Otherwise, we will assume you are taking care of your 1099 federal and city filing requirements.

The IRS may impose a penalty of \$50 for each 1099 form omission and/or \$550 for intentional disregard. On tax returns, we are required to mark a box if 1099 forms have been filed. If 1099 forms are not filed but should be, there is a higher risk of a future IRS audit. We strongly encourage these forms to be filed.

Subcontractor Labor Reminders:

- The IRS has continued to emphasize the importance of correctly identifying when an individual is an employee versus an independent subcontractor utilizing a 20 factor test. Please refer to this test on our website www.muhlcpa.com under Links/Forms.
- Report subcontractors/casual labor on the annual BWC True-Up Report. Omitted reporting to BWC is a **“high-target”** for **BWC audits**. Exclude only if documentation is on file of the individual or businesses BWC policy, liability insurance certificate, or business invoices.
- If a subcontractor is paid over \$2,500 per year, a New Hire form must be reported at www.oh-newhire.com or contact us for a form to fax in.

