



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

1099 FORMS – Business & Farm Owners

Do you need to file 1099 forms? 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 or businesses.

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
- ****Trucking or Hauling of livestock, grain or other farm products – NO form 1099 required.**
- 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.
- **Exceptions:** Attorneys and Veterinarians, even if incorporated, need to receive a 1099 form if paid \$600 or more during the year.
- 1099 forms are NOT required for any personal/non-business 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.
- Having a vendor complete a Form W-9 prior to services/rent rendered will make sure you have correct information to complete the 1099.

1099 forms are due to the IRS and recipients by January 31st. Please complete the enclosed “1099 Forms” worksheet 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 \$60-\$310 for each 1099 form filed late and/or a penalty of \$630 each for intentional disregard of not filing a 1099 at all. 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.

Example: Joey owns several homes he rents out to tenants. He is in the business of renting houses. Joey pays Ann, an individual, a check for \$1500 to paint one of his homes. Joey wants to deduct this expense against his rental income on his taxes. Joey must report the \$1500 payment to Ann on a Form 1099.

Example: Joey pays Mike \$1500 to work on some repairs on the barns on Joey’s farm. Joey wants to deduct this repair as a farm expense on his tax return. Joey must report this \$1500 payment to Mike on a Form 1099.

Example: Joey pays Ann \$1500 to paint his own home he lives in. Joey does NOT report this payment on a 1099 as the work is not done in the course of his business, rental, or farm. It is a non-deductible, personal expense to Joey.

1099 FORMS

Please return to our office by January 10th.

PAID BY _____

ADDRESS _____

SSN or E.I.# _____

TELEPHONE # _____

TEXT # _____

PAID TO:

Name & Address	SSN - individual or EIN - business/LLC	Amount	For What