



HANCOCK ASKEW & CO LLP
ACCOUNTANTS & ADVISORS

Self Reporting Guide for Form-1099

WHAT BUSINESSES NEED TO KNOW

Offices in Georgia and Florida | www.HancockAskew.com



Issuing 1099s is a simple procedure that can be completed online in about 20 minutes if you have all the correct information and utilize the online filing platforms.

The recommended eFiling websites are user friendly and offer a variety of support tools.

Follow the six steps outlined in this guide to quickly and easily self-report 1099 activities.

Why are 1099s important?

Reporting 1099 information to the IRS helps ensure that everyone is appropriately reporting income earned during the year. Over the last few years, the IRS has increased correspondence and enforcement on businesses and individuals who have filed 1099s late, incorrectly or failed to file them at all. Coupled with their heightened vigilance in these areas, the laws have enabled a significant increase in penalties for late filing and/or failing to file 1099s.

The penalties for not submitting 1099s for the current tax year are as follows:

1. \$60 per information return if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty \$630,500 per year (\$220,500 for small businesses, defined below).
2. \$120 per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$1,891,500 per year (\$630,500 for small businesses).
3. \$310 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$3,783,000 per year (\$1,261,000 for small businesses).
4. Intentional non-filing: \$630 per 1099, with no limitation on penalties

Visit <https://www.irs.gov/instructions/i1099gi> for more information.

Who needs to be issued a 1099?

If the following four conditions are met, you must generally report payment(s) you made via cash or check to a payee as non-employee compensation and issue a 1099:

- Payment(s) to someone who is not your employee
- Payment(s) for services to a trade or business
- Payment(s) to an individual, partnership, estate, or in some cases, a corporation
- Payment(s) to a payee of at least \$600 during the year

Other payments to payees that may require a 1099 include:

- Interest payments
- Dividend payments
- Cancellation of debt/ income
- Rents and/or royalties
- Settlement payments to attorneys

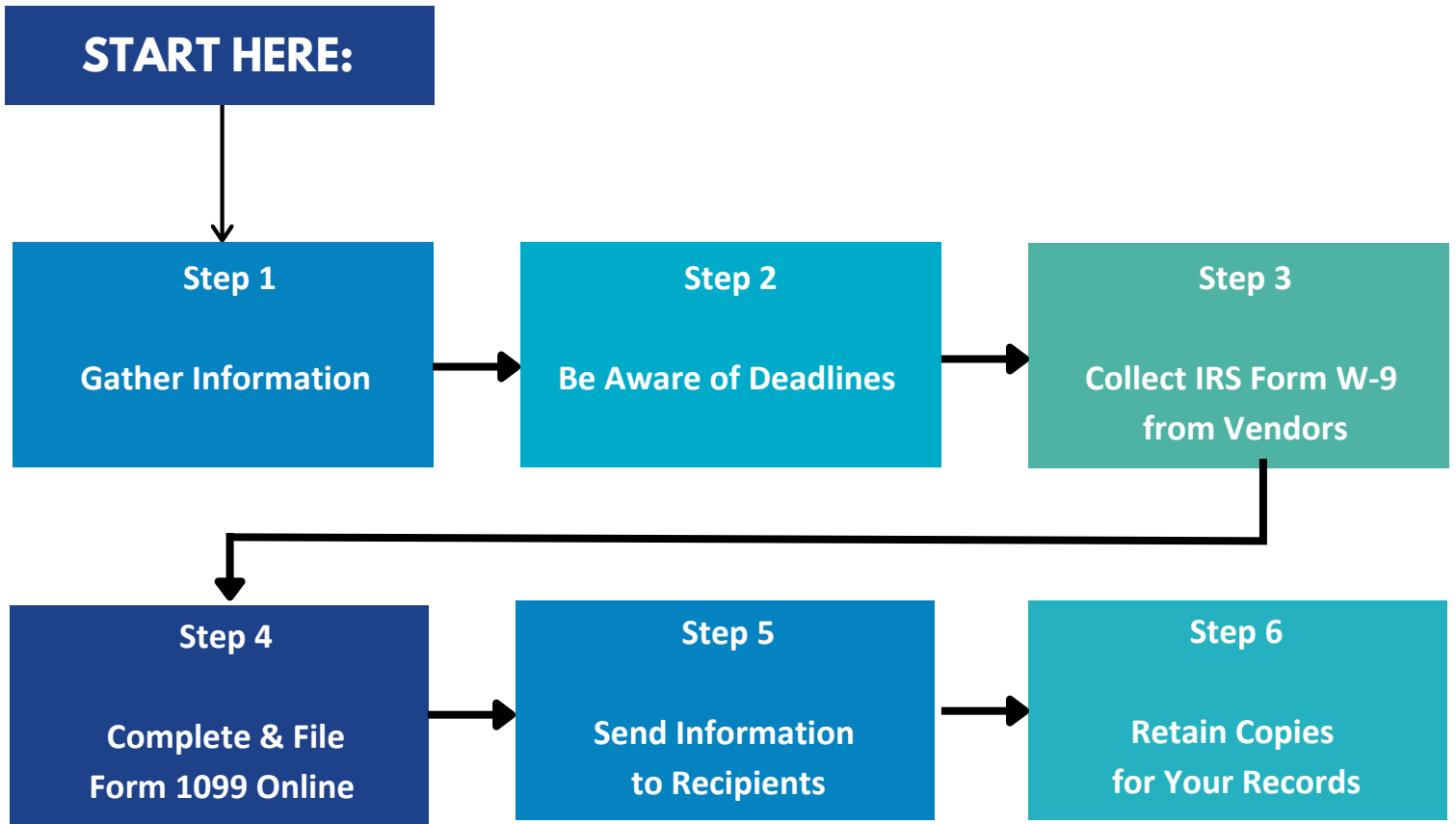
Some payments are not required to be reported on Form 1099-NEC or 1099-MISC, although they may be taxable to the recipient.

Payments for which a 1099 may not be required:

- Payments to a corporation or S Corporation
- Payments for merchandise, telegrams, telephone, freight, storage, etc.
- Business travel allowances or reimbursements paid to an employee (these may be separately reportable on other forms)
- Personal expenses
- Payments for goods (materials, hardware, appliances etc.)

Note: Payments made via a credit or debit card, gift card or a third-party payment network such as PayPal never require a Form 1099.

SIX STEPS TO SELF REPORT



STEPS TO SELF REPORT

Step 1: Gather Necessary Information

Collect all relevant details and data including names, addresses, social security numbers or tax ID numbers, and total amount paid.

Step 2: Be Aware of Deadlines

The IRS deadline to file the most popular form (1099-NEC) is January 31st. Follow the IRS General Instruction link for more deadlines. Communicate this deadline to anyone who shares responsibility for issuing the 1099s.

Step 3: Collect IRS Form W-9 from Vendors

Requesting Federal Form W-9 prior to initiating payment(s) to a payee is an important first step in the 1099 process. The information the payee provides on this form, along with other information regarding the type of payment, will help determine if a 1099 is required. The W-9 provides the following information:

- Business and/or individual's name and address
- Business and/or individual's structure (i.e. corporation, LLC, sole proprietor, etc.)
- Social Security Number (for sole proprietorships and individuals) or Tax ID Number (for applicable business entities)

Timely submission of 1099s to meet IRS requirements rely heavily on completed Forms W-9s from vendors.

Step 4: Complete and File Your 1099 Form Online

Self-reporting 1099s can be completed online by visiting either of these websites:

[Tax1099.com](https://www.tax1099.com): This IRS-authorized eFiling platform is a fee-based service allowing businesses of all sizes to create, verify and file a variety of 1099 forms. The platform guides you through a three-step electronic filing process. Other digital filing services also are available.

[Irs.gov/iris](https://www.irs.gov/iris): The IRS Information Returns Intake System (IRIS) is a portal set up by the IRS to provide taxpayers with a complimentary method of electronically filing 1099 forms. In addition to preparing and filing Forms 1099s, taxpayers can validate 1099 data, request automatic extensions and file select corrected information returns. For more information, review the [IRIS Taxpayers Portal User Guide](#).

[Tax1099.com](https://www.tax1099.com)

[Fee-based IRS-authorized eFiling platform](https://www.tax1099.com)

[Irs.gov/iris](https://www.irs.gov/iris)

[Free IRS Information Returns Intake System \(IRIS\)](https://www.irs.gov/iris)



STEPS TO SELF REPORT

Step 5: Send Information to Recipients

Once you have completed the forms, provide a copy to each recipient. This must be done by January 31st of the following year to ensure they have the necessary information for their own tax reporting.

Step 6: Retain Copies for Your Records

It is important to keep copies of all the 1099 forms you submitted, as well as any related documentation, for at least three years. This will serve as evidence in case of any future inquiries from the IRS.

Questions?

If you have questions, reach out to your HAC advisor or visit our website at HancockAskew.com.

[CONTACT US](#)