

1099 Basics



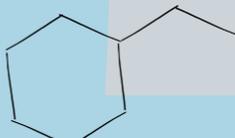
The 1099 Form

The 1099 form is a tax form that business owners send annually to people and businesses who provide a service for them and are paid over \$600. It can be referred to as non-employee compensation since you pay the person or business for work, but they are not on your payroll.

Common people that you would send this to are people who do repairs, accountants/bookkeepers, landscapers, consultants, and lawyers. 1099s also are given to people or businesses that you pay rent to.

The W9 Form

A W9 form is a form that the person or business fills out so that you can send the 1099 form at the end of the year. The form includes name, social security number or tax ID number, address, and type of business. Many people will tell you that you don't need to send them a 1099 due to the type of business they are. You still must get a W9 from them to prove that is true.



Does Anyone Not Receive a 1099?

If you pay for and receive services from a C-Corp or S-Corp you do not have to send them a 1099 form. However, you should still get a W9 form filled out by them to keep on file. You also do not have to send a 1099 to anyone that you paid via credit card. Their credit card processor will take care of tax forms.



Timeline

1099 forms are due by January 31st (or the Monday after if the 31st is on a weekend). So for the tax year 2021, 1099s are due by January 31, 2022. 1099 forms need to be mailed to the recipient, submitted to your state, and submitted to the IRS. It is best to have the W9 filled out before services are rendered, however there is not due date for these forms as long as you have them before you process and send your 1099s.



FAQs

Q: I am not a business, but I paid a plumber \$1,000 for kitchen repairs, do I need to send a 1099 form?

A: No, only businesses send 1099.

Q: My landlord told me I don't need to send him a 1099 and he will not fill out a W9 form, what do I do?

A: You can still send a 1099 to someone, even if they don't fill out a W9. It is your responsibility to determine if the form is needed, not theirs. So always send one unless you have proof that you don't need to.

Q: My consultant told me to go ahead and fill out the W9 form for her, should I do that?

A: No, the person you paid needs to fill out the form and sign it and then give it to you.

