

---

---

---

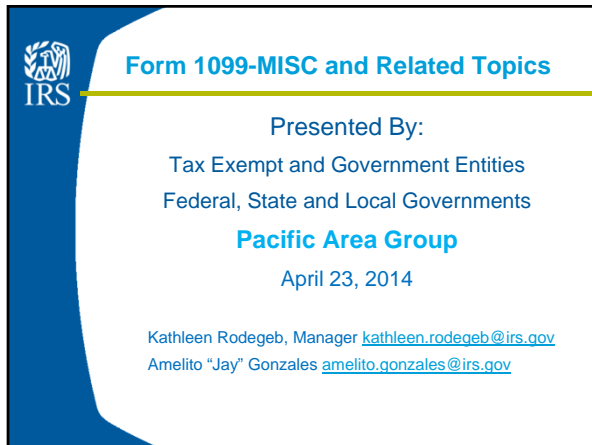
---

---

---

---

---



---

---

---

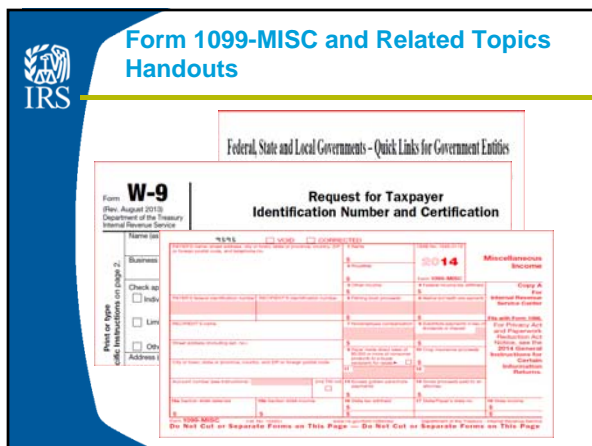
---

---

---

---

---



---

---

---


---

---

---

---

---



## Form 1099-MISC 2014

---

9995 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0047
1 Payee's name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		<div style="font-size: 2em; font-weight: bold;">2014</div> <div style="font-weight: bold;">Miscellaneous Income</div>
2 Recipient's identification number	3 Taxpayer's identification number	
4 Other income	5 From 1099-MISC	
6 Rents	7 Other income (see instructions)	
8 Recipient's name		<div style="font-size: 0.8em;">Copy A For Internal Revenue Service Center</div>
9 Street address (including apt. no.)		
10 City or town, state or province, country, and ZIP or foreign postal code		
11 Account number (see instructions)		
12 Other income (see instructions)		<div style="font-size: 0.8em;">File with Form 1096, For Privacy Act and Paperwork Reduction Act Notices, see the 2014 General Instructions for Certain Information Returns.</div>
13 Other income (see instructions)		
14 Other income (see instructions)		
15 Other income (see instructions)		
16 Other income (see instructions)		<div style="font-size: 0.8em;">Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</div>
17 Other income (see instructions)		
18 Other income (see instructions)		
19 Other income (see instructions)		

---

---

---

---

---

---

---

---

---

---



## Form 1099-MISC: Who Must File?

---

- Government agencies
  - Federal
  - State
  - Local
- Indian Tribal Governments
- Non Profit Organizations
- All 'trades or businesses'

---

---

---

---

---


---

---

---

---

---



## Form 1099-MISC: What Information is Required?

---

- Payee's name (sole proprietor)
- Legal business name
- Mailing address
- Taxpayer Identification Number
  - SSN for individuals
  - EIN for businesses

---

---

---

---

---

---

---

---

---

---



### Form 1099-MISC: Identifying Information (When/Why)

- When?
  - Up front
  - Before making any payments
- Why?
  - To meet compliance obligation
  - To avoid penalties
  - To avoid backup withholding tax liability

---

---

---

---

---

---

---



### Form 1099-MISC: Collecting Identifying Information

- Verbal (not recommended)
- Form W-9 (strongly recommended)
- Other written form: information must be the same as that included on Form W-9

---

---

---

---

---

---

---



### Form 1099-MISC: Collecting Identifying Information

#### **Recommendation:**

- Secure Form W-9 from ALL payees to protect against potential penalties and backup withholding protection.
- Form W-9 is evidence of attempt to meet compliance obligation.

---

---

---

---

---

---

---



## Form 1099-MISC: Collecting Identifying Information

The image shows the top portion of Form 1099-MISC. It includes the title 'W-9 Request for Taxpayer Identification Number and Certification' and a section for 'Name' with checkboxes for 'Individual or sole proprietor', 'Partnership', 'Trust', 'Estate', 'Beneficiary of an estate', 'Non-profit organization', 'Government entity', and 'Other'. A red circle highlights the 'Individual or sole proprietor' checkbox. Below this is a section for 'Taxpayer Identification Number (TIN)' with a label 'TIN' and a box for the number. There are also checkboxes for 'Is this person your spouse?' and 'Is this person your child?'.

---

---

---

---

---

---

---

---



## Form 1099-MISC: Validate TINs on Form W-9

### TIN Matching Service:

- For use by payers and/or authorized agents
  - To validate taxpayer identification numbers (TINs)
  - Six information returns subject to backup withholding (Forms 1099-B, INT, DIV, OID, PATR, and MISC)
  - Match up to 25 payee TINs and names
  - Bulk matching up to 100,000 TINs and names
  - Payer must have filed information returns with the IRS in one of the past two tax years
- <http://www.irs.gov/Tax-Professionals/e-services---Online-Tools-for-Tax-Professionals>

---

---

---

---

---

---

---

---



## Form 1099-MISC: Who Gets it?

- Individuals
- Partnerships
- Estates
- Trusts
- Corporations
  - Medical and Health Care
  - Attorney

---

---

---

---

---

---

---

---



## Form 1099-MISC: Who Gets it?

- Individual / sole proprietor
- C Corporation (medical & legal)
- S Corporation (medical & legal)
- Partnership
- Trust/Estate
- Limited Liability Company
  - Additional information required
- Other (see instructions)

---

---

---

---

---

---

---

---



## Form W-9

Form W-9  
Rev. August 2013  
Department of the Treasury  
Internal Revenue Service

**Request for Taxpayer Identification Number and Certification**

Give Form to the requester. Do not send to the IRS.

Name (as shown on your income tax return)

Business name (or disregarded entity name, if different from above)

Check appropriate box for federal tax classification:

☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter tax classification (C-Corporation, S-C Corporation, Partnership)

☐ Other (see instructions)

Exempt payee code (if any)

Exemption from FATCA reporting code (if any)

---

---

---

---

---

---

---

---



## Form 1099-MISC: When & How to File

- **When:**
  - Copy B to PAYEES by January 31
  - Copy A to IRS by February 28
  - Electronic filing due by March 31
- **How:**
  - <250 may file paper (optionally electronic)
  - >250 or more mandatory electronic filing

---

---

---

---

---

---

---

---



### Form 1099-MISC: What is a Reportable Payment?

Payments aggregating \$600 or more for:

- Rents (box 1)
  - Office space
  - Parking lot space
  - Equipment
- Royalties (box 2)
- Other Income (box 3)
  - Deceased employees – payments after death
  - Amounts not reportable in other boxes and not paid as remuneration for services

---

---

---

---

---

---

---

---



### Form 1099-MISC: What is a Reportable Payment?

Payments aggregating \$600 or more for:

- Medical and Health Care Services (box 6)
  - Ambulance
  - Doctors & Dentists
  - Lab Services (including drug testing)
  - Etc.
- Attorneys
  - Compensation for services (box 7)
  - Gross proceeds (box 14)

---

---

---

---

---

---

---

---



### Form 1099-MISC: What is a Reportable Payment?

#### Payments to Attorneys:

- Box 7 – Legal services provided to the reporting entity
- Box 14 - Gross Proceeds
  - \$600 or more
  - Services to others as in lawsuits
  - Settlement payments to others & attorney

---

---

---

---

---

---

---

---



### Form 1099-MISC: What is a Reportable Payment?

Payments aggregating \$600 or more for services (box 7):

- Accountants
- Advertising
- Appraisers
- Construction
- Consultants
- Combined Goods & Services

---

---

---

---

---

---

---



### Form 1099-MISC: What is a Reportable Payment?

- Custodial/Maintenance
- Engineers
- Landscaping
- Photography/Printing Services
- Referees
- Rubbish Removal
- Etc.

---

---

---

---

---

---

---



### Form 1099-MISC: Independent Contractor or Employee

Things to consider:

- Categories of Evidence
  - Behavioral controls
  - Financial controls
  - Relationship of the Parties
- Twenty Common Law Factors

---

---

---

---

---

---

---



### Form 1099-MISC: Independent Contractor or Employee

#### Examples of factors indicating EE Status:

- Instructions to workers
- Uniforms / dress code requirement
- Hours of work set by employer
- Workers don't market their services to others
- Training, office space, supplies and materials provided by employer
- No risk of loss

---

---

---

---

---

---

---

---



### Form 1099-MISC: Not Required

- Products (except with services)
- Worker's Compensation
- Telephone service
- Governmental Entities
- Rental Real Estate Agencies
- Corporations (see exceptions for Medical & Legal corporations)
- Payments to employees

---

---

---

---

---

---

---

---



### Form 1099-MISC: State Information

#### Other Form 1099-MISC Boxes

- 16 – State income tax withheld
- 17 – Payer's state ID number (SEIN) & abbreviated state name
- 18 – State payment amount

---

---

---

---

---

---

---

---





### Form 1099-MISC: Correcting Errors

- Form 1099-MISC not filed
  - Check the 'Void' box
  - Prepare a corrected form
- Form 1099-MISC previously filed
  - Prepare a new form
  - Check the 'Corrected' box
  - Submit corrected forms with F1096

---

---

---

---

---

---

---



### Form 1099-MISC: Failure to File and / or Furnish

- Failure to File Penalty:
  - IRC §6721 – \$100 for payments from 2011 on (\$50 previously)
  - Intentional disregard – \$250
- Failure to Furnish Penalty:
  - IRC §6722 – \$100 for payments from 2011 on (\$50 previously)
  - Intentional disregard – \$250

---

---

---

---

---

---

---



### Form 1099-MISC: Failure to File and / or Furnish

- Even if timely filed and furnished –
- Failure to File CORRECT Form 1099-MISC can result in penalty assessment under IRC §6721
  - Failure to Furnish CORRECT Form 1099-MISC can result in penalty assessment under IRC §6722.

---

---

---

---

---

---

---



### Form 1099-MISC: Failure to File and / or Furnish

#### Example:

Payee was paid \$1,000 in a calendar year, but the Form 1099 reflected payments of only \$700.

- The §6721 will be \$100 for failure to file correct payee statement
- The §6722 penalty will be \$100 for failure to furnish correct payee statement
- Greater penalties for 'willfulness'

---

---

---

---

---

---

---

---



### Form 1099-MISC: Name – TIN Matching

#### CP2100 for Missing TINs & Mismatches

- No TIN provided
- More than or less than 9 digits
- Alpha character in TIN
- TIN does not match name
  - SSN with business name
  - Name not the same as on SS Card

---

---

---

---

---

---

---

---



### Form 1099-MISC: Backup Withholding

#### What is backup withholding?

- If payee refuses to provide TIN
- If notified by IRS to backup withhold on a given payee
- If payee was paid at least \$600 in prior year
- If payee was subject to backup withholding in prior year

---

---

---

---

---

---

---

---



### Form 1099-MISC: Backup Withholding

#### How is Backup Withholding Implemented?

- Payments aggregate \$600
- Backup withhold at 28%
- Deposit withheld taxes  
Deposit schedule same as Form 941, but  
deposits must be separate from Form 941
- File Form 945

#### Note:

- If backup withholding is required, payer is  
liable for failure to withhold tax from payee

---

---

---

---

---

---

---

---



### Form 1099-MISC: Backup Withholding

If a vendor did not provide TIN prior to or at  
the time of first payment AND backup  
withholding was instituted:

- Do not refund prior backup withholding if  
the vendor provides TIN at a later date
- Report the backup withholding in box 4 of  
Form 1099-MISC
- Vendor gets credit at the time of filing.

---

---

---

---

---

---

---

---



### Form 1099-MISC: Backup Withholding

- Stop backup withholding when TIN is  
received
- First annual TIN solicitation by  
December 31 in the year account was  
opened
- Second annual TIN solicitation by  
December 31 in year following year  
account was opened

---

---

---

---

---

---

---

---



### Form 1099-MISC: Failure to Backup Withhold

Failure to backup withhold can result in:

- Tax assessment against the payer for amounts required to be withheld
- Deposit (FTD) penalties (IRC §6656) and interest
- Failure to File (FTF) and Failure to Pay (FTP) penalties (IRC §6651)
- Interest

---

---

---

---

---

---

---

---



### Form 1099-MISC: Common Errors

- Failure to secure TIN before making payment
- Failure to report aggregate payments
- Assuming the entity is a corporation due to name only
- Assuming the entity is a corporation due to receipt of EIN instead of SSN
- Failure to secure additional information for LLC
- Failure to file for Medical & Legal corporations
- Failure to file for combination of goods & services

---

---

---

---

---

---

---

---



### Form 1099-MISC: Backup Withholding – Summary

- Secure TINs prior to making payments
- If no TIN, backup withhold at 28%
- Make timely deposits of withheld taxes separate from F941 deposits
- File annual Form 945 by January 31 of following year
- Annual solicitation of TINs not provided

---

---

---

---

---

---

---

---



## Form 1099-MISC: Reference Materials

- Publication 15, (Circular E), Employer's Tax Guide
- Publication 15-A, Employer's Supplemental Tax Guide
- Publication 1281, Backup Withholding on Missing and Incorrect Names/Taxpayer Identification Numbers
- Publication 1779, Independent Contractor or Employee
- Publication 2108A, Online Taxpayer Identification Number (TIN) Matching Program
- Instructions for Form 1099 Miscellaneous

---

---

---

---

---

---

---

---



## Form 1099-MISC: Reference Materials

- General Instructions for Certain Information Returns
- Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding
- Form W-9 and related instructions
- Form 945, Annual Return of Withheld Federal Income Tax, and related instructions
- Form 1099-MISC, Miscellaneous Income
- IRS TIN Matching Program <http://www.irs.gov/Tax-Professionals/e-services/Online-Tools-for-Tax-Professionals>

---

---

---

---

---

---

---

---



## Federal, State and Local Governments – Pacific Area Group Alaska, California, Hawaii, Nevada, Oregon, Washington

Name	Email	Location Telephone Number	Coverage Area
Kathleen Rodegeb Group Manager	<a href="mailto:Kathleen.Rodegeb@irs.gov">Kathleen.Rodegeb@irs.gov</a>	Walnut Creek, CA (925) 974-3827	Pacific Area
Alice Huang FSLG Specialist	<a href="mailto:Alice.Huang2@irs.gov">Alice.Huang2@irs.gov</a>	El Monte, CA (626) 927-1238	California
Clark Fletcher FSLG Specialist	<a href="mailto:Clark.M.Fletcher@irs.gov">Clark.M.Fletcher@irs.gov</a>	Bellevue, WA (425) 489-4042	Hawaii Oregon Washington
Amelito "Jay" Gonzales FSLG Specialist	<a href="mailto:Amelito.Gonzales@irs.gov">Amelito.Gonzales@irs.gov</a>	San Diego, CA (619) 744-7160	California
Nimfa Destroza FSLG Specialist	<a href="mailto:Nimfa.G.Destroza@irs.gov">Nimfa.G.Destroza@irs.gov</a>	San Carlos, CA (760) 736-7347	California
Ronald Coleman FSLG Specialist	<a href="mailto:Ronald.Coleman@irs.gov">Ronald.Coleman@irs.gov</a>	San Diego, CA (619) 744-7169	California Nevada
Thomas Mansell FSLG Specialist	<a href="mailto:Thomas.Mansell@irs.gov">Thomas.Mansell@irs.gov</a>	Santa Rosa, CA (707) 535-3830	Alaska California

---

---

---

---

---

---

---

---



Form 1099-MISC:

Questions?

---

---

---

---

---

---

---

---