

MARKS PANETH

ACCOUNTANTS & ADVISORS

FORM 1099 INFORMATION RETURNS

As you may be aware, the IRS has become more focused on information reporting compliance. Business tax returns and accompanying schedules specifically ask whether you made payments in 2015 that would require you to file Forms 1099, and if you already filed or will file required Forms 1099. New laws have also recently been enacted that significantly increase the penalties for non-compliance. A description of these new penalty increases can be [found here](#).

Please review your records to determine whether or not your business has an IRS Form 1099 reporting requirement. In general, any payment made “in the course of business” for services, rent, interest and non-employee compensation may be subject to 1099 reporting. Note that there are many categories of payments and exceptions regarding the types of payments subject to reporting and recipients. For example, you do not report payments to corporations, but are required to report payments to LLCs not classified as corporations or S corporations. In addition, payments for products and those made by credit card or through a third party payment network are not reportable. There are also exceptions to certain exceptions, such as reporting for attorney payments and certain medical or health-related payments, regardless of whether the payee is a corporation. If you have a question regarding the scope of any payment made, or need help determining whether a payee is exempt from reporting, please let us know.

As a reminder, once a reportable payment exceeds a specified dollar threshold, you are required to issue the payee a Form 1099. The list below is not exhaustive of the types of payments that may be subject to 1099 reporting, but represent the thresholds for the most common types of payment subject to 1099 reporting.

Professional Fees	1099 required for payments of \$ 600 or more
Non-Employee Compensation	1099 required for payments of \$ 600 or more
Directors Fees	1099 required for payments of \$ 600 or more
Dividends, Interest or Royalties	1099 required for payments of \$ 10 or more
Attorney Fees for legal services	1099 required for payments of \$ 600 or more
Payments to attorneys for settlements	1099 required for any dollar amount
Rents (including self-rented property)	1099 required for payments of \$ 600 or more

For the 2015 filing period, the majority of Form 1099s must be prepared and mailed to the recipient by

February 1. For recipients of Forms 1099-B, 1099-S and 1099-MISC boxes 8 or 14, the deadline due to the payee is February 15. The IRS copy (copy A) must be prepared on preprinted red forms, and is due by February 29. If you issue 250 or more of any of the Form 1099s during the year, they must be filed with the IRS in electronic format by March 31. As always, the IRS will assess penalties for non-compliance, which range from \$ 50 per return if filed within 30 days after the due date, up to \$ 500 per return (no maximum penalty) if you are found to have intentionally disregarded your filing obligation.

This area is complex, and careful attention should be given in order to fulfill your tax reporting and compliance responsibilities. If you need assistance in preparing Form 1099s or are unsure of your filing requirements, please contact us so we can help you determine whether a reportable payment exists and gather the necessary information so that you meet your obligations before the filing deadlines.

For more information

If you have questions about this alert, please contact [Mark Baran](#), Principal in the Tax Practice, by phone at (212) 503-8991 or by email at mbaran@markspaneth.com or any of our [Marks Paneth professionals](#).

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