



Wood LLP
ATTORNEYS AT LAW

Tax Alert



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THE TAX LAWYER

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Why You Should Never Ask, 'Where's My IRS Form 1099?'

It's year end, and that means IRS [Form 1099](#) season is almost upon us. Surprisingly, many people can't wait for those annoying little tax reports to come in the mail. They remind you that you earned interest, received a consulting fee, or were paid some other kind of income. There are many varieties, including [1099-INT](#) for interest, [1099-DIV](#) for dividends, [1099-G](#) for tax refunds, [1099-R](#) for pensions and [1099-MISC](#) for miscellaneous income. These forms are sent by payors to you and the IRS.

Why is asking for one usually a mistake? If your records are not good and you do not know what payments you have received, you may actually look forward to these forms. Yet you are better off in most cases not asking for one if it doesn't show up. The most common is Form 1099-MISC, which can cover just about any kind of income. Consulting income, or non-employee compensation is a big category for 1099-MISC.

In fact, apart from wages, whatever you were paid in 2015, is likely to be reported on a Form 1099. Companies big and small churn them out. If you're in business—even as a sole proprietor—you also may need to *issue* them. Each Form 1099 is matched to your [Social Security number](#), so the IRS can easily spew out a tax bill if you fail to report one. In fact, you're almost guaranteed an audit or at least a tax notice if you fail to report a Form 1099. Even if an issuer has your *old address*, the information will be reported to the IRS (and your state tax authority) based on your Social Security number.

9595		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED			
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents	OMB No. 1545-0115		Miscellaneous Income
		\$	2015		
		2 Royalties	Form 1099-MISC		
		\$			
PAYER'S federal identification number		3 Other income	4 Federal income tax withheld		Copy A For Internal Revenue Service Center
RECIPIENT'S identification number		\$	\$		
		5 Fishing boat proceeds	6 Medical and health care payments		
		\$	\$		
RECIPIENT'S name		7 Nonemployee compensation	8 Substitute payments in lieu of dividends or interest		File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2015 General Instructions for Certain Information Returns.
Street address (including apt. no.)		\$	\$		
City or town, state or province, country, and ZIP or foreign postal code		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds		
		\$	\$		
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>	2nd TIN not <input type="checkbox"/>	11	12
		13 Excess golden parachute payments	14 Gross proceeds paid to an attorney		
		\$	\$		
15a Section 409A deferrals	15b Section 409A income	16 State tax withheld	17 State/Payer's state no.	18 State income	
\$	\$	\$	\$	\$	

Form 1099-MISC Cat. No. 14425J www.irs.gov/form1099misc Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

Make sure payers have your correct address so you get a copy. Update your address directly with payers, and put in a forwarding order at the U.S. Post Office. You'll want to see any forms the IRS sees. It's also a good idea to file an IRS change of address [Form 8822](#). The IRS explains why at [Topic 157 – Change of Address—How to Notify IRS](#).

Like Forms W-2, Forms 1099 are *supposed* to be mailed out by January 31st. You need a Form W-2 to file with your return, but do you really *need* a Form 1099? No. In contrast to Forms W-2, you don't file Forms 1099 with your return.

Although most Forms 1099 arrive in January, some companies issue the forms throughout the year when they issue checks. Whenever they come, don't ignore them. Each form includes your Social Security number. If you don't include the reported item on your tax return, bells go off.

However, if you *don't* receive a Form 1099 you expect, don't ask for it. Just report the income. Reporting *extra* income that doesn't match a Form 1099 is not a problem. The IRS does not consider that a mismatch. Only the *reverse* is a problem. One possible exception? The IRS suggests that if you don't receive a Form 1099-R, you should ask.

Don't ask about most Forms 1099, including the common Form 1099-MISC. If you call or write the payor asking for a Form 1099, the payor may issue it

incorrectly. Alternatively, you may end up with two, one issued in the ordinary course (even if you never received it), and one issued because you asked for it. The IRS computer might end up thinking you had twice the income you really did. Another common mistake is asking for a Form 1099 for your lawsuit recovery.

If you settled a suit and received money in 2015, report it if it is income. Generally, everything is income, including money for settling a lawsuit. One of the few exceptions is lawsuit recoveries for physical injuries. Damages for physical injuries are tax-free under [Section 104](#) of the tax code. Yet only physical injuries and physical sickness qualify. Damages for emotional distress are taxed, unless the emotional distress emanated from physical injuries or physical sickness, in which case it's tax-free. That's just one of [10 things to know about taxes on legal settlements](#)

For alerts to tax articles, email me at Wood@WoodLLP.com. This article is not legal advice.