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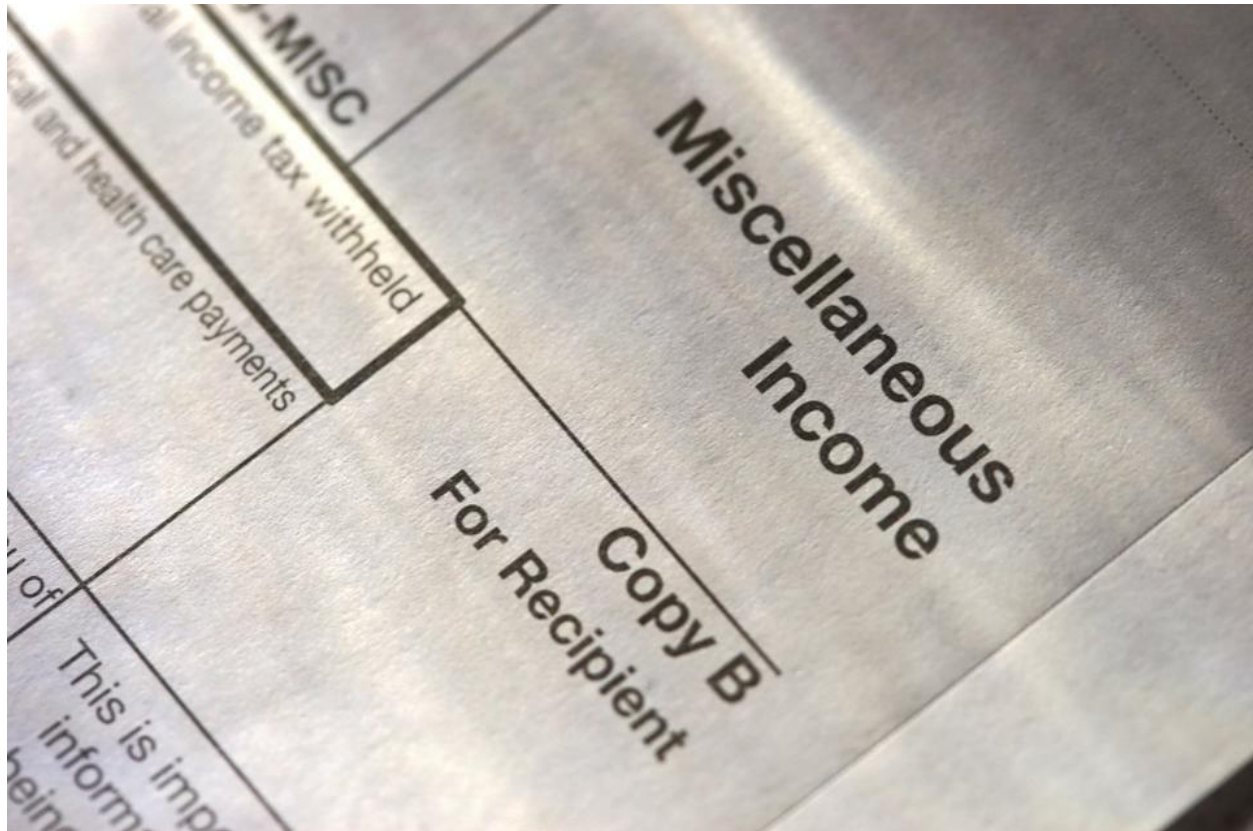
IRS Forms 1099 Come Soon: Taxing Investors, Sharing Economy & Everyone Else

Form 1099 time is upon us. Businesses must send out IRS Forms 1099 by Jan. 31 for the prior calendar year. Perhaps [no one likes IRS Forms 1099 except the IRS](#), for they allow easy computer matching of Form 1099 data against tax returns. Generally, businesses must issue the forms to any payee (other than a corporation) who receives \$600 or more during the year. That's just the basic threshold, but there are many exceptions. That's why you probably get a Form 1099 for every bank account, even if you earned only \$10 of interest. Every Form 1099 includes the payer's employer identification number and the payee's Social Security number.

If you [disagree with the information on the form](#) but can't convince the payer to correct it, explain it on your tax return. If you receive a Form 1099, you can't just ignore it, because the IRS won't. There's a [1099-INT](#) for interest; [1099-DIV](#) for dividends; [1099-G](#) for state and local tax refunds and unemployment benefits; [1099-R](#) for pensions and payouts from your individual retirement accounts; [1099-B](#) for broker transactions and barter exchanges; [1099-S](#) for real estate transactions, etc. There are many categories, but the [Form 1099-MISC](#) (for miscellaneous) seems to prompt the most questions and covers the biggest territory.

The deadline is Jan. 31 for mailing Forms 1099 to taxpayers, but in many cases the payer generally has until the end of February to send all Forms 1099 to the IRS. However, for payments reported on Form 1099-MISC in Box 7 (non-employee compensation), the payer also has a January 31 due date for sending

copies of the forms to the IRS. Thus, that reporting date to the IRS is now be the same as the due date for the forms to be issued to recipients, January 31. If there is an error on a Form 1099 [tell the payer immediately](#). In some cases, there may be time for the payer to correct it *before* sending it to the IRS. If the payer has already dispatched the incorrect form to the IRS, ask the payer to send in a corrected form.



Despite the January 31 deadline, don't assume you're off the hook for reporting income if you don't receive a Form 1099 by February or even March. There are penalties on companies that issue Forms 1099 late, but some forms come as late as April or May, when you may have already filed your return. Even if you never receive a Form 1099, if you receive income, you must report it. You don't need a 1099 to report income. Besides, the information will be reported to the IRS based on your Social Security number regardless of whether you receive the form.

Update your address directly with payers, as well as putting a forwarding order in with the U.S. Post Office. You'll want to see any forms the IRS sees. Most states have an income tax, and they will receive the same information as the IRS. If you missed a 1099 on your federal return, your state will probably bill you too. Keeping payers advised of your current address is a good idea, as is reporting errors to payers. However, in some cases, if you are [missing an IRS Form 1099, you may want to keep quiet](#). If you are expecting a Form 1099, you obviously must know about the income, so just report that amount on

your tax return. IRS computers have no problem with that. If you call or write the payer and actually *ask* for a Form 1099, you may end up with two of them, one issued in the ordinary course (even if it never got to you), and one issued because you called.

Overall, just be careful with Forms 1099. Many tax audits start out because of some kind of Form 1099 mismatch. So don't treat these forms lightly. They IRS doesn't.

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