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THE TAX LAWYER

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# Missing An IRS Form 1099 For Your Taxes? Keep Quiet, Don't Ask!

The end of January may not seem momentous, but among tax professionals it is important, ushering in IRS [Form 1099](#) season. IRS Forms 1099 are those annoying little tax reports that come in the mail. They remind you that you earned interest, received a consulting fee, or were paid some other kind of income. They remind you, and they notify the IRS too. 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 payers to you and the IRS, and surprisingly, many people can't wait for them to arrive. That seems a little odd. Sure, it is useful to have a copy of each one that is issued. And yet paradoxically, *asking* for one is usually a mistake. If you find yourself wanting a form, you obviously know about the payment you received. So just report the income! You don't need the form.

9595		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0115		Miscellaneous Income
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents	\$	2015		
		2 Royalties	\$			Copy A For Internal Revenue Service Center
PAYER'S federal identification number		3 Other income	\$	4 Federal income tax withheld		
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		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>
Street address (including apt. no.)		10 Crop insurance proceeds	\$	11		
City or town, state or province, country, and ZIP or foreign postal code		12	\$	13 Excess golden parachute payments		14 Gross proceeds paid to an attorney
Account number (see instructions)	FATCA filing requirement <input type="checkbox"/>	2nd TIN not <input type="checkbox"/>	\$	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

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.

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. Unlike Forms W-2, you don't file Forms 1099 with your return. If you *don't* receive one 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.

If you call or write the payer asking for a Form 1099, the payer 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.

One settling for this common mistake is a Form 1099 for your lawsuit recovery. If you settled a suit and received taxable money in 2015, report it if it is income. But don't ask for the Form 1099. 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](#).

Although most Forms 1099 arrive in January or early February, some companies issue the forms throughout the year at the time they issue checks. Whenever the Forms 1099 arrive, 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.

Finally, there is one possible exception to my suggestion not to ask about Forms 1099. The IRS suggests that if you don't receive a Form 1099-R, you should ask. Good luck this 1099 season!

*For alerts to tax articles, email me at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This article is not legal advice.*