



Robert W. Wood

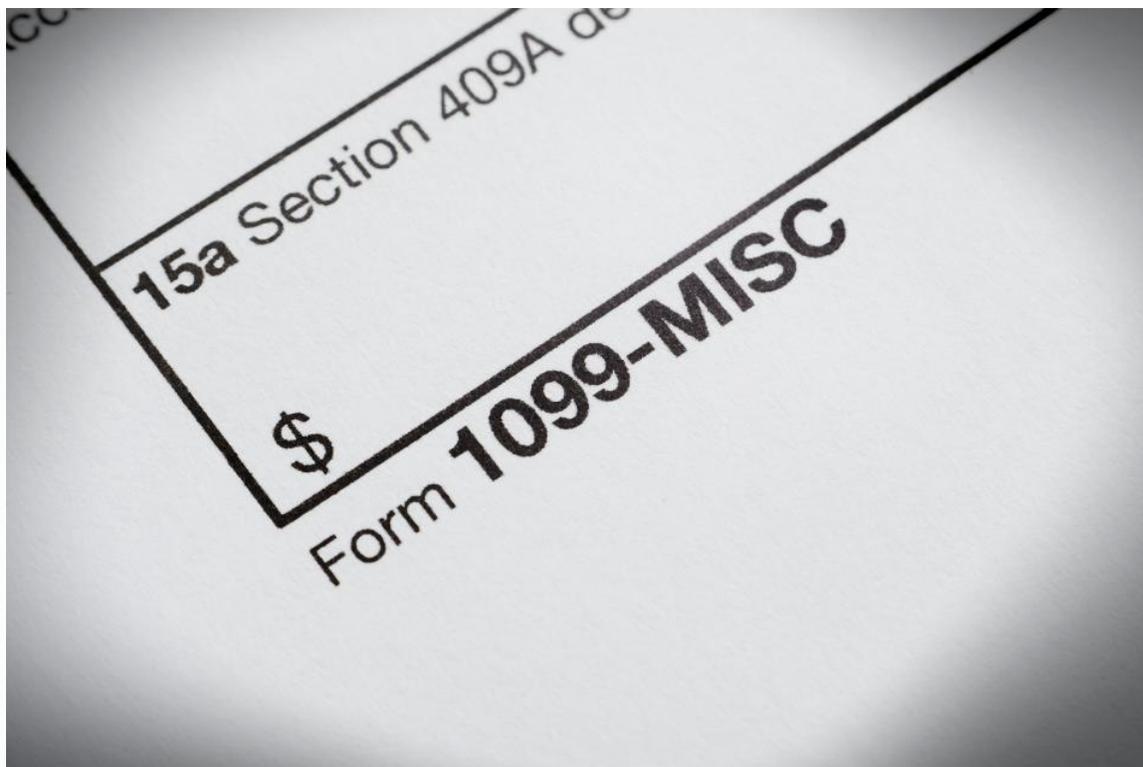
THE TAX LAWYER

TAXES 03/04/20

Dear IRS, Uber Or Whoever: My Form 1099 Is Wrong, Way Wrong

Most of us do not like receiving IRS Forms 1099 in the mail. They can be painful reminders that you have to pay taxes. And they can be wrong. If you have good records of what you were paid, you might want to go back to the issuer of the form and ask about it. In general, though, companies are usually not very flexible unless you can really prove there was a gross error. Besides, often times there is something else going on, such as where the company paid out several amounts to you and others, but is treating you as the recipient of it all. That can be doubly frustrating. A good example is plaintiffs in lawsuits. You might receive a Form 1099 for more than you received because some of the money went to your lawyer. In that case, you might be looking for [ways to deduct legal fees under new tax laws](#).

You may not like the forms, but the [IRS loves Form 1099](#) because they easily allow matching data against tax returns. Generally, businesses must issue the forms when they pay out \$600 or more during the year. That's just the basic threshold rule, and there are numerous exceptions. That's why you probably get a Form 1099 for every bank account you have, even if you earned only \$10 of interest income. There are many varieties, including [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.



[Form 1099-MISC](#) (for miscellaneous) seems to prompt the most questions and covers the biggest territory. Businesses must send out Forms 1099 by Jan. 31 for the prior calendar year. However, don't assume you're off the hook for reporting income if you don't receive a Form 1099 by February or even March. 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. Any Form 1099 sent to you goes to the IRS too.

The deadline is Jan. 31 for mailing 1099s to taxpayers and to the IRS, so don't just put arriving 1099s in a pile. Open them immediately, and if there's an error, [tell the payer immediately](#). If the payer has already dispatched the incorrect form to the IRS, ask the payer to send in a corrected form. If you [disagree with the information on the form](#) but can't convince the payer you're right, explain it on your tax return. If you receive a Form 1099, you can't just ignore it, because the IRS won't. If you forget to report a 1099, the IRS will send you a computer-generated letter billing you for the taxes. If it's correct, just pay it. 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, if you don't receive a Form 1099 you expect, consider not asking for it. 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 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 raise the issue, 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.

Check out my [website](#).