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Missing An IRS Form 1099? Don't Ask For It, Here's Why

Most Forms 1099 arrive in late January or early February, but a few companies issue the forms throughout the year when 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. IRS Forms 1099 remind you that you earned interest, received a consulting fee, or were paid some other kind of income. They notify the IRS too. It is useful to have a copy of each one that is issued, but *asking* for one can be a mistake. If you find yourself wanting a form, you obviously know about the payment you received. So just report the income. Reporting extra income that doesn't match a 1099 is not a problem. Only the *reverse* is a problem. Besides, an IRS transcript should tell you all IRS Forms 1099 issued to you.

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. Sometimes, you even receive a [Form 1099 that reports more than you received](#). The most common is Form 1099-MISC, which can cover just about any kind of income. Consulting income is a big category for 1099-MISC. In fact, apart from wages, *whatever* you were paid 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. 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](#).

You want to know about Forms 1099, but do you really *need* a Form 1099? If you know about the income, say a consulting fee you received, not really. Unlike Forms W-2, you don't file Forms 1099 with your return. You need Forms 1099 that report dividends and stock proceeds that you might not otherwise know about. But for many other Forms 1099, if you know about your payment, you don't really need the form. One possible exception: the IRS suggests that if you don't receive a Form 1099-R, you should ask.

In general, though, if you call or write the payer and ask for a Form 1099, you may end up with two Forms 1099, 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. An alternative to asking an issuer for a Form 1099 is to get a transcript of your account from the IRS. It should show all Forms 1099 issued under your Social Security number. That is better than asking for a Form 1099, especially for something like a lawsuit recovery.

If you settled a suit and received taxable damages, report the payment as income. But if you have arguments that the lawsuit recovery shouldn't be taxable, the last thing you want is a Form 1099. Some damages are tax-free under [Section 104](#) of the tax code, but only physical injuries and physical sickness qualify. That's just one of [10 things to know about taxes on legal settlements](#). Getting Forms 1099 can be especially since now with many [lawsuit settlements, legal fees can't be deducted](#).

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