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What To Do On Your Taxes If Your IRS Form 1099 Is Wrong Or Missing



Many people will soon be filing their 2024 tax returns by the extended October 15 filing deadline. Before filing, it's a good idea to double check your IRS Forms 1099. They remind you that you earned interest, received a consulting fee, or were paid some other kind of income. Most Forms 1099 arrive in late January or early February, but some companies issue forms throughout the year when they issue checks. Since each form includes your Social Security number, if you don't include the reported item on your tax return, the IRS will likely notice.

It is useful to have a copy of each one that is issued, but if you know about the payment you received, you can just report the income, you don't need the form. Reporting extra income that doesn't match a Form 1099 is not a problem. Only the *reverse* is a problem. You can also get an IRS transcript that will list all Forms 1099 reported to your Social Security Number. That should tell you about each IRS Form 1099 issued to you.

Different Types of 1099 Forms

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. However, as common as Form 1099-MISC is, the newest form is [IRS Form 1099-NEC, which means extra taxes](#) for independent contractors.

The 1099-NEC form tips off the IRS to collect self-employment taxes, in addition to income tax. 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. Recipients

of Forms 1099 usually need to report income. In fact, you're almost guaranteed a tax notice if you fail to report a Form 1099.

Incorrect Address

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. Even so, 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 [how to notify them of a change of address](#)

Incorrect Dollar Amount

What if a 1099 is wrong? Most of the time when you say "my 1099 is wrong" the IRS already has their copy of the form. So if the issuer of the Form 1099 has *already* sent it to the IRS, ask the issuer for a "corrected" Form 1099. The issuer should prepare a Form 1099 in the *correct* amount and check a "corrected" box on the form. The corrected form is supposed to cancel out the first one in the IRS system, once you give it time to settle.

But what happens if the issuer won't cooperate, or you can't convince them that your numbers are right and theirs are wrong? You may need to reflect this on your tax return. For example, what if you were paid \$30,000 but your Form 1099 says \$300,000?

You could show the \$300,000 payment on your return (on line 21, or on a [Schedule C](#)), and then explain the \$270,000 overstatement. You could do so in a statement or footnote by showing \$30,000 on line 21, but adding "see statement." The statement might say:

- Erroneous Form 1099-MISC \$300,000
- Less error amount \$270,000
- Net to line 21 \$ 30,000

Audit Risk

Does this make your audit risk higher? It may, and that's an argument for doing all you can to make sure the Form 1099 is correct in the first place. But you probably don't have much choice. After all, you practically guarantee an audit if you merely report the \$30,000 figure and don't explain it. In that event, the IRS will likely send you a notice asking for tax on the missing \$270,000. If you are really miffed you could try to sue the payor for issuing the erroneous Form 1099. However, most such lawsuits go nowhere and are expensive. And forget trying to bring the IRS into your dispute, they won't join disputes with private parties. Besides, you won't have the suit concluded before the deadline for filing your tax return.

The difficulties faced by taxpayers who receive incorrect Forms 1099 are one reason to be as specific as possible in written agreements, so the amount and number of Forms 1099 is explicit. For example, in settling litigation, a settlement agreement should be specific about each Form 1099 that will be sent. For more tax tips about settling litigation and all the big tax risks, just be aware that the [IRS taxes most lawsuit settlements and exact wording matters](#).