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When IRS Forms 1099 Are Wrong Or Missing



It's that time of year again. IRS Forms 1099 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. Whenever

Forms 1099 arrive, don't ignore them, as each form includes your Social Security number. If you don't include the reported item on your tax return, bells go off.

Forms 1099 notify the IRS too. It is useful to have a copy of each one that is issued, but should you ask for one that goes missing? If you find yourself wanting a form, you know about the payment you received. So just report the income. Reporting extra income that doesn't match a Form 1099 is not a problem. Only the *reverse* is a problem. Besides, you can get an IRS transcript that will list all forms reported to your Social Security Number. That should tell you about each IRS Form 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. 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.

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 why at [Topic 157 – Change of Address–How to Notify IRS](#).

What if a 1099 is wrong? Most of the time when you say “my 1099 is wrong” the IRS already has it. So if the issuer of the Form 1099 has *already* sent it to the IRS, ask 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? There are some possible workarounds, but sometimes [if a Form 1099 is wrong, you may have to disagree](#) on your tax return itself.

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 the rules [how IRS taxes lawsuit settlements](#). Getting Forms 1099 can be especially since now with many [lawsuit settlements, legal fees can't be deducted](#).

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