



Am I Required to File a Form 1099?

In order to deduct payments made through your business to any individual who is not an employee, you must issue a form 1099 to the person you paid, if total payments were over \$600.

You must also send a 1099 to any vendor or sub-contractor that you paid more than \$600 in a calendar year, including partnerships, LLCs, Limited Partnerships (LPs) or Estates.

The Procedure

- **The W-9 is your “best friend”.** Always request a W-9 from anyone before you issue payment, as the W-9 will give you all the information you need to issue a 1099. Establishing the requirement for having a W-9 on file before you make payments, as a normal business practice, will give you mailing information, Tax ID number, and also require the person providing the W-9 to indicate if they are a corporation.
- **The procedure.** Regrettably, you CANNOT simply go to www.irs.gov and download a bunch of 1099 Forms and send them out to your vendors before the deadline. However, you can use a service such as Track1099.com to manage your 1099s electronically.



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- **Deadline to Payees.** Taxpayers are required to issue and mail out all Form 1099-NEC and 1099-MISC to all vendors by January 31st.
- **Deadline to IRS.** You also need your 1099s to get to the IRS by Jan. 31st. If you can't get them in by Jan 31st, you can apply for a 30 day extension.
- **Do I need to file Electronically?** IF you have more 250 forms to file, you MUST file electronically. You may also 'choose' to file electronically if you miss the mailing deadline on January 31st.

Are There Exceptions?

You do not need to issue a 1099 in the following situations:

- Vendors who operate as a Corporation do not require a 1099 ... if you are paying a vendor that is incorporated as an LLC, you will need to ask them if they file their taxes as an S-Corp or a Sole Proprietor or Partnership. If they file as an S-Corp, you do not need to issue a 1099, whereas if they are a Sole Prop or Partnership, you do.
- You do not need to send a 1099 to vendors of storage, freight, merchandise, or related items or when rent is paid to a real estate agent.
- Payments made by PayPal or another third-party network (like Stripe, but not Venmo), gift card, debit card, or credit card also don't require a 1099. That's because the card issuer or network is reporting these payments using Form 1099-K.
- You DO need to send your lawyer a 1099 for payments of more than \$600 (unless paid via credit card or Paypal), even if she is incorporated.



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- If you hire a non-U.S. citizen who performs any work inside the United States, you do not need to file a 1099, but you do want to [get a form W-8BEN signed by the foreign contractor](#).