



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](#).