



HOT TOPICS ARTICLE 2013-03: **Form 1099 Responsibilities – Small Business FAQs**

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The U.S. federal government requires Form 1099 to be filed by the payer of many types of income. In 2012 we published a related article, Hot Topics Article 2012-12. We continue to find smaller businesses having difficulty with compliance, at a fair cost in dollars and management time. This FAQ list is intended to help smaller businesses comply, with minimal cost.

SMALL BUSINESS FAQs

Q1. Where can we get forms?

A1. Your office supply store may be the best option. Or, walk in to a local IRS office.

Q2. May we handwrite the forms?

A2. Yes. If you have more than just a few, your time required may be less by using software and a laser printer. If you are required to file 250 or more, you must use electronic filing.

Q3. Why not use blank forms downloaded from irs.gov?

A3. The IRS has specified that you may not. Penalties apply.

Q4. What is an LLC? Why do we need to file a Form 1099 for one?

A4. A Limited Liability Company is not a corporation. The 1099 exception for corporations does not apply to LLCs. The issue is not worth spending time deliberating over. Just file the 1099.

Q5. What if a payee refuses to provide the Form W-9?

A5. You do not need the Form W-9 if you have obtained the payee's Tax Identification Number. The important thing is having the right number. After two requests, you may file the 1099 by checking the box "**2nd TIN Not**". That tells the IRS that you made reasonable attempts and should not be penalized for failure to obtain the person's tax ID number.

Q6. What if I disagree with what someone reports on a 1099 filed for me?

A6. Deal with it by keeping good records and reporting the correct amount of your income on your tax return. If you later get a notice from the IRS that you reported less income than they have on file for you, send them an explanation for why your amount is correct.

Q7. What if a payee disagrees with the 1099 we issued?

A7. Tell them the same answer as above, A6.

Consult before taking action

This article is a general information guide. BHW expects any action to be taken only with appropriate professional consultation specific to your situation.