

McNair and Associates, P.A. CPA's
1250 S. U.S. Highway 17-92, Suite 250
Longwood, Florida 32750

1099 Filing Date Just Around The Corner

Article Highlights:

- § Independent Contractors
- § 1099 Filing Requirement
- § Due Dates
- § Penalties
- § Form W-9 and 1099 Worksheet

If you operate a business and engage the services of an individual (independent contractor) other than one who meets the definition of an employee and you pay him or her \$600 or more for the calendar year, you are required to issue him or her a Form 1099 at the end of the year to avoid penalties and the prospect of losing the deduction for his or her labor and expenses in an audit.

The due date for mailing the recipient his or her copy of the 1099 that reports 2015 payments is February 1, 2016, while the copy that goes to the IRS is due at the end of February.

It is not uncommon to have a repairman out early in the year, pay him less than \$600, then use his services again later in the year and have the total for the year exceed the \$599 limit. As a result, you may have overlooked getting the information from the individual needed to file the 1099s for the year. Therefore, it is good practice to always have individuals who are not incorporated complete and sign an IRS Form W-9 the first time you engage them and before you pay them. Having a properly completed and signed Form W-9 for all independent contractors and service providers eliminates any oversights and protects you against IRS penalties and conflicts. If you have been negligent in the past about having the W-9s completed, it would be a good idea to establish a procedure for getting each non-corporate independent contractor and service provider to fill out a W-9 and return it to you going forward.

IRS Form [W-9, Request for Taxpayer Identification Number and Certification](#), is provided by the government as a means for you to obtain the data required to file 1099s for your vendors. It also provides you with verification that you complied with the law in case the vendor gave you incorrect information. We highly recommend that you have a potential vendor complete a Form W-9 prior to engaging in business with them. The W-9 is for your use only and is not submitted to the IRS.

The penalties for failure to file the required informational returns have been doubled this year and are \$250 per informational return. The penalty is reduced to \$50 if a correct but late information return is filed not later than the 30th day after the February 29, 2016, required filing date, or it is reduced to \$100 for returns filed after the 30th day but no later than August 1, 2016. If you are required to file 250 or more information returns, you must file them electronically.

In order to avoid a penalty, copies of the 1099s you've issued for 2015 need to be sent to the IRS by February 29, 2016. They must be submitted on magnetic media or on optically scannable forms (OCR forms). This firm prepares 1099s for submission to the IRS. This service provides recipient copies and file copies for your records. Use the [1099 worksheet](http://images.client-sites.com/1099-Worksheet.pdf) (<http://images.client-sites.com/1099-Worksheet.pdf>) to provide this office with the information needed to prepare your 1099s.

Telephone: (407) 830-5717

Current clients should contact our office to obtain a printable version.

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