

1099 INFORMATION RETURNS

- A. Forms 1099 – U.S. Information Returns with respect to payments made in the course of a trade or business.
1. **Form 1099-DIV** must be filed to report payments of \$10 or more of dividends on stock.
 2. **Form 1099-INT** must be filed to report payments of interest of:
 - a) \$10 or more if paid by a financial institution.
 - b) \$600 or more for each person for which interest was paid in the course of your trade or business.
 3. **Form 1099-MISC** must be filed to report payments made in the course of your trade or business of:
 - a) \$600 or more to a person (other than a corporation) for various payments such as rents, fees to subcontractors, fees for professional services, commissions, directors fees, or other payments for services performed by people not treated as your employees.
 - b) \$600 or more to each physician or other supplier or provider of medical or healthcare services. The exemption for payments made to corporations does not apply to payments for medical or healthcare services. However, payments made to a tax-exempt hospital or extended care facility or a facility owned and operated by a governmental agency are not required to be reported.
 - c) \$600 or more of attorneys' fees in the course of your trade or business are reportable in Box 7. The exemption from reporting payments made to corporations does not apply to payments for legal services. However, if you made a payment in the course of your trade or business to an attorney in connection with legal services and the attorney's fee cannot be determined, the total amount paid to the attorney (gross proceeds) must be reported in Box 14.
 - d) \$10 or more of royalties paid to an individual.

Please keep in mind this is *not* an all-inclusive list. There are many filing requirements for specific situations that occur in the course of your trade or business. However, the above situations are the most common and frequently reported items. If you think you may have a situation in which a Form 1099 may be required, but which is not included above, please contact Heinold Banwart, Ltd. for more information.

B. Transmittal (by Paper)

A separate Form 1096 must be used to transmit each type of information return mentioned above. Form 1096 (with Copy A of the applicable information return attached) must be filed with the Internal Revenue Service Center by February 28, 2018. An exception exists for certain Forms 1099-MISC, which are now required to be filed earlier. The IRS recommends that a separate 1096 accompany Form 1099-MISC that report NEC (non-employee compensation) in Box 7.

Reminder: The IRS requires Form 1099-MISC to be filed on or before January 31, 2018, when reporting non-employee compensation payments in Box 7.

If Heinold Banwart, Ltd. prepares these forms for your business, you must furnish us with a list of recipients, including name, address, social security number or federal employer identification number, and the name and telephone number of a person to contact. A penalty of \$260 (up to a maximum of \$3,218,500 for any calendar year) may be assessed for every information return for which there is a failure to timely file or failure to include complete and accurate information. Additional penalties are provided for the intentional failure to file or furnish statements.

“Backup withholding” provisions apply to payments made to recipients who fail to furnish you with a correct taxpayer identifying number. In order to avoid time-consuming and costly recordkeeping requirements, we suggest you obtain written verification of the correctness of the identifying number and that the recipient is not subject to backup withholding. Form W-9, Request For Taxpayer Identification Number, may be used for this purpose.