



ACCOUNTANTS & ADVISORS

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1099 Instructions Packet

Included:

Instructions for 1099

Form W-9 to send to vendors

Please upload completed W-9s to your client folder.

Please contact your account manager with any questions.

What is a 1099?

A 1099-MISC is similar to a W-2 and is used to track the income of independent contractors/businesses who are not set up as corporations. Broadly speaking, it is given to non-employees paid by your business. The general rule is that you must issue a Form 1099 to any vendors or sub-contractors you have paid at least \$600 in rents, services, prizes and awards, or other income payments in the course of your trade/business in a given tax year (you do *not* need to issue 1099s for payments made for personal purposes). Vendors and sub-contractors are essentially any person or company that is *not* your employee and that you have paid for services. 1099s are not required for purchase of products.

When is it due?

1099s must be sent to vendors by January 31st of the year following the year of payment and filed with the IRS on the same date. Penalties for late filing may be levied at up to \$50 per form.

What happens if I don't file 1099s?

If your business is audited, if 1099s were required but not issued, the entire expense may be determined as non-deductible (in other words, your taxable income would increase by the amount of that expense). The IRS is tightening down on tracking 1099s, including requiring businesses to report on their annual tax returns whether 1099s were filed when required.

What information do I need from vendors in order to file?

You must collect the vendors' information (name, address, EIN/SSN and type of business). Using the official IRS form (W-9) is the best way to do this. Have the client fill out the form and keep it on file when you write your first check. If the vendor changes address or business form, make sure to obtain an updated W-9.

Additionally, most workers' comp companies require that you pay workers' comp insurance on vendors who receive 1099s UNLESS you have a copy of that vendors' certificate of liability insurance. If you are subject to workers' comp, it is good idea to collect that certificate and keep on file with a signed vendor contract.

How do I issue 1099s?

If you are a bookkeeping client with CGC, upload a copy of your W-9 and liability certificates every time you add a vendor. We will issue your 1099s to vendors and file with the IRS for FREE if all W-9s are on file with us by December 31st of the tax year. For any 1099s required for that tax year without a W-9 on file, the charge will be \$50/form.

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.		
	2 Business name/disregarded entity name, if different from above		
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
	<input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate		Exempt payee code (if any) _____
	<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.		Exemption from FATCA reporting code (if any) _____
	<input type="checkbox"/> Other (see instructions) ▶ _____		<i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.) See instructions.		Requester's name and address (optional)
6 City, state, and ZIP code			
7 List account number(s) here (optional)			

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
				-			-		
or									
Employer identification number									
				-					

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.