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*Tax and accounting services for individuals and
their businesses, estates and trusts.*

IMPORTANT

2009 FORM 1099 TOOLKIT

December 2009

This is a reminder that you may have a requirement to report the recipients of various non-payroll payments made during the year on one of the various versions of form 1099.

Preparing, distributing and filing the correct required 1099's protects you. Under audit, you may be unable to deduct certain payments unless the correct 1099 has been timely filed. Furthermore, the correct filing of 1099's may help define the business relation between you and the recipient. It is your responsibility to determine the proper classification of workers among employee, independent contractor and statutory employee. I am available if you require such assistance.

Please note that forms 1099's must be issued to the recipient by February 1, 2010 and to the IRS by **March 1, 2010**. There are various penalties for late and incomplete filings. If you want me to prepare these forms – I must have the correct information **no later than January 15, 2010** in order to help you comply with these deadlines.

Generally, you must report payments made in the course of your business (other than to a corporation) if these payments exceed \$600 during the year. There are of course exceptions. Following are some of the more common payments that trigger the need for form 1099:

➤ **1099 – MISC**

- **Rent** – Amounts greater than \$600 per year for all types of rents. Examples include – real estate, office rent, equipment rentals and farm rents.
- **Other Income** – Amounts greater than \$600 per year for various types of other income including –certain prizes and awards; punitive and compensatory damages; non-professional executor or trustee fees; certain insurance salesman's payments.
- **Non employee compensation** – Amounts greater than \$600 per year for various types of payments including - Fees, commissions and awards for services provided as a non employee; Professional fees such as to accountant and lawyer; witness fees; independent contractor fees; exchange of services; certain taxable fringe benefits; directors fees.
- **Exceptions** – Even if incorporated 1099's need to be issued for certain medical and health care payments and attorney's fees.

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- **1099 – INT**
 - Interest – Payments of interest greater than \$10 per year in the course of your business.
- **1099 – DIV**
 - Dividends – Payments of dividends or other distributions greater than \$10 or those that you have withheld income tax from.
- **1096 – Transmittal**
 - Each 1099 series that you must file requires a separate form 1096 which summarizes the amounts and number of 1099's submitted.

There is a whole alphabet soup in the 1099 series. Following are ones you are more likely to receive rather than have to file. However, you may find the need to file them for your business. They include:

- 1099 – B Brokerage (e.g. sale of security) and bartering transactions
- 1099 – C Cancellation of debt
- 1099 – G Certain government payments – e.g. income tax refunds
- 1099 – H Health Coverage Tax Credit
- 1099 – LTC Long-term care and accelerated death benefits
- 1099 – OID Original issue discount
- 1099 – PATR Patronage Dividends
- 1099 – Q Qualified Education Payments
- 1099 – R Distributions from retirement plans, insurance policies and annuities.
- 1099 – S Proceeds from Real Estate Transactions

You should request that the recipient of your payments furnish you with a form W-9. This is their verification to you that you have their correct name, address and identification number. This helps avoid mismatched information at the IRS level and therefore minimizes future correspondence and notices regarding 1099's and 1096's. A copy is enclosed for you to copy and distribute to those requiring forms 1099.

Also enclosed is a worksheet which you may copy to record the names, addresses, identification numbers and amounts to ease the preparation of forms 1099.

Disclaimer: Any tax advice contained in the body of this letter is not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.

If you have any questions about 1099's please feel free to contact me.

Request for Taxpayer Identification Number and Certification

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

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
	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 your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number
: : : : : : : : :
or
Employer identification number
: : : : : : : : :

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

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).

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 on page 4.

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.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

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1099 Worksheet 2009

PLEASE COPY FOR EACH PAYEE AS REQUIRED

Your name or Company Name	
Address	
City State, ZIP	
Federal Employer Identification Number	

Payee

Name	
Address	
City, State , ZIP	
EIN or SSN	
Type of payments	Total Amounts for 2009
Rents	\$
Other payments – Describe	\$
Non Employee Compensation	\$
Interest	\$
Dividends	\$
Royalties	\$

Name	
Address	
City, State , ZIP	
EIN or SSN	
Type of payments	Total Amounts for 2009
Rents	\$
Other payments – Describe	\$
Non Employee Compensation	\$
Interest	\$
Dividends	\$
Royalties	\$