

Business Owners & Landlords

Did you make payments that would require you to file Form(s) 1099? Yes__ No__

If yes, did you or will you file all required Forms 1099? Yes__ No__

These two questions are required to be answered on all corporate, partnership, Schedule C small business, Schedule E rentals properties, and Schedule F farming. Yet, many business owners, landlords etc. are confused or do not even know their responsibilities regarding filing of Form 1099.

Who must file?

- all entities engage in a trade or business (not applicable to individuals)
- landlords engaged in the business of renting property
- non-profits, federal/state/local governments
- trusts of qualified pensions or profit sharing plans

What must be reported?

- payments made to service provider totaling more than \$600 for the year
- payments made for services (including parts and materials)
- payments made to attorneys regardless of their entity status
- rents for space and equipment, however, if paid to a real estate agent, 1099 could be filed to the landlord by the agent rather than from the tenant

Exceptions

- payments to corporations
- payments for merchandise, utilities, etc
- various other payments

Most common 1099 payment for “services” recorded as non-employee compensation.

What is “non-employee compensation”?

Must meet the following 4 conditions:

1. payment to someone who is not an employee
2. payment must be made in the course of a trade or business
3. payment made to
 - a. self employed individual (sole proprietor)
 - b. single member LLC classified as a sole proprietor
 - c. partnership and multiple member LLC classified as a partnership
 - d. attorney
4. payment exceeds \$600 for the year

Steps to take to prepare

- have vendors, contractors and others you pay complete a Form W-9
- keep track of payments and vendors in your bookkeeping system