

Form 1099 Reporting

Who must file?

File Form 1099-MISC, Miscellaneous Income, for each person or required business (including LLC's that are not taxed as corporations) to whom you have paid during the year:

- At least \$600 in:
 1. rents (box 1);
 2. services performed by someone who is not your employee (including parts and materials), box 7;
 3. prizes and awards (see instructions for boxes 3 and 7);
 4. other income payments (box 3);
 5. medical and health care payments (box 6);
 6. crop insurance proceeds (box 10);
 7. cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish (box 7);
 8. generally, the cash paid from a notional principal contract to an individual, partnership, or estate (box 7);
 9. Payments to an attorney. See *Payments to attorneys*, later; or
 10. Any fishing boat proceeds (box 5).

Trade or business reporting only:

Report on Form 1099-MISC only when payments are made in the course of your trade or business. Personal payments are not reportable. You are engaged in a trade or business if you operate for gain or profit.

Exceptions: Some payments do not have to be reported on Form 1099-MISC, although they may be taxable to the recipient. Payments for which a Form 1099-MISC is not required include all of the following.

- Generally, payments to a corporation (including a limited liability company (LLC) that is treated as a C- or S-Corporation). But see *Reportable payments to corporations*, later.
- Payments for merchandise, telegrams, telephone, freight, storage, and similar items.
- Payments of rent to real estate agents. But the real estate agent must use Form 1099-MISC to report the rent paid over to the property owner. See Regulations section 1.6041-1(e)(5), Example 5, and the instructions for box 1.

Reportable payments to corporations:

The following payments made to corporations generally must be reported on Form 1099-MISC.

- Medical and health care payments reported in box 6.
- Fish purchases for cash reported in box 7.
- Attorneys' fees reported in box 7.
- Gross proceeds paid to an attorney reported in box 14.
- Substitute payments in lieu of dividends or tax-exempt interest reported in box 8.
- Payments by a federal executive agency for services (vendors) reported in box 7.

For additional information please view the IRS Instructions for Form 1099-MISC here:

<http://www.irs.gov/instructions/i1099misc/ar02.html#d0e924>

*This information should be used as a guideline. Specific questions regarding this "Biz Facts" should be directed to a Business by Design, Inc. tax professional.