

1099 & W-2 Filing

As we begin 2020, it is time to complete the year-end reporting of 1099 and W-2 forms. All 1099 and W-2 forms should be filed by January 31, 2020.

The Internal Revenue Service requires you to issue 1099s or W-2s if you:

- paid any one individual, partnership, trust or an LLC taxed as a partnership \$600 or more for rent, interest (other than to banks), custom hire, contract labor or any other service-type work. You are **not** required to issue a 1099 to a corporation.
- paid any attorney costs over \$600. You are required to file whether they are incorporated or not.
- paid any veterinarian for labor over \$600. You are required to file whether they are incorporated or not.
- paid a bill that included over \$600 of labor in the total. Take note of any repair bill that includes labor.
- paid any wages, including wages to your spouse or children. This includes cash and/or commodity wages.

There are escalating, time sensitive penalties assessed by the IRS if these forms are not filed. For 2020, the penalty is \$270 for each 1099 or W-2 required to be filed. A lessor penalty is imposed if the form is filed by August 1. The fine increases to \$550 or more for each form if the IRS can prove intentional disregard of the rules.

If you are unsure whether someone needs a 1099 or W-2 please contact your tax professional for help.

Thanks,

Jenna Welborn
Accountant

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