

1099s and W2s

By Diane Osborne

The New Year 2019 has arrived, but we need to get 2018 finished up. Now is the time to get us your information to prepare 1099s and W2s for the 2018 tax year. Below is information that will help you decide if you are required to send them out.

Did you:

- pay 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.
- pay any attorney costs over \$600? You are required to file whether they are incorporated or not.
- pay any veterinarian for labor over \$600? You are required to file whether they are incorporated or not.
- pay a bill that included over \$600 of labor in the total? Take note of any repair bill that includes labor.
- pay any wages, including wages to your spouse, children, or grandchildren? This includes cash and/or commodity wages.

THERE ARE ESCALATING, TIME-SENSITIVE PENALTIES, ASSESSED BY THE IRS IF THESE FORMS ARE NOT FILED. **For 2019 the penalty is \$270 for each 1099 or W-2 required to be filed. A lesser penalty is imposed if the form is filed by August 1. The fine increases to \$540 or more for each form if the IRS can prove intentional disregard of the rules.**

Call Kaup's Financial today with any questions!

Thanks,

Diane Osborne

Income Tax Preparer

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