



DOLINKA, VANNOORD & COMPANY'S

## TAX TIDBITS



### 1099 REPORTING REQUIREMENTS FOR 2023

The Internal Revenue Service requires that Form 1099-MISC and 1099-NEC be issued for payments made in the course of your trade or business of \$600 or more for the following: rents, services (including parts and materials), prizes and awards (that are not for services rendered), fees, commissions, or other forms of compensation paid to persons or partnerships (not corporations) not treated as your employees. Attorney's fees of \$600 or more paid in the course of your trade or business also require a 1099.

**IRS Electronic filing requirements:** Any returns due on or after January 1, 2024, for companies who file 10 or more information returns such as W2, 1099 MISC, or 1099 NEC forms (10 aggregate forms, not separated by type), are now required to be e-filed. The IRS may issue penalties for companies who are over the form number threshold and do not comply.

Businesses are required to obtain an IRS form W-9 which requests the information needed for the 1099, such as the payee's name and taxpayer identification number, or TIN, when an account or vendor relationship **first starts**. You can find the most current form W-9 on our website <http://www.dolinkacpa.com> under the resources tab.

If the payee fails to give you the information, then your business is **required** to immediately start withholding 24% from all payments to the payee. The IRS refers to this as "backup withholding". If your business fails to request the W-9 and fails to do backup withholding, you could be penalized.

If you fail to file correct 1099 returns by the due date, you may be subject to a penalty for each 1099 filed incorrectly or late. Following are the penalties:

1. \$50 per information return if you correctly file within 30 days after due date.
2. \$110 per information return if you correctly file more than 30 days after the due date, but before August 1.
3. \$290 per information return if you file after August 1 or you do not file required information returns.
4. Intentional Disregard (i.e. not responding to IRS notices regarding missing/incorrect TIN's) is at least \$580 per Form 1099, no maximum.

**Forms 1099-MISC are due to the recipient by January 31, 2024 and to the IRS by February 28, 2024.**  
**Forms 1099-NEC are due to the recipient and the IRS by January 31, 2024.**

In December of each year, you should request an updated W-9 for the upcoming year from all the prior 1099 recipients you expect to do more business with the following year. The IRS refers to this as the annual solicitation.

If you sign up with IRS Taxpayer Identification Number Matching program online, you can check your payee TINs before submitting the 1099 forms. The link to the registration page is: <https://www.irs.gov/tax-professionals/taxpayer-identification-number-tin-matching> . This is a free service.

If you have any questions on this, don't hesitate to call any one of our Small Business Center team members.

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