

TYPICAL INFORMATION RETURNS FOR BUSINESSES AND THE REPORTING REQUIREMENTS

Form 1099 Reporting Requirements for certain payments made or received:

Taxpayers engaged in a trade or business may be required to file information returns (Form 1099, used for both Federal and State) if they make certain payments via cash or check in the aggregate amount of \$600 or more during the calendar year. Payments made via credit card are excluded. Taxpayers owning rental property may also be required to file the forms. As a rule of thumb, we recommend that rental property owners file the information returns in accordance with the trade or business rules.

Effective for returns required to be filed on or after January 1, 2024 (2023 year-end), you must file 1099 Forms electronically if you have 10 or more information returns (down from 250).

Generally, the types of payments to be reported are dividends; interest (aggregate payment of \$10 or more); rents; commissions; fees or any other form of compensation not reported on Form W-2, such as payments to a computer programmer, a janitor, medical/health care payments (incorporated or not incorporated; however, you do not need to report any payments to tax-exempt or facilities operated by the United States, a state, the District of Columbia, or any of their political subdivisions, agencies, or instrumentalities), an attorney (incorporated or not incorporated), accountant or bookkeeper, a consultant, or an independent contractor.

The information returns are generally required only if the payments were made via cash or check to a non-corporate person/ business that has provided a service in connection with your business. Please note that all cash or check payments made for attorney fees, corporate or non-corporate, are required to be reported. If you are unsure of a particular payment, please ask us for clarification. If you made direct sales of \$5,000 or more of consumer products to a buyer for resale this is also reportable.

If you are required to file an information return, a copy of the return must generally be filed and furnished to the person or business receiving payment for services by January 31st.

To prepare Form 1099, the following information is necessary:

- Name and address of recipient.
- Social Security or Federal Employer Identification Number.
- Total amount of payments during the calendar year.
- Type of payment(s).

If, in the course of your trade or business, you received (not paid) mortgage interest from an individual amounting to \$600 or more, you are required to file Form 1098 reporting this amount. The reporting deadlines are the same as Form 1099's above.

Failing to file information returns (i.e. Form 1099) may subject you to potentially significant penalties. The IRS charges penalties for each informational return not filed on time and each payee statement not provided on time. For tax year 2024 forms filed in 2025, the fines per return are \$60 if filed up to 30 days late, \$130 if filed before August 1st and \$330 if filed after August 1st or not filed. The penalties apply to both the copy filed with the IRS and the copy filed with the payee, so the penalties essentially total \$120 if filed 30 days late, \$260 if filed before August 1st, and \$660 per form if filed after August 1st. Additional fines of \$660 per return may be imposed for intentional disregard. Penalty amounts are subject to change by the IRS. Some states, including California, may impose similar penalties.

If you meet the above requirements and are required to file Forms 1099, you must obtain the correct identification number of the person or business paid by you. We can assist you with preparing the information returns along with the necessary transmittal forms. If you so request, we request having all necessary data in our office by January 24th to meet the January 31st deadline. Please let us know if you have any questions. If you would like to use our template, you can complete this form and fax or send it to us via our secure online portal.

Source: [Information return penalties | Internal Revenue Service](#)

Information Returns (Forms 1099 and 1098) Reporting

Calendar Year: _____

Client Name: _____

Client Tax ID #: _____

Client Phone #: _____

Client Address: _____

- Payments / Expenses paid via cash or check only if the payment was made via a credit card, no 1099 is necessary
- A. Rent payments of \$600 or more (includes office space, machine and pasture rentals)
 - B. Interest payments of \$600 or more
 - C. Attorneys' fees of \$600 or more
 - D. Payments for services (including parts and materials) of \$600 or more performed by non-employees unless paid to a corporation
 - E. Direct sales of \$5,000 or more for resale
 - F. Cancellation of debt
 - G. Corporate dividends or distributions paid of \$10 or more ("C" Corporations)

- Income
- 1. Mortgage interest received of \$600 or more

If you have a question about any of the above or are uncertain if a transaction is reportable, please email or call.

Item #	Name	Address	City	State	Zip	SS# or Fed EIN#	\$ Amount	Type of Payment (A, B, C D, E, F, G, 1)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								