

Who should receive a 1099

You only have to issue 1099s, if payments are made in the course of trade or business -personal payments DO NOT require a 1099.

**Definition of Trade or Business: Operate for gain or profit
Includes Non Profit Organizations
Lanlords DO NOT have to issue 1099s**

Rents Paid to Corporate Landlords Are Not Reportable

1 Anyone who has received more than \$10 in royalties

2 Payments made to an Individual, Partnership , Estate and SOME Corporations of more than \$600 in the following categories:

- A** Rents (space, machine, land)
- B** Services (including parts and materials)
- C** Prizes and awards
- D** Other Income Payments
- E** Medical and/or Health Care Payments
- F** Payments to Attorneys
- G** Fishing Boad Proceeds (hey you never know)
- H** Directors Fees
- I** Punitive and Compensatory Damages

3 The following payments to Corporations are reportable on Form 1099:

- A** Medical and Health Care Payments (reported in box 6)
- B** Attorneys Fees reported in box (7) Nonemployee Compensation
(fees paid in the course of trade or business) Most will go here
- C** Gross Proceeds Paid to an Attorney reported in box (14)
(for fees paid to your attorney as part of a settlement of a lawsuit)
- D** Substitute payments in lieu of dividends or tax exempt interest

3 Exceptions:

- A** Rent payments paid to a real estate agent(management company) do not have to be reported but the Real Estate Agent has to report rent payments paid to the landlord(owner)
- B** Most payments to Corporations are not reportable
(see exception above)
- C** Payments for Merchandie, Freight, Storage Etc.
- D** Business travel allowances (may be reported on W-2)

Types of Payments to Be Reported:

- A** Professional Service Fees - Attorney(inc. Corp), Accountants, Architects, Contractors, Engineers
- B** Referral Fees
- C** Payments to Witness's and Legal Experts
- D** Payments for Services - Car repair, Landscaping, Machine Repair
- E** Commissions