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## 1099 INSTRUCTIONS

Generally, any person who makes reportable transactions during the calendar year must file information returns to report those transactions to the IRS. Persons required to file information returns to the IRS must also furnish statements to the recipients of the income.

To properly report the information required on Forms 1099, you need to have the provider's taxpayer identification number (TIN). This may be a social security number or EIN. ***Before work is done or payments are made to a provider***, have them fill out and sign a Form W-9, Request for Taxpayer Identification Number and Certification for you. *If a provider does not supply you with a taxpayer identification number, you are required to "backup withhold" 28 percent from any "reportable payments".*

You must report payments on either Form 1099-MISC or Form 1099-NEC **ONLY** when the payments are made in the course of your trade or business; personal payments are not reportable. You are engaged in a trade or business if you operate for gain or profit. For this purpose, nonprofit organizations are considered to be engaged in a trade or business and are subject to these reporting requirements.

You must file **Form 1099-MISC, Miscellaneous Income**, for each person (subject to limited exceptions) to whom you paid using cash, check, or Venmo during the year:

- (1) at least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest; or
- (2) at least \$600 in rents, prizes and awards, other income payments, medical and health care payments, crop insurance proceeds, or, generally, the cash paid from a notional principal contract to an individual, partnership, or estate; or
- (3) any fishing boat proceeds.

You must file **Form 1099-NEC, Non-Employee Compensation** for each person (subject to limited exceptions) to whom you paid using cash, check, or Venmo during the year:

- (1) at least \$600 for services (including parts and materials); or
- (2) Cash payments for fish (or other aquatic life) purchased from anyone engaged in the trade or business of catching fish; or
- (3) Gross proceeds paid to an attorney.

You are also required to file Form 1099-INT for each person or entity to whom you paid during the year at least \$10 of interest in the course of your trade or business.

If you are audited, the IRS will want documentation of expenses and will look at whether Form 1099s were filed. Any wage and labor amounts to be deducted on your return will be separately classified and will not be hidden or bundled with other expenses, since there are specific lines on the returns for wages and labor.

**These forms are due to the IRS on January 31, 2023.** Therefore, we ask that you complete the ITC Form 1099 Worksheet and **return it to our office no later than January 16, 2023** in order for us to guarantee the deadline is met. **Be sure to include email addresses** for these vendors whenever possible as this is the most efficient way for delivery of these tax documents. Please contact us as soon as possible if you have any questions at (207) 805-1040.