



Integrated Tax Consultants, LLC

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## 1099 INSTRUCTIONS - 2024

Generally, any person operating a trade or business, including rental property, 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.

You previously engaged ITC to file these information returns and furnish these statements on your behalf. We need information from you to do so. To ensure a timely filing by the **January 31, 2025** deadline, we ask that you complete the attached 1099 Worksheet and return it to us by **Friday, January 17, 2025**. Please be sure to review the instructions below and provide complete information for each 1099 recipient. Should you have any questions, please contact us at 207-805-1040 or at [service@itctaxes.com](mailto:service@itctaxes.com).

To properly report the information required on Forms 1099, you need to have the payee's taxpayer identification number (TIN). This may be a Social Security Number (SSN) or Employer Identification Number (EIN). This information is obtained using Form W-9, Request for Taxpayer Identification Number and Certification, which we have included with these instructions. This form also provides the US federal tax classification of the taxpayer. The best practice is to have all potential 1099 recipients complete this form before work is done or payments are made to them. If a vendor does **not** supply you with a valid taxpayer identification number, you may be required to withhold 24 percent from any reportable payments and remit these to the IRS. These are called backup withholdings. You must retain these completed forms for your records.

**ONLY** payments made in the course of your trade or business may be reportable; personal payments are not. 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.

Certain payments are reported using **Form 1099-K, Payment Card and Third-Party Network Transactions**. These include debit and credit card payments, as well as payments to a business PayPal or Venmo account. These will be reported by the third-party settlement organization, so these payments are **not** included in the filings below. If your trade or business made payments to a personal PayPal or Venmo account, please include these.

Entities with a US federal tax classification of S corporation or C corporation do **not** need to be issued 1099s. This does **not** apply to attorneys and law offices. They receive a 1099 for qualifying payments regardless of their tax classification. Many Limited Liability Companies are **not** classified as S corporations or C corporations, so a Form W-9 must be provided to determine if qualifying payments must be reported.

You must file **Form 1099-NEC, Non-Employee Compensation** for each person or qualifying business to whom you paid \$600 or more using cash, check (or check equivalent), wire transfer, Zelle, CashApp, Venmo or PayPal during the year for:

- (1) Services (including parts and materials); or
- (2) Payments to an attorney.

You must file **Form 1099-MISC, Miscellaneous Income**, for each person or qualifying business to whom you paid using cash, check (or check equivalent), wire transfer, Zelle, CashApp, Venmo or PayPal 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.

Please note that ACH (automated clearing house), CCD (cash concentration and disbursement), or EFT (electronic funds transfer) are all considered check equivalents.

For more information on the above 1099 filing requirements, please visit <https://www.irs.gov/pub/irs-pdf/i1099mec.pdf>.

You are also required to file **Form 1099-INT** for each person or entity to whom you paid during the year at least \$600 of interest during the year 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 recipients by January 31, 2025.** Therefore, we ask that you provide us with your completed 1099 Worksheet **no later than Friday, January 17, 2025** in order for us to guarantee the filing 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.