

Memo

To: Business Clients
From: Krista Piwonka, CPA
Date: December 20, 2016
Re: Subcontractors

It is that time of year to start collecting your 1099 information.

1099-MISC: Per the IRS, you are required to issue a 1099-MISC to any non-incorporated subcontractor to whom you paid a total of \$600.00 or more between January 1, 2016 and December 31, 2016.

To assist you, here is a list of potential subcontractors you may need to issue a 1099-MISC to for 2016:

- Professional service fees, such as fees to attorneys (including corporations), architects, contractors, engineers, etc.
- Payment for services (repairs, guest instructors/coaches, cleaning, disposal, etc.) including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service.
- A fee paid to a nonemployee, including an independent contractor
- Payments to nonemployee entertainers for services.
- Exchanges of services between individuals in the course of their trades or businesses.
- Rent paid for buildings, equipment, etc.

1099-INT: Per the IRS, you are required to issue a 1099-INT to any non-incorporated individual you paid \$10 or more in interest expense during 2016.

Note: If you are a shareholder/member/owner with a loan to your business >\$10,000 you are **REQUIRED** to receive a 1099-INT indicating an interest payment either >= the Applicable Federal Rate. That is regardless of whether or not you actually received the funds in 2016...it can be accrued (received in a future year).

W-9: Once you have established your list of 1099 recipients, if you do not have a W-9 on file for them already, you will need to get one from them. The W-9 can be found at <http://www.irs.gov/pub/irs-pdf/fw9.pdf?portlet=3>. Mail, fax, or have them fill it out at your location ASAP. If I am preparing the 1099's, I'll need the W-9's and the total paid to each recipient in 2016 no later than **1/15/2017.**

Due Date: The 1099's are required to be postmarked to the recipient no later than 1/30/2017 and to the IRS by 1/30/2017. (Note: Failure to file necessary 1099's has an IRS penalty of \$100 or more per form not filed.)