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When the Affordable Car Act was passed in 2010, many small business owners were floored with the new 1099 requirement in the bill. Congress, after hearing the outcry from constituents, repealed that portion of the bill. However, the IRS decided to tighten the screws on 1099 reporting anyway. For tax year 2011, an actual question was listed on the return for all business filers (including Schedule C, Schedule E, Corporations and Partnerships) asking if all 1099s have been filed if needed. I'm sure many of you received calls from us during 2012 asking if you had prepared 1099s. This leads the question, when do I need a 1099?

A 1099 is required for when a person involved in a trade or business makes payments over \$600 to independent contractors in exchange for trade or business services. Most commonly, 1099s are issued to subcontractors but a very common one that is often overlooked is rent. If you are paying more than \$600 a year to a single landlord ("recipient"), whether it's for equipment or real estate rentals, you must issue a 1099. To issue a 1099, you must get the recipient's name, address and social security or employer identification number. You can simply have the recipient fill out a [W-9](#). Important to note is form 1099-Misc **cannot** be downloaded online. You must either order the forms from the [IRS](#) or simply pick one up at our office. The online forms are informational only and cannot be scanned by the IRS computer systems. You may be charged with a penalty if you submit a 1099-Misc downloaded from the internet. Of course, we can always fill out and file these forms for you.

As always, please call with any questions you may have!