

NEW 1099 REPORTING REQUIREMENTS

Summary. That New 1099 Rule!! (No, not the one you've probably heard of . . .)

In all the buzz over the expanded 1099 rules that go into effect in 2012, many people have missed the fact that for certain taxpayers, 1099 reporting has already been expanded. You are now required to prepare form 1099 to report those payments to the service providers and the IRS if you:

1. Own real property that you rent to others (or to a related company) AND
2. Pay service providers (plumbers, management companies etc) in excess of \$600 in 2011,

These 1099-MISC forms for 2011 will be due in early 2012— but isn't Congress going to repeal the new rules? So far, all of the repeal efforts have been aimed at the expansion contained in the Health Care bill. This is what the President railed against in the State of the Union. This rental property provision has been ignored.

Given that the law on the books requires these forms to be prepared, you should start gathering the information now as you pay vendors. The easiest way to get the information needed is to request vendors to complete IRS Form W-9 before you pay them. Here is a link to a downloadable file: <http://www.irs.gov/pub/irs-pdf/fw9.pdf?portlet=3>. We have also included a copy of the form W-9 for your convenience.

Tips. Once you have the payee information, the next step is keeping track of how much you paid a vendor during the year. Here are a few tips:

1. Pay by credit card – this is a “Get out of Jail Free” card. Credit card payments are not required to be reported.
2. If you utilize Quickbooks or Quicken or other financial software, it should be relatively easy to track.
3. If you don't utilize software, keep the receipts with the W-9 or track by writing on the back of the W-9.
4. Remember, the 1099 is required when total payments exceed \$600. If you use the same plumber in June and October and each time he charges \$350, you have a reporting requirement. The best practice is to collect the W-9 information with the first payment. Better to have it and not need it than the other way around.
5. 1099s aren't required in 2011 for payments to Corporations. LLC's are not generally considered corporations for Federal Tax purposes and so would require a 1099. A signed W-9 will give you the information you need.

Penalties will apply for failing to file 1099s or for filing with incomplete or incorrect information. That is why it is so important to get signed forms W-9. If you rely on the W-9, you are off the hook. Also, if you don't issue required 1099s, it is possible the IRS will disallow deductions on your tax return.

We've helped businesses with 1099 reporting for over thirty years. If you have any questions, please give us a call.

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2:	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification (required): <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Exempt payee	
	<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ -----	
	<input type="checkbox"/> Other (see instructions) ▶	
Address (number, street, and apt. or suite no.)		Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)	
Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3.	<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Social security number</div> <div style="border: 1px solid black; height: 25px; width: 100%;"></div>
Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.	<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Employer identification number</div> <div style="border: 1px solid black; height: 25px; width: 100%;"></div>

Part II Certification	
Under penalties of perjury, I certify that:	
<ol style="list-style-type: none"> 1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and 3. I am a U.S. citizen or other U.S. person (defined below). 	
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.	

Sign Here	Signature of U.S. person ▶	Date ▶
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