



Dugan &  
Lopatka

# 2018 Information Returns (Form 1099)

Let Dugan & Lopatka take the guesswork out of understanding the reporting requirements for payments paid by you in the course of your business.

The general rule is that every person engaged in a trade or business shall prepare an information return (Form 1099) for each *calendar* year for payments to another person of:

- Commissions, fees, and other forms of compensation for services rendered aggregating \$600 or more.
- Rent, other gains, profits, and income aggregating \$600 or more.
- Interest, royalties, and dividends or other distributions on stock aggregating \$10 or more.
- Services in excess of \$600 performed for landlords of rental property.



"All persons engaged in a trade or business" includes not only persons in business for gain or profit, but also nonprofit organizations, partnerships, corporations, and limited liability companies.

Persons required to file information returns must also furnish a copy to the person receiving the payment. This copy must include the payor's name, address, phone number, and tax ID number along with the aggregate amount of payments made to the recipient and the recipient's name, address, and tax ID number.

Professional fees must be reported if the amount paid to any person, which includes partnerships, is \$600 or more in the calendar year. The 1997 Act provides that the exemption from information reporting for payments to corporations does not apply to attorneys' fees.

For contractors, payments made on subcontracts to unincorporated entities must be reported when payments are \$600 or more in a calendar year.



To ensure timely completion of your returns, please forward your info to us by January 21!



## No information return is required for the following:

1. Payments reported under other prescribed forms (such as Schedule K-1 of 1120S, 1065 and 1041, 941, W-3 and W-2.)
2. Payments to a corporation, except payments to physicians' corporations or other suppliers of health and medical services, and to law firms.
3. Payments for merchandise, telegrams, telephone, freight, storage, and similar charges.
4. Payments of rent to real estate agents.
5. Advances, reimbursements, or charges for traveling and other business expenses of an employee where the employee is required to account for and does account for the expenses.



## The forms used to make such information returns are as follows:

1. Form 1099-DIV: Report gross dividends aggregating \$10 or more.
2. Form 1099 -INT: Report interest aggregating \$10 or more (banks must report aggregate interest payments of \$10 or more).
3. Form 1099-MISC: Reports rents, service to non-employees, attorneys fees, royalties, commissions, fees, prizes, awards paid to non-employees, and other amounts not reported elsewhere aggregating \$600 or more.
4. An annual Summary and Transmittal of U.S. Information Returns, Form 1096, must accompany each group of Forms 1099 of the same type.





**Recipient copies of Forms 1099 should be distributed on or before January 31, 2019.**

**Forms 1099 must be filed with the Internal Revenue Service by January 31, 2019.** If you have 250 or more information returns, they must be filed electronically. Failure to file timely information returns can result in a penalty of \$50 per late return. In addition, the government has backup withholding regulations that require you to deduct and withhold income tax at a 24% rate if the payee fails to furnish his taxpayer ID number to you.

**The following recipient information is necessary for the accurate filing of 1099's:** name, address, social security or federal ID number, type of compensation (misc., rent, interest, etc.), amount of compensation, and telephone number. The payors' telephone numbers are now required to be included on all 1099's. There is a penalty for failure to provide the telephone number on an informational return.

"D&L now  
**electronically**  
files all 1099's!"



## **REMINDER!**

### **W-2 & Payroll Year-End Info**

- Verify employees names, social security numbers and addresses.
- Identify any taxable fringe benefits (i.e., personal use of company provided cars, moving expense reimbursement, group term life insurance with value in excess of \$50k, awards and prizes, etc.).





Blank 1096 or 1099 Forms can be found at:

Internal Revenue Service

[www.irs.gov](http://www.irs.gov)



If you are using Quickpay, QuickBooks, or Sage (PeachTree) to calculate your payroll in-house, you should be receiving information regarding tax table updates for next year. Dugan & Lopatka recommends subscribing to the service, as some programs will not allow you to process your payroll without the new tables. Even if you can process payroll the withholding amounts could be incorrect and cause unnecessary Internal Revenue Service payroll notices and penalties.

### Websites for Tax Table Updates

Sage (Peach Tree)	<a href="http://www.sage.com">www.sage.com</a>
QuickBooks	<a href="http://www.intuit.com/quickbooks">www.intuit.com/quickbooks</a>
Quicken	<a href="http://www.quicken.com">www.quicken.com</a>

Dugan & Lopatka would be happy to prepare or assist you in the preparation of your 1099's!

Contact us at (630) 665-4440 or [info@duganlopatka.com](mailto:info@duganlopatka.com)  
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