

1099 Reporting Requirements

With Congress increasing the penalties for failure to file or late filing of Forms 1099 to \$250 per failure, we feel it is necessary to remind you of the specifics related to issuing 1099s.

WHO NEEDS TO RECEIVE A FORM 1099?

You must file a Form 1099-MISC for each person or non-corporate entity (including LLCs) to whom you paid \$600 or more during a calendar year for rents, services - including parts and materials - directors' fees, prizes and awards, along with any other miscellaneous payments. Excluded from the aforementioned list are payments for merchandise, travel allowances paid to employees, and scholarship payments.

In order to fill out a 1099-MISC, you will need to know the recipient's name, address, and social security number or federal identification number - whichever is applicable. Most miscellaneous income that you will be required to report will be included in box 7, "Non-employee compensation," of Form 1099-MISC. The 1099-MISC Forms come in quadruple. Send one copy to the IRS, one to the State of MI, one to the recipient, and retain the remaining copy for your records.

All businesses making payments to attorneys in connection with legal services must issue a Form 1099-MISC, whether the attorney is incorporated or not.

Please note that when preparing 1099 forms for sole proprietors, the individual's name must be listed first with the business name shown on the next line.

Transactions involving payment of interest, dividends, or real estate proceeds to a person or non-corporate entity also require the issuance of a 1099-INT, 1099-DIV, or 1099-S, respectively.

WHERE CAN THESE FORMS BE OBTAINED?

We maintain a small supply of 1099 forms at our office. You can also obtain them from the IRS at 1-800-829-3676 or by visiting the IRS Web Site at <http://www.irs.gov>.

WHO TO CALL WITH QUESTIONS ON THESE FORMS

Rukkila, Negro and Associates CPA, PC at (906) 482-6601 Monday through Friday 8:00 to 5:00. You can also call the IRS at (866) 455-7438 Monday through Friday from 8:30 to 4:30.

IF YOU WOULD LIKE US TO PREPARE 1099 FORMS FOR YOU, PLEASE PROVIDE US WITH NAMES, ADDRESSES, SOCIAL SECURITY NUMBERS OR FEDERAL ID NUMBERS AND THE AMOUNT(S) PAID BY JANUARY 10, 2017.