

Do I need to file 1099s?

Updated: 11/30/2020



You likely need to file 1099s if your business made payments of \$600 or more to sole proprietors, freelancers, or independent contractors in a given year.

While there are other 1099 forms, the most common information return is known as Form 1099-MISC. This form must be given to non-employees whom you paid \$600 or more over the course of a calendar year. Generally speaking, you are not required to issue this Form 1099 to corporations, they'll handle their own reporting. The IRS' main concern here is payments made to sole proprietors, i.e. self-employed individuals such as independent contractors, freelancers, and consultants who report their business income on Schedule C as part of their personal income tax return.

Pay careful attention to 1099 filing dates

If you do need to file 1099s, it is your responsibility to send the 1099 to the recipient. This must be done no later than January 31 of the year following the year in which the payments were made. You can provide it in person or by mail with a postmark date on or before January 31. You must also send a copy of these 1099's to the IRS, along with a summary report known as Form 1096, by February 28 of the next year.

Forms are under increased IRS scrutiny

The IRS has taken steps recently to increase its monitoring of the filing of Form 1099-MISC. On the 2011 Schedule C, two new lines have been added that remind you of these obligations. Line I asks the question "Did you make any payments in 2011 that would require you to file Form(s) 1099?" You must answer that question with a "Yes" or a "No". And obviously, if you answer "Yes", but do not file any Forms 1099-MISC with the IRS, they will be contacting you to investigate the matter further. Line J of Schedule C then asks, "If 'Yes' (to the previous question), did you or will you file all required Forms 1099?"

As you can see, the IRS has stepped up its efforts to enforce the Form 1099-MISC filing requirements. Failure to file these forms, or failure to file them properly, can result in IRS penalties. It also invites further government scrutiny of your income tax returns. In order to avoid penalties, you should do your best to pursue compliance with the 1099 reporting rules and regulations.

Editor's Notes:

For current information on 1099s, see these articles:

- [When are 1099s due for 2020?](#)
- [New 1099-NEC forms: The myths and the need-to-know](#)
- [Do I have to file a 1099?](#)