

4 tips for filing Forms 1099-MISC

Every business hires independent contractors. If you're tasked with preparing Forms 1099-MISC, now is the time to start your year-end prep. Here are four quick tips to help you get a handle on the 1099-MISC process this year.

Tip #1: Review vendor files carefully

You can never go wrong provided more 1099-MISC forms than required, but you will be penalized if you don't file when you're required to.

Independent contractors must receive 1099-MISC forms if they do business in noncorporate forms—sole proprietorships, partnerships, disregarded entities or limited liability companies that don't elect to be treated as corporations—and you've paid them at least \$600 in cash for services they provided to your business. Attorneys who do business as corporations must also receive forms.

Don't overlook these potential recipients:

- Inside and outside corporate directors
- Outside accountants, lawyers and salespeople
- Auto mechanics/service stations that repair company cars
- Plumbers, electricians, painters, carpenters, tech consultants or office cleaners
- Equipment lessors and repair-people
- Office/company car lessors.

Tip #2: TIN matching

Forms 1099-MISC on which an independent contractor's and Taxpayer Identification Number don't match will garner extra scrutiny from the IRS and, quite possibly, penalties. These are easy mistakes to avoid.

The easiest way to stave off penalties for name/TIN mismatches is to use the IRS' free online [TIN matching program](#) before completing 1099-MISC forms. You may verify up to 25 name/TIN combos on the screen. *Hitch:* You must [register](#) with the IRS to use this program.

Tip #3: TIN truncation

You may truncate the first five digits of a payee's TIN on their paper or electronic copies; forms filed with the IRS must contain the full TIN. These TTINs, as they're called, look like this:

- For SSNs: XXX-XX-1234 or ***.**-1234

- For EINs: XX-XXX1234 or **-***1234.

Warning: You can't truncate your company's EIN.

Tip #4: Online fillable forms

You still need to complete paper forms for payees and your files, even if you file electronically with the IRS. Until now. The IRS has fillable Copies 1, B, 2, C and D online. You may use these online fillable forms for payees' copies and your files. Fillable forms are available at the IRS' [Forms & Instructions](#) web page.