



1099 FORMS - TYPES OF PAYMENT

- **Nonemployee Compensation:**
 - Auto reimbursements
 - Awards
 - Bonuses
 - Car expense
 - Commissions
 - Compensation
 - Fees
 - Golden parachute
 - Mileage
 - Prizes
 - Vacation allowance
- **Gross proceeds paid to an attorney**
- **Crop insurance proceeds**
- **Fishing Boat Proceeds:**
 - Fishing boat crew members proceeds
 - Fish purchases for cash
- **Interest income**
- **Medical and Health care payments**
- **Other Income:**
 - Damages
 - Direct sales of consumer products for resale
 - Directors fees
 - Indian gaming profits paid to tribal members
 - Punitive damages
- **Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale**
- **Rents**
- **Royalties**
- **Substitute payments in lieu of dividends or tax-exempt interest**



1099 - INFORMATION SHEET
(For payments in excess of \$600)

COMPANY #: _____ COMPANY NAME: _____

Contact Name: _____ Phone: _____

Recipient's Name: _____ dba: _____

Address: _____

City: _____ State: _____ Zip: _____

Federal Tax ID #

Grid for Federal Tax ID #

(Please provide if you are a business)

or Social Security Number

Grid for Social Security Number

Total Paid \$ _____ Payment Type: _____
(if less than \$600 "1099" not required) (example: non-employee compensation, rents, interest or other)

Federal Income Tax withheld (if any) \$ _____

Recipient's Name: _____ dba: _____

Address: _____

City: _____ State: _____ Zip: _____

Federal Tax ID #

Grid for Federal Tax ID #

(Please provide if you are a business)

or Social Security Number

Grid for Social Security Number

Total Paid \$ _____ Payment Type: _____
(if less than \$600 "1099" not required) (example: non-employee compensation, rents, interest or other)

Federal Income Tax withheld (if any) \$ _____

Recipient's Name: _____ dba: _____

Address: _____

City: _____ State: _____ Zip: _____

Federal Tax ID #

Grid for Federal Tax ID #

(Please provide if you are a business)

or Social Security Number

Grid for Social Security Number

Total Paid \$ _____ Payment Type: _____
(if less than \$600 "1099" not required) (example: non-employee compensation, rents, interest or other)

Federal Income Tax withheld (if any) \$ _____

IMPORTANT DEADLINES
EMPLOYER TO POSTMARK TO RECIPIENT BY - 1/31/12
EMPLOYER TO POSTMARK TO I.R.S. BY - 2/28/12



NEW CLIENT 1099 COMPANY INFORMATION SHEET

If you are not currently a client of Payroll Masters and are requiring our services to process your 1099's please include the following information with your "1099 Information sheet"

Co #: _____

Legal Name: _____
(Corporate Name / Sole Proprietor Name / Partner Name)

dba: _____
("Doing Business As")

Address: _____ City: _____ State: _____ Zip: _____

Federal - FEIN#

Grid for Federal FEIN# (9 digits)

CA State - SEIN#

Grid for CA State SEIN# (9 digits)

Contact Name: _____ Phone: _____

Email: _____

BILL TO:

Please include billing information if different than above. Thank you.

Company Name: _____

Address: _____ City: _____ State: _____ Zip: _____

Contact Name: _____ Phone: _____

Email: _____

How to Respond to Notices and Avoid Form 1099 Penalties

Some entities may receive Notice 972CG, which is a Notice of Proposed Civil Penalty. You will receive this notice and a listing of the information returns if you filed Forms 1099 or W-2G with missing or incorrect name/Taxpayer Identification Number (TIN) combinations. A name/TIN combination is incorrect when it does not match or cannot be found on the IRS files that contain Social Security Numbers and Employer Identification Numbers. Notice 972G proposes a penalty of \$50 for each return you did not file correctly. You should compare the listing with your records to determine:

- **If you took appropriate action to meet the requirements for reasonable cause, and**
- **If you must make an annual solicitation in the current year to avoid penalties in the future years.**

One way to obtain the necessary information and avoid penalties is to secure a Form W-9, Request for Taxpayer Identification Number and Certification, or an acceptable substitute. A W-9 is used by persons required to file information returns (such as Forms 1099-MISC, Forms 1099-R, or Forms W-2G) with the IRS to get the payee's correct TIN prior to making a payment to a vendor, especially a service provider vendor.

A Social Security Number (SSN) must be used with an individual name even though he or she may also have an Employer Identification Number (EIN). He or she must always furnish his or her individual name regardless of whether he or she uses a SSN or an EIN. A sole proprietor may also provide a business name or dba ("doing business as"), but the individual name must be listed first on the account with you.

Other businesses should enter the business name as shown on required federal tax documents. The dba may be listed on the second line "business name". The EIN of the entity should be entered in part I of Form **W-9** requesting the TIN.

Your TIN is not interchangeable with different names. A business Employer Identification Number (EIN) must be used for a partnership or corporation. A Limited Liability Company (LLC) may be a sole proprietorship, partnership, or corporation. A LLC that is a sole proprietorship must provide the social security number of the sole proprietor and not the EIN for the LLC.

The Form W-9 certifies for you that the payee's TIN is correct and the payee is a U.S. person. It also states the kind of business entity and may determine if you have a requirement to file an information report. The form is signed under penalty of perjury. Penalties may be applicable to payees for failure to furnish the TIN or providing false information. Payers may be subject to civil penalties for missing or incorrect information on the information reports.

U.S. resident aliens who are not eligible to receive a SSN must apply for an Individual Tax Identification Number (ITIN) on Form W-7, Application for IRS Individual Taxpayer identification Number. A Form W-9 is also used by individuals who have an ITIN.

Backup withholding will apply if:

- 1) The payee fails to furnish his or her SSN or TIN to you, or
- 2) The IRS notifies you to impose backup withholding because the payee furnished an incorrect TIN.

Tips for Obtaining “Good” TINs:

- Always obtain the contractor’s TIN before paying for services.
- Avoid abbreviating company names.
- If possible, refer to and use the same name as it appeared on the original application for the EIN (Form SS-4) or social security card.
- If you know a company has changed its name, ask if they have informed the IRS of the change. The IRS and SSA must be informed of any name changes.
- When filing Form 1099-MISC for a sole proprietor, always put the individual’s name, first, followed by the business name. For example, Joe’s Garage should be reported as Joseph Johnson, DBA Joe’s Garage. It does not matter whether you are using an EIN or SSN, the individual’s name must appear first.
- The best tool to help you gather good information on contractors and vendors is Form W-9 (or a substantially similar version). It is a good resource for obtaining correct payee names/TINs and other certifying exempt status for reporting purposes. In addition, the form specifically addresses the issue of sole proprietors. When properly completed, you will know if a contractor is a sole proprietor and therefore you will know to use the individual name first.

More information on backup withholding may be obtained in Publication 1281, Backup Withholding on Missing and Incorrect Name/TINs. For additional information refer to the instructions for the Form W-9. Please maintain the Forms W-9 in your files in event that the Internal Revenue Service requests verification of the name/TIN listed on the Form 1099.

If you have questions about withholding, information reporting, Forms 1099, or the CP2100 or CP2100A Notice(s) and listing(s), you may call your local ITG specialist or Martinsburg Computing Center (MCC) Information Reporting Program Customer Service Section Telephone: 866-455-7438 (toll free) . The telecommunication Device for the Deaf (TDD) number is (304)267-3367) (not a toll-free number). Hours: 8:30 a.m. to 4:30 p.m. Monday through Friday, eastern time, E-Mail: mccirp@irs.gov.

The table on the next page can be used as a quick reference should you receive a CP2100 or CP2100A notice.

What should you do if you receive a CP2100 or CP2100A notice?

What's the problem?	Compare the IRS listing to your records and...	Then...
Missing TINs	Begin or continue backup withholding immediately	Solicit TIN from Payee... <ol style="list-style-type: none"> 1. Initially (when payment was made) 2. First Annual Solicitation by December 31 of the year payment is made (for 2007 payment this was 12/31/07). 3. Second Annual Solicitation by December 31 of the following year (for 2008 payments this date is 12/31/08).
Incorrect TINs	If they agree (the TIN/name combination on the list match the W-9, W-2G, or other documents in your records)	Send the 1st or 2nd "B" notice to the payee: <ol style="list-style-type: none"> 1. You have 15 business days to send a "B" Notice to a payee, include a Form W-9. 2. Backup withhold from any reportable payments if the payee certification is not returned to you within 30 days after you receive the CP2100/2100A. 3. Do not backup withhold if the payee furnishes the required certification (Form W-9 in response to the 1st "B" notice, or Form SSA-7028 or IRS Letter 147C in response to the 2nd "B" Notice). 4. Keep these documents on file to show you have met the requirements for reasonable cause when the proposed missing or mismatch penalty notices are sent. 5. The 2nd "B" Notice should be sent to the payee if this is the second CP2100/2100A Notice you have received within three calendar years for this payee.
	If they do not agree, if could be because- <ol style="list-style-type: none"> 1. You put the incorrect information on the return; 2. The information changed after you filed it; or, 3. IRS misprinted the information in processing. 	<ol style="list-style-type: none"> 1. Correct & update your records. 2. Use the correct TIN/name information for future filing. 3. Make a note of the error in your records.

Following and documenting these procedures is a very important step to establishing "reasonable cause" when the Proposed Missing and Incorrect TIN Penalty notices are received.