

DO YOU NEED TO FILE FORM 1099-MISC?

•1099'S MUST BE FILED BY JANUARY 31, 2018•

- **Step 1:** Determine if you have a trade or business. "If you are operating for the purpose of making a gain or profit, you have a trade or business." **This includes rental property.**
- **Step 2:** Determine if you run a nonprofit organization, taxable farmers co-operative, a government agency, or a trust of a qualified pension or profit-sharing employer plan. These are considered trades or businesses for 1099-MISC purposes.

Step 3: Calculate if:

- You paid rent to an individual, partnership or LLC in any amount.
- You paid \$600 or more during the tax year in the course of your trade or business to an individual, partnership or LLC, for services. Payment for services include those made to contractors, subcontractors, physicians, accountants, architects, landscapers, housecleaning services, commissions paid to non-employees, directors fees, and services paid to entertainers, etc.
- You paid professional fees to an attorney of \$600 or more for legal services, regardless of whether they are a corporation or not. Note: payment of fees to attorneys should be reported in Box 7, Non-Employee compensation. However, gross proceeds paid to attorneys in connection with legal services (such as settlement agreements) are reportable in box 14.
- You are in the trade or business of purchasing fish for resale, you must report total cash payments of \$600 or more paid during the year to any person who is engaged in the business of catching fish.
- You paid \$10 or more in royalties.

Issue a separate 1099-MISC to each individual, partnership or LLC

- You must issue form 1099-MISC to claim the deduction.
- 1099s must be issued to the recipient by **JANUARY 31, 2018.**
- Please refer to our "Office Resources" page on our website at www.cltaxaccounting.com for 1099s additional information and guides for reviewing and updating QuickBooks for 1099 reporting.

Penalty for failure to file is \$100 per 1099