

2019 Form 1099 Filing Requirements & Due Dates

This document is meant to provide you with a general overview of what you need to know concerning the preparation and issuance of Forms 1099-MISC for 2019. The following general guidelines are meant to assist you in either preparing the required information returns yourself or to help you gather the appropriate information so that we may prepare the forms on your behalf. This information serves as an overview and does not detail all of the related filing requirements. If you have additional questions, please contact us.

Included with this memorandum are the following separate attachments for your reference and use:

- Form W-9 with general instructions
- Instructions for Form 1099-MISC

The following are the general guidelines for issuing Forms 1099-MISC:

1. In the course of trade or business, Form 1099-MISC must be issued to each individual or partnership (see point #4) to which you paid for goods or services in 2019 as summarized below.
2. Form 1099-MISC is required for 2019 royalty payments in excess of \$10.
3. Form 1099-MISC is required for 2019 payments for goods or services of \$600 or more. Examples of such payments include, but are not limited to:
 - a. Rents
 - b. Commission payments
 - c. Directors' fees
 - d. Payments to independent contractors
 - e. Payments for professional services such as legal, accounting, engineering, architecture, etc.
 - f. Services (including parts and materials)
4. Generally payments to corporations are not required to be reported on Form 1099-MISC. However Form 1099-MISC must be issued to corporations for 2019 payments of \$600 or more related to legal services or medical and health care payments.
5. Form 1099-MISC is required to be issued to the recipients on or before **January 31, 2020**.
6. Form 1099-MISC is required to be filed with the IRS on or before **January 31, 2020**.

7. There are multiple potential IRS penalties for unreported (non-filed) Forms 1099-MISC. The penalties vary depending on the file date of the Forms.
 - Failure to File Penalties: The failure to file penalty is a maximum of \$270 per each unfiled Form 1099-MISC, up to \$1,113,000 for small businesses. If any failure to file a correct information return is due to intentional disregard of the filing or correct information requirements, the penalty is at least \$540 per information return with no maximum penalty.
 - Failure to Furnish Payee Statement Penalties: The failure to furnish correct payee statements penalty is also a maximum of \$270 per each unfurnished Form 1099-MISC, up to \$1,113,000 for small businesses. If any failure to provide a correct payee statement is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is at least \$540 per payee statement with no maximum penalty.
8. Under audit, the IRS can disallow the deduction for all payments whereby Form 1099-MISC was required but not filed.
9. In order to gather accurate information required to be reported on Form 1099-MISC, a completed Form W-9 should be obtained from all potential Form 1099-MISC recipients before doing business with them. If completed Forms W-9 were not previously obtained, these should be gathered from applicable vendors as soon as possible.
10. On September 18, 2019, California passed AB 5. AB 5 codifies the California Supreme Court's ruling in Dynamex. Most workers are presumed to be an employee, unless the entity hiring the worker satisfies a three-factor test, referred to as the ABC test. In California, all three of these conditions must be met in order to treat the worker as an independent contractor
 - a. The worker is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact
 - b. The worker performs work that is outside the usual course of the hiring entity's business; and
 - c. The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed.

Currently, we do not know if this law will be retroactive and be applicable in 2019. Workers may fall under specific occupations exemptions and the new law would not be applicable.