

# 1099 Preparation:

## For your business, I need:

- 1. Your Name
- 2. Business Name
- 3. Business EIN or Owner's SSN\*\*\*
- 4. Business Address

\*\*\* If your business does not already have an EIN, I STRONGLY suggest you apply for one. It's a quick process that can be accomplished online. Otherwise, your SSN will appear on each contractor's 1099, and that is not ideal.

#### **CLICK HERE to file for Business EIN**

(FYI: Most small business owners will select the option "Sole Proprietor")

## For EACH Contractor, I need:

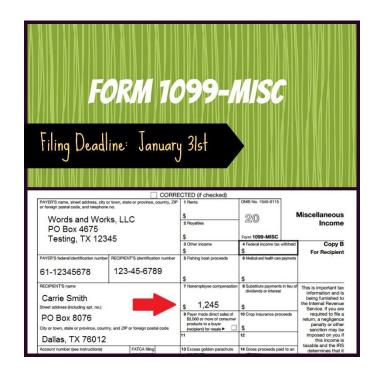
- 1. Contractor's Name
- 2. Contractor's Business Name (only if applicable)
- 3. Contractor's SSN or Business EIN
- 4. Contractor's address
- 5. How much did you pay the contractor during the tax year?

## What Lancaster CPA will do:

- Prepare Form 1099-MISC for each contractor listed.
- File Form-96 with the State (AL) by due date January 31st.
- File Form-1096 with the Federal by due date January 31st.

Form 1099-Misc	\$15 each	One per contractor paid \$600+
Form 1096	\$15	Filed on your behalf with the IRS
Form 96	\$15	Filed on your behalf with the State

So, if you paid three contractors \$600+ each, I will prepare all the necessary forms for a total charge of \$75.



## Our WARNING to SBOs about 1099s

The IRS requires that business owners file a Form 1099 by January 31st for any individual, LLC, or unincorporated business entity that you paid over \$600 in the tax year for business services.

Failure to file the form could result in <u>a penalty as much</u> as \$1,000 per each omitted, late, or incorrect 1099-Misc.
The 1099-Misc must be provided to the taxpayer by January 31.

Also, copies of 1099s and summary returns are due to the IRS (Form 1096) and the State (Form-96) by January  $31^{\rm st}$ 

Whether your business files as a sole proprietor, partnership, or corporation – the tax return has a BOX that must be checked to confirm that your business has filed all applicable Form 1099s, In other words, you are certifying (in writing) that you have filed every 1099 accurately and timely.

The problem you may encounter is those subcontractors that don't want you to issue them a 1099.

Make sure you get them to fill out a <u>W-9 form</u> *before* you issue them a payment.