

1-800ACCOUNTANT

AMERICA'S ACCOUNTING FIRM

What You Need to Know About 1099s

Form 1099-MISC is an information return provided by employers to give to independent contractors and other nonemployees. The information on this form includes the total earnings accumulated from a business or client you worked for during the calendar year. You report this information on your personal tax return with [Schedule C](#) attached. Since you are self-employed, you are also subject to [self-employment tax](#).

Depending on how many employers you worked for and how much money you made from them, you might get more than one Form 1099-MISC. While there are numerous variations this document, Form 1099-MISC is one of the more common types of Form 1099 that taxpayers will receive.

How Do I Prepare This Form?

If you're an employer, you must complete a Form 1099-MISC for each nonemployee or business you paid:

- \$600 or more in nonemployee compensation.
- \$10 or more in royalties.
- \$5,000 or more of consumer goods for resale.

When you hired a contractor, you should have given him or her a [Form W-9](#). Contractors use this form to fill out their Social Security number or Employer Identification Number, mailing address and contact information. Input this information, along with the contractor's total income, onto his or her Form 1099-MISC.

When Do I Need to Send This Form?

You are required to send Form 1099-MISC to the IRS and your nonemployee by January 31. The IRS uses Form 1099-MISC to check and verify that the information on the form matches the information your nonemployee provided on his or her personal tax return.

Along with Form 1099-MISC, you must also remit [Form 1096](#) to the IRS. Essentially, Form 1096 is a summary of all the Form 1099s you filed and should include the total amount of payments you made to nonemployees throughout the year.

There are numerous copies of Form 1099-MISC, so it's imperative to know which ones to send and keep:

- Copy A – Send to the IRS.
- Copy B – Send to your nonemployee.
- Copy C – Keep for your records.
- Copy 1 – Send to state department (if necessary).
- Copy 2 – Send to non-employee for state income tax return (if necessary).