
SMITH DENLINGER & CO., INC

Certified Public Accountants

Revoking the Increased 1099 Reporting Requirements

On April 14, 2011 President Obama signed into law the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011. The two provisions that impact small businesses are:

1. Recipients of rental real estate (landlords) are no longer subject to the information reporting (1099 forms) requirements for payments made to subcontractors and others.
2. All companies are no longer subject to the expanded information reporting (1099 forms) rules that were to take effect on January 1, 2012.

Prior 1099 reporting law remains in effect

All payers' engaged in a trade or business must file information returns (1099 forms) with the IRS for payments aggregating \$600 or more in any tax year to another person (payee) for services, rents, prizes, awards, etc. A copy of the information return must also be sent to each payee. Payments made to corporations, exempt organizations, government entities, international organizations and retirement plans are generally exempted from the reporting requirements. Payers' are also required to maintain for all vendors that you pay for services but do not issue a 1099 the name, address, taxpayer identification number and entity type of the vendor.

If you have questions or need further clarification please contact our office.

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