

AM I REQUIRED TO FILE A 1099-NEC OR 1099-MISC?

As a business taxpayer, the IRS requires you to issue and file a Form 1099-NEC or 1099-MISC to each person or company to whom you paid \$600 or more in 2023. You are considered a "business taxpayer" if you're self-employed, own a business, or have income from a rental property. These rules apply regardless whether you file taxes as a sole proprietor, LLC, partnership, or corporation.

If you can answer "yes" to any question below,
you're required to issue and file a 1099-NEC or a 1099-MISC

In 2023, did your business pay \$600 or more to any
non-employee individual, LLC or partnership for:

- **services rendered** (i.e. independent contractor, vendor, service provider)?
- **rents paid** (i.e. for office space or equipment rentals)?
- **an attorney** for business-related matters?
- **royalties paid?** (note the threshold for royalties is only \$10)

KEEP IN MIND

1. * Business payments to corporations are (thankfully) exempt from this 1099 requirement.
2. 1099 filing applies only to payments made via your business, **not personal payments**.
3. The \$600 amount is the total of all 2023 payments made to one person or one business.
4. To clients who have paid Foundation Tax LLC more than \$600 for business tax preparation or other services in 2023, issuing a 1099-NEC is still required! As a courtesy, I'll prepare and file this form for you at no charge as long as I prepare your 2023 tax returns. Qualifying clients need to notify me by email to request this complimentary service no later than Jan. 29, 2024.
5. Be on the lookout for the 1099-NEC from clients or customers to whom you provided services that meet or exceed the \$600 threshold.

NEXT STEPS

I can prepare and e-file your 1099(s). I'll gather your info, mail your recipients a paper 1099 by the 1/31 IRS deadline. Then I'll e-file your federal & state 1099's, and provide you a pdf copy.

- **I'll determine whether a 1099-NEC or a 1099-MISC is appropriate for your situation.**
- Please complete the attached fillable pdf 1099-NEC/MISC worksheet.
- Return to Sara via fax or client portal **no later than MONDAY, JANUARY 29, 2024.**

* The only exception is business payments to incorporated attorneys, which are not exempt from 1099 reporting

2023 1099-NEC/MISC WORKSHEET

(This is a fillable pdf document, use "tab" to go to next field.)

foundation tax

PART 1 | **Instructions:** Use separate worksheet for each 1099 you will issue. Please complete ALL fields below.

Your company name (or DBA): _____

Your company street address, city, state, zip: _____

Your company phone # (w/area code): _____ Your email: _____

Your company Fed. Tax ID# : ____ - ____ - ____ - ____ **OR** Your SSN#: ____ - ____ - ____ - ____

* Recipients' Name: _____ Acct # (if any): _____

Recipient's street address, city, state, zip: _____

Recipient's Fed. Tax ID#: ____ - ____ - ____ - ____ **OR** Recipient's SSN#: ____ - ____ - ____ - ____

* Recipients can be sole proprietors, partnerships or LLCs. Corporations (except for incorporated lawyers) are exempt from 1099 requirements.

PART 2 | **Instructions:** Please total 2023 amounts paid and fill in applicable fields below. List payments for most services performed by independent contractors and vendors in box 7 "Non-employee compensation."

1	\$ _____	Rents paid (i.e. office or studio space)	10	\$ _____	Crop insurance proceeds
2	\$ _____	Royalties paid	11	\$ _____	n/a
3	\$ _____	Other income paid (i.e. prizes, awards)	12	\$ _____	n/a
4	\$ _____	Federal income tax withheld	13	\$ _____	Excess golden parachute pymt.
5	\$ _____	Fishing boat proceeds	14	\$ _____	Gross proceeds to an attorney
6	\$ _____	Medical & health care payments	15a	\$ _____	Section 409A deferrals (NQDC)
7	\$ _____	Non-Employee Compensation paid	15b	\$ _____	Section 409A income
8	\$ _____	Substitute pymts in lieu of dividends/ interest	16	\$ _____	State tax withheld
9	\$ _____	Payer made direct sales of \$5000 or more of consumer products to a buyer for resale	17	\$ _____	State income

To ensure meeting the IRS January 31st deadline, please return this completed worksheet to Foundation Tax LLC no later than **MONDAY, JANUARY 29, 2024** via:

FAX: 888-851-2094

UPLOAD: Access your encrypted ShareFile portal account, click here →

CLIENT PORTAL