

Smith Sullivan & Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

2021 – Form 1099 Filings

Form 1099's for the 2021 calendar year are due to recipients and to the IRS by January 31, 2022 so now is the time to make sure you have all of the required information needed to prepare the 1099 forms.

Who should receive a Form 1099?

There are multiple steps involved in determining who should be issued a Form 1099.

Step 1:

The first step in determining if a Form 1099 is required is to look at the types of services the vendor provided. The following are the most common examples of services requiring a Form 1099:

- Contractors who provide the following services:
 - Cleaning
 - Landscaping
 - Maintenance/Repair
 - Bookkeeping
 - Marketing
 - Attorneys
 - Accounting Firms
- Landlord
- Individuals you pay to provide services who are not on your payroll

We strongly recommend you obtain a completed Form W-9 from every vendor that provides you services that could potentially require a Form 1099 before you pay the vendor the first time.

Step 2:

You need to determine how much each vendor was paid during the calendar year.

You cannot prepare Form 1099s until your books are reconciled and completed through 12/31/2021. Also, regardless of your business or organization's year end, the amounts reported on the Form 1099s are based on calendar year payments.

The 2021 Form 1099 threshold is \$600 per calendar year (including parts and materials), except payments for royalties, which are \$10. This means that if any of your vendors fall into the categories above but have not been paid a cumulative amount of \$600 or more during the calendar year, then you do not need to issue the vendor a Form 1099. If you have paid the vendor \$600 or more, they need to be issued a Form 1099.

Step 3:

You need to determine the vendor's type of entity. This information will come from the completed Form W-9, which is why **we strongly recommend you obtain a completed Form W-9 from every vendor that provides you services that could potentially require a Form 1099 before you pay them the first time.**

The following are the type of recipients that should be issued a Form 1099:

- Individuals
- Sole Proprietors or Single-Member LLCs (self-employed individuals). **If the vendor is a sole-member LLC, they are required to provide their social security number, even if the LLC has a federal employer id number.**
- Partnerships
- Realty Trusts
- Attorneys (**regardless of entity type**)
- Limited Liability Companies

Step 4:

You need to determine how you paid each vendor. Did you pay your vendor via check, bank draft, debit card, PayPal, or credit card?

- If you paid your vendor directly through your bank account (check, debit card, ACH) you are responsible for issuing the vendor the Form 1099.
- If you paid your vendor through PayPal or a Credit Card, the merchant will issue the vendor a Form 1099K and you will not need to issue the Form 1099.

Please be advised that the information above is not inclusive. If you would like us to prepare your 1099 forms, please contact us and we will send you a 1099 Information Packet.