**1099-MISC Reporting**

* When is Form 1099-MISC required?
* Organizations (“contractees”) which make payments to an entity which (a) is not a corporation (i.e., is an individual or a partnership, including non-corporate LLCs) or an individual who is not treated as an employee; (b) provides a service (i.e., not materials or goods); and (c) is paid $600 or more during the year, need to issue Form 1099-MISC to report Miscellaneous Income paid.
* Many AGO chapters pay for recitalists or workshop presenters (“contractors”) as part of their programming. Most of these people paid will not be incorporated, and if the payment(s) is/are greater than $600, a Form 1099-MISC needs to be issued.
* Forms 1099-MISC may be issued to contractors for amounts less than $600, but contractees are not required to do so.
* What is the purpose of 1099 reporting?
* Form 1099 provides notice by a payer to the IRS that payments were made to an entity. The IRS then expects those payments to be considered income on the payee’s tax return.
* The payer also sends Form 1099 to the payee notifying the payee of the amount paid during the year, and implicitly, that the IRS has been notified of these payments. Receipt of Form 1099 requires the payee recipient to report the income on a tax return.
* Because the payment is an expense to the payer, filing Form 1099 allows the payer to deduct the expense (relevant for for-profit entities). Expense to the payer is revenue to the payee.