



HOW TO READ A 1099-MISC TAX FORM

If you're self-employed or picked up a couple freelance gigs totaling more than \$600 in income, your clients should send you a 1099-MISC tax form.

Use this annotated guide to determine how to prepare your 1099-MISC form for submission to the IRS.

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents	OMB No. 1545-0115 2015 Form 1099-MISC	Miscellaneous Income			
		2 Royalties					
PAYER'S federal identification number		3 Other income		4 Federal income tax withheld	Copy B For Recipient		
		5 Fishing boat proceeds				6 Medical and health care payments	
RECIPIENT'S identification number		7 Nonemployee compensation		8 Substitute payments in lieu of dividends or interest	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.		
		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>		10 Crop insurance proceeds			
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		11		12			
		13 Excess golden parachute payments		14 Gross proceeds paid to an attorney			
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>	15a Section 409A deferrals	15b Section 409A income	16 State tax withheld	17 State/Payer's state no.	18 State income
			\$	\$	\$	\$	\$

Form 1099-MISC

(keep for your records)

www.irs.gov/form1099misc

Department of the Treasury • Internal Revenue Service

- 1** If a client pays you rent for office space or equipment, it will be reported in Box #1. Only payments exceeding \$600 need to be reported here.
- 2** If a client owes you royalties exceeding \$10, they will be reported in Box 2. Royalties cover license fees for copyrights, patents and trademarks.
- 7** This is where your client will report "Nonemployee compensation," ie: how much they've paid you for the work you agreed to do.

If you're submitting taxes online, all you have to do is input the information in your **1099-MISC** and, if you're submitting taxes via a tax professional just turn your 1099s over to them.

1099-MISC FACTS

Who will send me a 1099-MISC?

You should receive a 1099-MISC if you earned over \$600 from a single client or employer. Your client or employer is responsible for sending you the 1099-MISC. Even if they don't, however, you're still responsible for reporting this earned income.

What if I have an LLC or Corporation?

If you've set up an LLC or Corporation, the payor is not required to issue a 1099-Misc form to a corporation.

If your LLC is a single owner, you will use [Schedule C](#) on your 1040 tax returns.

If your LLC is designated as a partnership, you will use [Form 1065](#) for informational purposes and report all income, deductions and credits on a [Schedule K-1 form](#).

If you make a corporate tax election for your LLC, the IRS will treat your business as a separate taxpayer. Thus, the business itself is responsible for reporting income and deductions on [Form 1120](#).

What if I got a 1099-MISC but shouldn't have?

When your client submits a 1099-MISC, it also goes to the IRS. This means, that the IRS will be expecting you to report it on your taxes. If your client sent you a 1099 in error, you will have to ask them to resubmit a "corrected" 1099 with '0' for the amount and also re-submit a Form 1096 summary sheet, which is the form they submit to transmit their 1099's to the IRS.

What if I never receive the 1099-MISC?

Because you must file and pay your estimated quarterly taxes on the 15th of January, April, June, and September, you should receive your 1099s from your clients on a quarterly basis.

If you do not receive your 1099 by the 31st of the prior month, you should get in touch with your client - it's possible it went to the wrong address. In any case, you must report the income whether or not you receive a 1099.

Do I need to file a 1099-MISC if I've hired other freelancers to work for me?

Yes - file a 1099-MISC to report any payments over \$600 made to independent contractors that you've hired.

Disclaimer: This is meant as a guide, not professional advice. If you have any questions about your taxes or your deductions, hire an accountant or ask a tax professional.