

**TO:** Business Clients  
**FROM:** Sassetti LLC  
**DATE:** December 3rd, 2019  
**RE:** 1099 Tax Forms  
 Sales/Use Tax Requirements

It is the time of year to begin planning and preparing for the issuance of your company's 1099s by January 31<sup>st</sup>, 2020. As a reminder, here are some general guidelines and deadlines to keep in mind:

**FILING DEADLINES TO AVOID PENALTIES:**

	Government Copy	Recipient Copy
1099 Misc (non employee compensation only – Box 7)	January 31 <sup>st</sup>	January 31 <sup>st</sup>
1099 (All Others)	February 28 <sup>th</sup> (March 31 <sup>st</sup> if e-filed)	January 31 <sup>st</sup>
Form 8809 extension request <ul style="list-style-type: none"> <li>• 1099 Misc (Box 7 Only)</li> <li>• 1099 (all others)</li> </ul>	January 31 <sup>st</sup> February 28 <sup>th</sup> (March 31 <sup>st</sup> if e-filed)	N/A N/A
Extended filing date (30 days): <ul style="list-style-type: none"> <li>• 1099 Misc (Box 7 Only)</li> <li>• 1099 (all others)</li> </ul>	March 1st March 30 <sup>th</sup> (April 30 <sup>th</sup> if e-filed)	N/A N/A

- **FORM 1099-MISC:** You must file Form 1099-MISC, Miscellaneous Income, to report certain payments you make in your trade or business, as follows:
  - Payments of \$600 or more for: (reported in box 7 unless otherwise noted)
    - Services performed by someone who is not your employee (i.e. payments to contractors, accountants, consultants or directors).
    - Prizes and awards (i.e. Raffles, lotteries, TV or radio winnings, etc.) (report in box 3)
    - Other income payments (report in box 3)
    - Medical and health care payments, even if paid to a corporation (report in box 6)
    - Payments to an attorney, even if paid to a corporation.
    - Gross proceeds paid to an attorney (report in box 14)
    - Rent, other than rents paid to real estate agents. (report in box 1)
  - Royalty payments of \$10 or more.

- Direct sales by you of \$5,000 or more of consumer goods to a person for resale anywhere other than a permanent retail establishment. (report in box 9)
  - Amounts noted above that are paid to corporations are not reportable, even if they exceed the applicable threshold. The only exception to this is that payments for legal services to a corporation must be reported.
    - Note that partnerships and LLCs are not corporations and should receive a 1099-MISC if payments to them exceed any of the thresholds that are mentioned in this memo.
    - Please note that Sassetti LLC is not a corporation and, therefore, fees of \$600 or more paid to our firm in the course of your business during 2018 must be reported. Our EIN is 36-2239746.
  - Any 1099-Misc Forms with amounts in Box 8 (substitute payments in lieu of dividends or interest) or Box 14 (gross proceeds paid to an attorney), or 1099-B or 1099-S Forms have an extended recipient filing date of February 18, 2020.
- **FORM 1099-DIV, 1099-INT and 1099-R:** Dividend, interest and retirement payments are also required to be reported. If you have, in the course of your business, in 2019 made any of these payments, please contact our office for information concerning the filing of the appropriate form. Other industry specific 1099s are also required to be filed. If you are not sure if these miscellaneous 1099 forms might apply to your business, please contact us with your questions.
  - **ASSESSING INDEPENDENT CONTRACTOR STATUS:**
    - Always carefully consider whether an individual is an independent contractor or actually an employee, with respect to your business. If an employee is incorrectly classified as an independent contractor, the employer can be held liable for employment taxes for that worker.
    - Worker classification between employee and contractor continues to receive increased scrutiny from the IRS and the Illinois Department of Employment Security.
    - As you determine the appropriate classification for your contractors, we encourage you to consider carefully the factors indicating that they are available for business to others (listed business telephone number, website, can be found via an internet search, control of work responsibilities and hours, etc.)
    - Obtain a completed Form W-9 for every vendor that you use **prior** to making the first payment. This form is necessary to determine if a 1099 needs to be issued and contains the necessary tax identification number.
    - If you do not have a W-9 form on file for any of your current vendors, you should consider obtaining one from them prior to making your next payment in order to determine if you have any 1099 reporting requirements for any vendor in 2019. A copy of a blank W-9 is attached for your reference.

- **COMMON MISTAKES TO AVOID:**
  - Include only payments made during the calendar year 2019.
  - Include only payments for services.
  - Do not send the same information to the IRS more than once.
  - Amounts reported should include dollars and cents.
  - Do not submit two or more types of 1099 returns with one Form 1096.

**ILLINOIS SALES/USE TAX REQUIREMENTS:**

In addition to 1099 planning, now is also a good time to give consideration to any Illinois state sales tax that you might be required to self-remit. The state of Illinois requires that state sales tax be paid on all purchases which are not intended for resale, and therefore have been used by you or your business. In some cases items are purchased from out of state vendors that do not assess sales tax at the time of purchase. In other cases items which were purchased with the intent to be resold are later used or consumed by the business and hence would be subject to sales tax (use tax). It is important to review your purchases for such items, including fixed assets, so that the proper tax is calculated and paid.