

IMPORTANT TAX INFORMATION

FORM 1099 FILING

What is it?

Form 1099s are used to report nonemployee compensation, rents, and royalties of \$600 or more paid to unincorporated people or businesses (i.e. Individual, Partnership, Limited Liability Company, Limited Partnership or Estate). Nonemployee compensation includes payments to subcontractors, “contract labor,” and payments for services other than wages.

Who needs to file?

Businesses operating as sole proprietors, partnerships, LLCs, LLPs, or corporations need to file. Please note, for purposes of 1099s, rental properties operated by individuals should also consider filing 1099s for any payment types as noted above.

Information needed for ACPA to assist in filing:

A listing of payments made, to whom these payments were made (including addresses and taxpayer identification number (TIN)), amount of payment, and payment types (i.e. rent, nonemployee compensation, royalties, etc.).

Reminder:

- 1) You must have a completed [Form W-9](#) on file for everyone to which the Form 1099 applies.
- 2) A payor of any reportable payment must deduct and withhold 28% (federal income tax) of that payment when a payee fails to furnish his TIN to the payor as required by law.
- 3) North Carolina requires payors for personal services to nonresident contractors and ITIN contractors (contractors who have an ITIN rather than a social security number or federal employer ID number) in excess of \$1,500 to withhold 4% of the payment made to the contractor.

1099-NEC forms (for nonemployee compensation) are required to be mailed to the IRS and recipients by January 31st or penalties may be assessed by the IRS.