



1099 UPDATES: 2011 AND BEYOND



ASWA Chapter Meeting
Chapter 169
October 27, 2010



Business Advisory Services

Information Technology

Financial Management

Compliance

Litigation

CURRENT | PROPOSED | DEADLINES | E-FILING |

Current Rules

1099's – 2010 Update

- **Current Rules**
- **Proposed Legislation**
- **Deadlines**
- **E-Filing**
- **How to be prepared**



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Current Rules

1099 Current Rules & Regulations

Persons engaged in a trade or business must file Form 1099 MISC when certain payments are made.



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Current Rules

- **\$600 or more for services performed for a trade or business by people not treated as employees;**



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LEADERSHIP TEAM

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- **Payments of \$600 or more to a supplier of health and medical services; and**



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- **Crop insurance proceeds.**



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Current Rules

- **Payments typically made by check, but also subject to:**
 - **Bartering**
 - **Prizes**
 - **Qualified Plan Distributions**



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Proposed Rules

What's New?



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Proposed Rules

What's New?

Patient Protection and Affordable Care Act (PPAC)



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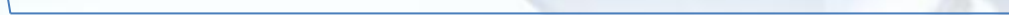
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Proposed Rules

Patient Protection and Affordable Care Act (PPAC)

- **Signed into law 3/23/10**
- **Primary focus was to overhaul the US' healthcare system**
- **Directly impacts 1099 reporting**



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Proposed Rules

Closing the tax gap

Estimated \$300 Billion Annually is lost today



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Proposed Rules

Closing the tax gap

Estimated \$300 Billion Annually is lost today

Estimates are that only \$2 Billion in new revenue**

*****Source – Joint Committee on Taxation***



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Proposed Rules

2011 Updates

- **Payments made to **ANY** vendor aggregating more than \$600 in the calendar year**
- **This applies to Corporations (excluding tax-exempt corporations)**



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Proposed Rules

2011 Updates – Effective 12/31/11

- **40 million taxpayers will be subject to the requirement**
- **26 million are sole proprietors**



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Proposed Rules

Possible exemptions:

- **Payments made via credit/debit cards**
- **Payments made to Vision and Dental providers**



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Proposed Rules

Survey:

Most small businesses currently file an average of how many 1099's per year?



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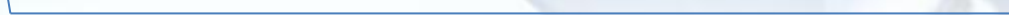
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10



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Proposed Rules

Survey:

Most small businesses currently file an average of how many 1099's per year? ANSWER

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This will increase to an average of 200 with the new proposed legislation!!



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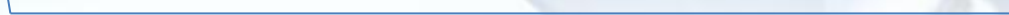
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Proposed Rules

2011 Updates – Effective 12/31/11

- **Health insurance invoices**
- **Health insurance paid per ee**
- **Insurance cost by ee to paid to PSP**
- **Dental & vision may be exempt**



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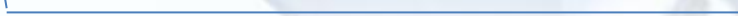
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Deadlines

Filing Deadlines from 2010

Recipient copies due February 1, 2010

**If reporting payments in boxes 8 or 14,
the deadline was extended to February
16, 2010**

IRS copies and 1096 due March 1, 2010

Electronic filing deadline is March 31, 2010.



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E-Filing

Electronic Filers



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E-Filing

Producing what number of 1099's determines if you'll need to file electronically?

- a) Over 50**
- b) Over 100**
- c) Over 250**
- d) Over 500**



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Producing what number of 1099's determines if you'll need to file electronically? **ANSWER**

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- b) Over 100
- c) Over 250
- d) Over 500



Getting Prepared

- **Obtain W-9's for all vendors**
- **Be able to gather detailed health insurance invoice data for reporting cost per employee**
- **Review software settings and capabilities**
- **Investigate eFiling software capabilities**



Contact

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