

## **ARE YOU IN COMPLIANCE WITH FORM 1099 FILING REQUIREMENTS?**

The Internal Revenue Service requires nonprofit organizations to issue a Form 1099 for each person to whom the organization paid at least \$600 during the year. Payments include rents, services (including parts and materials), prizes and awards, other income payments, medical and health care payments and gross proceeds to an attorney. This is required whether these payments are spread out over the course of the year or are paid in one lump sum.

### **Exceptions**

Form 1099 form is generally not required to be issued to incorporated businesses. However, payments made to corporations for medical and health services and attorney fees must have a 1099 issued whenever payments exceed \$600.

### **Rents and Medical and Health Care Payments**

Rents include real estate rentals paid for office space (unless paid to a real estate agent), and machine rentals (for example, renting a bulldozer to level your parking lot).

Medical and health care payments include payments to each physician or other supplier or provider of medical or health care services. The exemption from issuing a 1099-MISC to a corporation does not apply to payments for medical or health care services provided by corporations. However, you are not required to report payments made to a tax-exempt hospital or extended care facility or to a hospital or extended care facility owned and operated by the United States, a state, the District of Columbia, or any of their political subdivisions, agencies, or instrumentalities.

### **Required information**

In order to file an accurate 1099, the following information must be obtained:

- ◆ Name as shown on income tax return
- ◆ Business name, if different
- ◆ Type of organization
- ◆ Address
- ◆ Taxpayer Identification Number

The most effective way to obtain the information needed to prepare Form 1099 is by requiring that an IRS Form W-9 be completed prior to any payment being made. Blank W-9 forms and specific instructions for Form 1099 – MISC can be obtained on the IRS website at [www.irs.gov](http://www.irs.gov).

## ARE YOU IN COMPLIANCE WITH FORM 1099 FILING REQUIREMENTS? (Cont'd.)

### Penalties

The penalty for failure to file Form 1099 can be as much as 50% of the amount paid for services. The responsibility for filing Form 1099 is on the organization paying for the services. It is the responsibility of the individual/business receiving the Form 1099 to handle it properly on their income tax return.

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### NEW FORM 990 FILING THRESHOLDS

Required to File:	If gross receipts are:	And if total assets are:
Form 990-N	Normally less than \$50,000.	N/A
Form 990-EZ	Greater than \$50,000 and less than \$200,000	Less than \$500,000
Form 990	\$200,000 or greater	\$500,000 or greater

These filing requirements have changed significantly from prior years. Allow the staff at Bergan Paulsen to assist you in determining which form your organization may be required to file.

### Electronic Filing

An organization must file its Form 990 electronically if the organization files at least 250 returns of any type during the calendar year ending with or within the organization's tax year and has total assets of \$10 million or more at the end of the tax year.

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### ABOUT BERGAN PAULSEN

Let Bergan Paulsen help. Our team of experts can review your information to determine if you should issue Form 1099, and what Form 990 must be filed. In addition, we can prepare and file your 1099s and 990.

If you would like more specific information on this month's newsletter, please contact your nearest Bergan Paulsen office:

Waterloo @ **319.234.6885**  
Cedar Falls @ **319.268.1715**  
Cedar Rapids @ **319.294.8000**  
Coralville @ **319.248.0367**

Or reach us toll free @ **1.800.741.7087**



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