



**Wood** LLP  
ATTORNEYS AT LAW

# Tax Alert



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THE TAX LAWYER

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## Missing An IRS Form 1099 For Your Taxes? Keep Quiet, Don't Ask!

The end of January may not seem momentous, but among tax professionals it is important, ushering in IRS [Form 1099](#) season. IRS Forms 1099 are those annoying little tax reports that come in the mail. They remind you that you earned interest, received a consulting fee, or were paid some other kind of income. They remind you, and they notify the IRS too. There are many varieties, including [1099-INT](#) for interest, [1099-DIV](#) for dividends, [1099-G](#) for tax refunds, [1099-R](#) for pensions, and [1099-MISC](#) for miscellaneous income.

These forms are sent by payers to you and the IRS, and surprisingly, many people can't wait for them to arrive. That seems a little odd. Sure, it is useful to have a copy of each one that is issued. And yet paradoxically, *asking* for one is usually a mistake. If you find yourself wanting a form, you obviously know about the payment you received. So just report the income! You don't need the form.

9595		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0115	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents	2015		Miscellaneous Income
		\$	Form 1099-MISC		
PAYER'S federal identification number		2 Royalties	4 Federal income tax withheld		Copy A For Internal Revenue Service Center
RECIPIENT'S identification number		\$	\$		
RECIPIENT'S name		3 Other income	6 Medical and health care payments		File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2015 General Instructions for Certain Information Returns.
Street address (including apt. no.)		\$	\$		
City or town, state or province, country, and ZIP or foreign postal code		5 Fishing boat proceeds	8 Substitute payments in lieu of dividends or interest		
Account number (see instructions)		\$	\$		
15a Section 409A deferrals	15b Section 409A income	7 Nonemployee compensation	10 Crop insurance proceeds		
\$	\$	\$	\$		
FATCA filing requirement <input type="checkbox"/>		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	11		
2nd TIN not <input type="checkbox"/>		13 Excess golden parachute payments	12		
		\$	\$		
16 State tax withheld		14 Gross proceeds paid to an attorney	17 State/Payer's state no.		
\$		\$	\$		
18 State income				\$	
\$				\$	

Form 1099-MISC Cat. No. 14425J www.irs.gov/form1099misc Department of the Treasury - Internal Revenue Service  
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

The most common is Form 1099-MISC, which can cover just about any kind of income. Consulting income, or non-employee compensation is a big category for 1099-MISC. In fact, apart from wages, *whatever* you were paid in 2015, is likely to be reported on a Form 1099. Companies big and small churn them out. If you're in business—even as a sole proprietor—you also may need to *issue* them.

Each Form 1099 is matched to your [Social Security number](#), so the IRS can easily spew out a tax bill if you fail to report one. In fact, you're almost guaranteed an audit or at least a tax notice if you fail to report a Form 1099. Even if an issuer has your *old address*, the information will be reported to the IRS (and your state tax authority) based on your Social Security number.

Make sure payers have your correct address so you get a copy. Update your address directly with payers, and put in a forwarding order at the U.S. Post Office. You'll want to see any forms the IRS sees. It's also a good idea to file an IRS change of address [Form 8822](#). The IRS explains why at [Topic 157 – Change of Address—How to Notify IRS](#).

Like Forms W-2, Forms 1099 are *supposed* to be mailed out by January 31st. You need a Form W-2 to file with your return, but do you really *need* a Form 1099? No. Unlike Forms W-2, you don't file Forms 1099 with your return. If you *don't* receive one you expect, don't ask for it. Just report the income. Reporting *extra* income that doesn't match a Form 1099 is not a problem. The IRS does not consider *that* a mismatch. Only the *reverse* is a problem.

If you call or write the payer asking for a Form 1099, the payer may issue it incorrectly. Alternatively, you may end up with two, one issued in the ordinary course (even if you never received it), and one issued because you *asked* for it. The IRS computer might end up thinking you had *twice* the income you really did.

One settling for this common mistake is a Form 1099 for your lawsuit recovery. If you settled a suit and received taxable money in 2015, report it if it is income. But don't ask for the Form 1099. Generally, everything is income, including money for settling a lawsuit. One of the few exceptions is lawsuit recoveries for physical injuries. Damages for physical injuries are tax-free under [Section 104](#) of the tax code.

Yet only physical injuries and physical sickness qualify. Damages for emotional distress are taxed, unless the emotional distress emanated from physical injuries or physical sickness, in which case it's tax-free. That's just one of [10 things to know about taxes on legal settlements](#).

Although most Forms 1099 arrive in January or early February, some companies issue the forms throughout the year at the time they issue checks. Whenever the Forms 1099 arrive, don't ignore them. Each form includes your Social Security number. If you don't include the reported item on your tax return, bells go off.

Finally, there is one possible exception to my suggestion not to ask about Forms 1099. The IRS suggests that if you don't receive a Form 1099-R, you should ask. Good luck this 1099 season!

*For alerts to tax articles, email me at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This article is not legal advice.*