



## Robert W. Wood THE TAX LAWYER

TAXES 1/22/2016

# What To Do If Form 1099 Reports More To IRS Than You Received

Have you ever had to deal with unscrambling an incorrect IRS Form 1099 that sticks you with too much income? If so, you may already know that [IRS Form 1099 is the most important tax form](#) there is. Sure, there are many tax forms, and there are many Forms 1099. So how can one form be so important? And how harmful could a little Form 1099 be anyhow?

They are small, look innocent, and there are *so many* of them! That might lull you into thinking they don't count. But be careful. During [Form 1099](#) season, companies big and small churn them out. When in doubt, many companies issue the form. That way they won't get penalized by the IRS. And once the form is issued, it becomes your problem. The IRS gets a copy of every one.

9595		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED			
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	2 Royalties \$	3 Other income \$	4 Federal income tax withheld \$
PAYER'S federal identification number	RECIPIENT'S identification number	5 Fishing boat proceeds \$	6 Medical and health care payments \$	7 Nonemployee compensation \$	8 Substitute payments in lieu of dividends or interest \$
RECIPIENT'S name		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds \$	11	12
Street address (including apt. no.)		13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$	15a Section 409A deferrals \$	15b Section 409A income \$
City or town, state or province, country, and ZIP or foreign postal code		16 State tax withheld \$	17 State/Payer's state no.	18 State income \$	
Account number (see instructions)	FATCA filing requirement <input type="checkbox"/>	2nd TIN not <input type="checkbox"/>			

**2015**  
**Miscellaneous Income**  
**Form 1099-MISC**  
**Copy A**  
**For Internal Revenue Service Center**  
**File with Form 1096.**  
**For Privacy Act and Paperwork Reduction Act Notice, see the 2015 General Instructions for Certain Information Returns.**

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**

Each Form 1099 is matched to your [Social Security number](#), so you're almost guaranteed an audit if you fail to report one. The normal deadline for mailing Forms 1099 to taxpayers is January 31. Then, the payer has until the end of

February to send copies of all Forms 1099 to the IRS. Some payers send forms to taxpayers and the IRS simultaneously, but most take advantage of the 30 day delay.

Don't just put arriving Forms 1099 in a pile. Open them *immediately* to check for errors. Open the envelope and check the form. Say you get a Form 1099-MISC on January 31 reporting \$8,000 of consulting pay, but you know you received only \$800? Inform the payer immediately in writing and by phone. There may be time for the payer to correct it *before* sending it to the IRS.

That's better for you. If the payer has not sent in the Forms 1099, ask the payer to destroy the incorrect form. Also ask the payer to confirm to you in writing that the erroneous form was destroyed. Keep copies.

If the payer has already sent an incorrect form to the IRS, ask the payer to send a corrected form. There's a box on Form 1099 that needs to be checked to show it is correcting a prior 1099. (That way the IRS doesn't add the amounts together.)

Keep the forms in a safe place. You'll need them if you do your own return. If you have a paid preparer, you should give your preparer copies of each Form 1099. What if you don't receive a Form 1099 you expect? I wouldn't request it. If you are *expecting* a Form 1099, you know about the income and the amount. Just report it on your [tax return](#).

If you call or write and ask for a Form 1099, the payer may issue the Form 1099 incorrectly. Or, you could end up with two, one issued originally (even if it never got to you), and one issued because you inquired. The IRS computer may think you had twice the income you did.

Besides, you don't need the form. Reporting *more* income doesn't trigger a mismatch on IRS computers. In contrast, if you *fail* to report something on your return that is reported on a Form 1099, that *is* a mismatch. What about other Forms 1099 you think are wrong?

You may agree that you received the payment, but you may disagree that it is income (say, a physical injury lawsuit recovery). You may say money is capital gain not ordinary income. It might even be recovery of basis and not income at all. In any such case, you may need professional help. You need to explain, but not to *over-explain*.

And be patient. A Form 1099 may come as late as March or April, even though it is *supposed* to be mailed to you by January 31. You don't want to spend money fighting tax bills that you might have avoided entirely by more careful reporting. So whether the Forms 1099 you receive are right or wrong, don't ignore them.

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