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THE TAX LAWYER

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Watch Your Mail For 1099s

One tax item **everyone** pays attention to is the [Form W-2](#) they'll receive this month. It reports how much employees were paid in 2011 and how much tax was taken out. You must include a copy with your tax return when you file.

OMB No. 1545-0115	
2011	
Form 1099-MISC	
4 Federal income tax withheld	Copy A For Internal Revenue Service Center
\$	
6 Medical and health care payments	
1099online.com	

But it's surprising how many people don't appreciate that Forms 1099 are **equally** important. Maybe more. You don't file them with your return, but the IRS gets a copy of every one. And IRS computers are whirring to match each dollar with your Social Security Number.

It's time for them to arrive, and you should keep a keen eye on every one so your tax return is accurate. Every year the IRS sends millions of tax notices based on matching 1099s asking for more money. Every other notice or audit activity is tiny by comparison.

In general, businesses issue 1099s if they pay \$600 or more during the year. Although there are many 1099 varieties and many special rules, [Form 1099-MISC](#) is most common. Businesses send out Forms 1099 to payees by January 31 for the prior year. They then have until the end of February to send copies of all those 1099s to the IRS.

This time delay means you may have a chance to correct any errors **before** the payer sends it to the IRS, so open the forms immediately.

Tell the issuer if there's a mistake. If you receive a 1099 don't ignore it because the IRS won't.

Keeping payers advised of your current address is a good idea so you'll know what the IRS is receiving. However, if you **don't** receive a Form 1099 you expect, don't ask for it. If you are expecting a Form 1099, you know about the income. Just report it honestly on your tax return. The IRS computers have no problem with that.

Besides, if you call or write the payer and ask, "Where is my 1099?" the payer may issue the form incorrectly. Or you may end up with two of them, one issued in the ordinary course (even if you never received your copy) and a second because you asked! The IRS computer might end up thinking you had twice the income you did.

Forms 1099 are a vital part of IRS computer matching. Nearly all of us receive payments reported in this way. Take these forms seriously. The IRS is watching.

For more about Forms 1099, see:

[Care With Forms 1099 Helps Audit-Proof Tax Returns](#)

[The Truth About IRS Forms 1099](#)

[Ten Things You Should Know About 1099s](#)

[Got IRS Forms 1099? More Soon](#)

[IRS Form 1099 Wars](#)

[I'm Sending An IRS 1099: 1099 Are You Outta Your Mind?](#)

[Adjust Recordkeeping Before Form 1099 Onslaught](#)

[Let There Be Forms 1099](#)

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