

## Common 1099 Questions and Answers

1. Who should receive a 1099-MISC?

*Basically, any individual, sole proprietorship, or partnership who provided a service and is not an employee.*

2. Do corporations receive a 1099-MISC?

*No, unless the corporation is providing medical services or legal services.*

3. Are individuals who receive a grant issued a 1099-G?

*A. If it is a federal grant it should state in the legislation if the grant is taxable.*

*B. If it is a state grant each payment will have to be researched.*

4. Are reimbursements for travel reportable?

*If the taxpayer accounts for his expenses on a one for one or per diem basis, they are not taxable.*

5. Are day care centers reportable?

*Yes, unless the day care center is a corporation or federally tax-exempt. See question # 10.*

6. Are payments made for copies of medical records reportable?

*No, but if they are included in the payments for services it is up to the department's discretion whether or not to separate these payments. Also, see question # 16.*

7. Are scholarships and fellowship payments reportable on a 1099-MISC?

*No, if these payments are reportable they are reported on a W-2.*

8. Are medical travel payments reportable?

*Yes, if they are in the business of public transportation or if they are reimbursed for more than one person during a single trip.*



9. Are pharmacy payments reportable on a 1099-MISC?

*It depends. If the payments are only for prescriptions (goods), the payments are not reportable. If the payments include service fees, the payments are reportable.*

10. Are not-for-profit entities reportable?

*If the entity is a tax-exempt organization it is not reportable.*

*If the entity is NOT a tax-exempt organization it is reportable.*

11. Are foster care payments reportable?

*No, if not more than 10 children under age 19 and not more than 5 individuals age 19 and older.*

*Amounts paid for more than 10 children or more than 5 other individuals are reportable.*

12. If the state is required by the court to pay a lawyer, is the state required to send the lawyer a 1099-MISC?

*Yes.*

13. Are veterinarian payments reportable on a 1099-MISC?

*Yes, but it is not considered a medical payment. It would be reportable as non-employee compensation.*

14. If you make medical payments for eyeglasses are they reportable?

*No, although the examination fee is reportable. Also, see question # 16.*

15. What type of rent is reportable on a 1099-MISC?

*Amounts paid for all types of rents, for example leased space, machine rentals, or office equipment rentals, are reportable as rents.*



16. Do we distinguish between taxable and nontaxable payments to a single entity for a single event?

*These payments are being reported as a lump sum or they can be separated at the agency's discretion.*

*FOR EXAMPLE: An individual is paid for a presentation and for travel. A 1099 can be reported for all or just the amount representing the presentation.*

*FOR EXAMPLE: A mechanic replaces a starter. The 1099 can reflect the total cost of the repair or just the installation charge.*

17. If a vendor payment is split for items such as garnishment or bankruptcy, who is the 1099 sent to and for what amount?

*The 1099 is sent to the vendor for the entire amount.*

18. Are membership dues to associations reportable?

*No.*

19. Are subscriptions reportable?

*No.*

