



## 1099-MISC Reporting

By January 31, 2012 your company must file 2011 Form 1099-Misc for each person (individuals) to whom you have paid at least \$600 in the course of your business in 2011. Exceptions apply for wages paid to employees, and payments paid to corporations and partnerships

You will need the name, address, social security number as well as the amount paid to vendors that meet the 1099 Reporting requirements. We recommend that these vendors fill out and sign IRS Form W-9. This Form can be found on the IRS webpage at [www.irs.gov](http://www.irs.gov).

### **Special rules for payments paid to Attorneys or law firms.**

Attorney's fees of \$600 or more are reportable on Form 1099-MISC. The exemption from reporting payments made to corporations and partnerships does not apply to payments for legal services.

### **New 2009 law for Construction Contractors and trades regarding mandatory Minnesota Income Tax withhold for subcontractors.**

Beginning January 1, 2009, a construction contractor who makes payments to an individual construction contractor carrying on a trade or business as a sole proprietorship must deduct and withhold 2 percent (.02) of the payment(s) as Minnesota income tax withholding. Payments are subject to 2 percent withholding only if the work was performed in the state of Minnesota and the total payments during the year exceed \$600.

An individual construction contractor (payee) is any **individual carrying on a trade or business** in the construction related trades as a sole proprietorship. A single member Limited Liability Company (LLC) is not a sole proprietorship for purpose of this law.

Please feel free to contact us with any questions regarding 1099 reporting. We are here to help you!