

Form 1099-MISC:

Reporting Payments to Independent Contractors



Are you aware that school districts may have a Form 1099-MISC, Miscellaneous Income filing requirement? If a payee is not your employee, you are not liable for filing Form W-2 with respect to that payee. However, you may be required to file Form 1099-MISC, Miscellaneous Income for amounts you pay in nonemployee compensation and rent.

What types of payments require school districts to issue Form 1099-MISC?

You must issue [Form 1099-MISC](#) for each person to whom you have paid, in the course of government business, at least \$600 as compensation for **services**. Services could include, but not limited to, payments for advertising, auto repair, construction, maintenance, landscapers, consultants, referees, printing and accountants. The form is also required to report rents, prizes and awards, medical and health care payments, crop insurance proceeds, and attorney fees or gross proceeds to an attorney.

You should secure a taxpayer identification number from recipients prior to making any reportable payments. You can use [Form W-9, Request for Taxpayer Identification Number and Certification](#), for this purpose.

Even if you are an exempt recipient as a government or tax-exempt organization, you are subject to the filing requirements.

Which payees should I issue Form 1099-MISC?

You are required to report payments to individuals, partnerships, LLC's, estates, trusts, and legal and medical service providers.

Are some payees exempt from the reporting requirements?

State and local governments are not required to issue Form 1099-MISC for payments to:

- Tax-exempt organizations and government entities
- Vendors for merchandise, freight, storage, telephone, and similar items
- Corporations (other than attorney fees, medical and health care payments)
- Real estate agents for rent
- Recipients of scholarships

When is Form 1099–MISC due?

Make the recipient copy available by January 31 after the year the payment is for. You must send copies to the IRS by February 28. However, if you file electronically, the due date is March 31. Penalties apply for late filing. See the [Instructions for Forms 1099, 1098, 5498, and W–2G](#) for full information on filing requirements and deadlines.

What if Form 1099–MISC is not issued or is not correct?

You may be subject to penalties for failure to file information returns, or to furnish them to the recipients. Government entities are not exempt from these penalties. In addition, if you fail to obtain a correct taxpayer identification number from the recipient, you may also be subject to backup withholding requirements, which will require you to withhold 28% from future payments. If you fail to backup withhold when required, you may be liable for the tax. See the **Instructions for Forms 1099, 1098, 5498, and W–2G** for more information.

Under what circumstances do I issue Form 1099–MISC to an employee?

All taxable compensation, benefits, reimbursements, etc., paid to an employee for services performed as an employee must be reported on Form W–2. Only payment for services performed as an independent contractor that are separate and distinguishable from those performed as an employee are to be reported on Form 1099–MISC as services performed by an independent contractor.

For more information, see [Instructions for 1099–MISC](#).
at www.irs.gov or contact FSLG Specialists:
Gary Decker or Allison Jones at 316–352–7412.

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