1099-MISC worksheet for small businesses

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This worksheet is intended to help small businesses determine whether IRS Form 1099-MISC needs to be filed for their vendors. It should be completed as soon as possible in January after the end of the year. The worksheet addresses only the most common types of payments made by small businesses and omit some of the rules that affect few businesses.

Step 1) List all vendors that you paid more than $600.

Step 2) Consider whether any of the exemptions apply and mark each exemption for future reference.

Step 3) If no exemptions apply, then a 1099-MISC is needed. Normally this is done through your accounting system but if you don't have an accounting program and presuming that you have not pre-ordered the necessary forms from IRS, then the next best option is to send the list of vendors to an accountant or tax preparer who can electronically file the forms.

Step 4) Save this worksheet with your accounting records. In the event that a penalty is assessed, it may be important to prove to the IRS that failure to file a Form 1099-MISC was simply an error or oversight and not due to intentional neglect.

Vendor	**Amount Paid**	**Exempt as less than $5000 for resale merchandise**	**Exempt as a payment to a corporation (except lawyers)**	**Exempt as a payment made by credit card**	**Exempt as rent paid to a real estate agent**	**Exempt as a payment for a personal expense**	**Exempt as payments to an employee**	**Exempt as payments to a tax-exempt entity**	**NEEDS 1099-MISC**
Sample corp	*700*		*X*						