

## NEW CHANGES TO FORMS W-2 AND 1099-MISC DEADLINES AND PENALTIES

Effective for the 2016 tax filing year, the due date and the penalties regarding filing of Forms W-2 and 1099-MISC have been changed. Please take note of these changes as the penalties for noncompliance has increased from previous years. If you have any questions, please call [541-673-4423](tel:541-673-4423) or email us at [office@wicksemmett.com](mailto:office@wicksemmett.com).

1. New filing date: Forms W-2 and 1099-MISC for 2016 need to be filed with the IRS and the recipient (payee), on or before January 31, 2017. \*Please note, the IRS deadline is one to two months earlier than previous years.
2. This new deadline applies to the Form 1099-MISC when you are reporting non-employee compensation payments in Box 7. Otherwise, file with the IRS by paper by February 28, 2017, or March 31, 2017 if filing electronically.
3. Failure to file penalties: The penalty due to intentional disregard of the requirements to furnish a correct payee statement has increased. The revised penalty is at least \$530 per payee statement with no maximum penalty.
4. Increase in late filing penalties: Penalties regarding information returns (e.g. form 1099) filed after December 31, 2016 are revised as follows.
  - \* \$50 per information return if you correctly file within 30 days; maximum penalty \$532,000 per year (\$186,000 for small businesses)
  - \* \$100 per information return if you correctly file more than 30 days after the due date, but by August 1; maximum penalty \$1,596,000 per year (\$532,000 for small businesses)
  - \* \$260 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$3,193,000 per year (\$1,064,000 for small businesses)

If during the calendar year your business made payments of the following types, you are most likely required to file an information return (Forms 1099) to the IRS by January 31, 2017.

**You may generally need to file if you made payments made for (not all inclusive):**

- \* Services performed by independent contractors or others not incorporated (1099-MISC) (see \$600 threshold exception below).
- \* Rent (1099-MISC)
- \* Payments of \$600 or more paid to an attorney (1099-MISC)
- \* Interest on a business debt to someone (1099-INT)
- \* Dividends or other distributions to a C – Corporation shareholder (1099-DIV)
- \* Crewmembers of your fishing boat (1099-MISC)
- \* Prizes and awards and certain other payments (1099-MISC)
- \* Backup withholding or federal income tax withheld (1099-MISC)

**You are not required to file information return(s) if any of the following situations apply:**

1. You are not engaged in a trade or business.
2. You are engaged in a trade or business and
  - \* the payment was made to another business that is incorporated, or

- \* the sum of all payments made to the person or unincorporated business is less than \$600 in one tax year (unless the recipient is an attorney or law firm).

We will only prepare these forms at **your request**. If you are not sure if you need to file Form 1099, or have any questions in regards to the new changes, please contact our office.

Thank you,

Wicks Emmett LLP