



McDONALD JACOBS

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**INFORMATION RETURNS**  
**Federal and Oregon Filing Requirements**

**Form 1099**

Information returns are due on a calendar year basis for certain payments made in the course of a trade or business. Reporting is required for payments to recipients who are individuals, fiduciaries, partnerships and limited liability companies (LLC). If a recipient is a corporation (including an S-Corp), no information return is required unless the payment is for attorney's fees or to a physicians' corporation or other corporate provider of health care services.

The Internal Revenue Service requires that you include your telephone number on the Forms 1099 so that a recipient can contact you directly with questions. The telephone number should be included in the same box as the taxpayer's name and address.

Please note, if you are required to file 250 or more information returns, you must file on magnetic media. If this rule applies to you, please contact us if you would like assistance or additional information on filing dates, etc.

All information returns must be filed with the Internal Revenue Service on or before March 1, 2012. Generally, you must furnish Forms 1099 by February 1, 2012. Forms 1099-B, 1099-S, and 1099-MISC (only if you are reporting payments in boxes 8 or 14) must be furnished by February 15, 2012. Penalties of up to \$100 per return may be assessed for noncompliance.

The most commonly used 1099 forms are listed below:

- 1099-MISC**      Royalty payments of \$10 or more
- Rent payments of \$600 or more
- Prizes or awards, for which services were not rendered, of \$600 or more
- Non-employee compensation to independent contractors, commissions, professional fees, director's fees, and other payments for services of \$600 or more (Services include the payment for parts and materials used to render the service, unless the provider of the service is in the business of selling parts and materials.)
- Payments to physicians, or other providers of health and medical services of \$600 or more (including corporations)

*Strength in Numbers*

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	Payments to attorneys (of \$600 or more) for services or to report gross proceed in settlement (all amounts)
<b>1099-DIV</b>	Dividends of \$10 or more  Liquidating distributions of \$600 or more
<b>1099-INT</b>	Interest payments of \$10 or more
<b>1099-R</b>	Distributions of \$10 or more from retirement or profit sharing plans, IRAs, SEPs or insurance contracts

**The State of Oregon does not require Forms 1099 to be filed with the Oregon Department of Revenue unless the 1099 is sent to a non-Oregon resident who earned the income in Oregon and, therefore, would be required to file a non-resident Oregon income tax return.** For example, the State would not require a 1099 for rent paid on Oregon property to an Oregon resident but would require the 1099 for rent paid on Oregon property to a Washington resident.

#### **Form 1098-C (Charities)**

Beginning in 2005 new rules apply to the donation of used motor vehicles, including boats and planes. With limited exceptions, the deduction is limited to the sales proceeds the charity (donee) receives for the used motor vehicle. A deduction greater than \$500 is not allowed without a Form 1098-C from the charitable organization. The charitable organization is required to file Form 1098-C with the IRS by March 1, 2012 and is required to send Form 1098-C to the donor no later than either 30 days after the date of sale or 30 days after the date of contribution, depending on the circumstances.

#### **Form W-2**

Under certain circumstances employee benefits are considered compensation to your employees. The following is a list of common employee benefits that should be reported on an employee's Form W-2:

- Expense reimbursements or automobile allowances which do not require substantiation by the employee
- Cost of group-term life insurance coverage over \$50,000
- Personal use of automobile if the employer pays all expenses and the employee does not reimburse the employer

Please contact us if you need additional information regarding personal use of automobile, or assistance in computing the salary inclusion amount.

- Personal portion of club dues and all non-employee spousal travel if the employer pays the expenses and the employee does not reimburse the employer

The employee benefits listed above are subject to social security, Medicare and income tax withholdings.

Other employee benefits are included in an employee's income for social security and Medicare tax purposes, but are not included in the employee's taxable wages. Some of these benefits are:

- Salary reduction contributions to a retirement plan including 401(k), SIMPLE and SEP IRA plans
- Adoption benefits

**The State of Oregon does not require W-2's and 1099R's to be sent with the Oregon Annual Withholding Reconciliation Report (Form WR). However, the Department may request these forms to reconcile an employer's account.**

The above list is not meant to be all-inclusive. If you have questions about the reporting requirements for either Form 1099 or Form W-2, or if we may assist you in their preparation, please call.

McDonald Jacobs, P.C.