

FORM 1099 FILING REQUIREMENTS FOR TAX YEAR 2014

WHO MUST FILE

Certain payments made in your trade or business may require you to file Form 1099 to report this information to the IRS. Individuals, sole proprietors, partnerships, corporations, LLCs, nonprofit organizations, farmers, and rental property owners may be required to file Form 1099 when certain types of payments exceed specific dollar limitations to noncorporate payees.

EXAMPLES OF TYPES OF REPORTABLE PAYMENTS

Report only those payments you make in the course of a trade or business. Reporting is **required** if payment during the calendar year is \$600 or more unless otherwise noted.

- Professional service fees, such as fees to attorneys (including corporations), accountants, architects, contractors, and engineers
- Services performed for a trade or business by people not treated as employees, such as subcontractors or directors
- Non-employee services of any type, including taxable fringe benefits
- Commissions
- Services for building or equipment maintenance repair such as painting or lawn care
- Veterinarian fees
- Prizes and awards
- Feed mixing and machine hire
- Fees paid by one professional to another, such as fee-splitting or referral fees
- Royalty payments of \$10 or more
- Interest or dividends of \$10 or more
- Nominee reporting to others if an entire amount is reported to you and either you or your spouse is not the sole owner
- Dividend distribution as part of a corporate liquidation
- Reimbursement of overpaid mortgage interest
- Transactions for the sale or exchange of real estate
- Direct sales of greater than \$5,000 of consumer products to a buyer for resale anywhere other than a permanent retail establishment
- Rents paid for use of real estate, land, or equipment other than payments to real estate agents

BACKUP WITHHOLDING

Certain payments may be subject to backup withholding at a 28% rate. The backup withholding will apply if:

- The payee fails to furnish their taxpayer identification number to you, or
- The IRS notifies you to impose backup withholding because the payee furnished an incorrect taxpayer identification number.

Report backup withholding and withholding from pensions, annuities, or any IRA on Form 945, Annual Return of Withheld Federal Income Tax, by February 2, 2015.

Note: You must request the taxpayer's name, address, and tax identification number before payment is made for services in order to avoid backup withholding and penalties. The consequence for not obtaining all the necessary information is that you will have to pay the penalties and the backup withholding to the IRS. Use Form W-9 to request this information from the taxpayer.

ELECTRONIC REPORTING

If you are required to file 250 or more information returns of the same type, you must file those electronically.

PENNSYLVANIA'S 1099-MISC FILING REQUIREMENTS

Under Act 85 of 2012, entities paying nonemployee compensation for Pennsylvania-based work or Pennsylvania-source oil/gas lease payments are required to submit copies of federal forms 1099-MISC to PA Department of Revenue. 1099-MISC forms are required for payments to resident and nonresident individuals, entities treated as partnerships for tax purposes or single-member limited liability companies from any entity required to provide form 1099-MISC to the federal government with respect to the payments. The forms are due to the Department the same time they are due to the Internal Revenue Service.

If the entity issuing the 1099-MISC has a PA employer withholding account and 250 or more 1099-MISC forms, they must be filed through e-TIDES. If the entity issuing the 1099-MISC has a PA employer withholding account and has less than 250 1099-MISC forms, they should be filed electronically through e-TIDES, but you do have the option to submit the paper form. If the entity issuing the 1099-MISC does not have a PA employer withholding account, the forms must be submitted in paper format. Paper forms should be mailed to:

PA Department of Revenue
P.O. Box 280412
Harrisburg, PA 17128-0412

DUE DATES

The due date to a recipient of any Form 1099 is February 2, 2015. The due date to the IRS is March 2, 2015, if paper filed. You may request a 30-day extension of time to file by submitting Form 8809. Penalties for late filing can be quite substantial.

1099 WORKSHEETS

If you would like RKL to prepare your 1099's, use the enclosed worksheet to provide all the necessary information. Carefully check all taxpayer identification numbers. Sole proprietors and single member LLCs must use their individual name on the first line. A business name may be entered on the second line. In order to ensure timely preparation, return to worksheet to us no later than January 15, 2015

GUIDE TO FORM 1099 FOR TAX YEAR 2014

| Form | Title | What to Report | Amounts to Report | Due Date | |
|-----------|---|--|---|--------------|---|
| | | | | To IRS | To Recipient (unless indicated otherwise) |
| 1099-A | Acquisition or Abandonment of Secured Property | Information about the acquisition or abandonment of property that is security for a debt for which you are the lender. | All amounts | February 28* | January 31 (To Borrower) |
| 1099-B | Proceeds From Broker and Barter Exchange Transactions | Sales or redemptions of securities, future transactions, commodities, and barter exchange transactions. | All amounts | February 28* | February 15** |
| 1099-DIV | Dividends and Distributions | Distributions, such as dividends, capital gain distributions, or nontaxable distributions, that were paid on stock and liquidation distributions. | \$10 or more, except \$600 or more for liquidations | February 28* | January 31** |
| 1099-INT | Interest Income | Interest income. | \$10 or more (\$600 or more in some cases) | February 28* | January 31** |
| 1099-MISC | Miscellaneous Income (Also, use this form to report direct sales of \$5,000 or more of consumer goods for resale.) | Rent or royalty payments; prizes and awards that are not for services, such as winnings on TV or radio shows. | \$600 or more, except \$10 or more for royalties | February 28* | January 31** |
| | | Payments to crew members by owners or operators of fishing boats including payments of proceeds from sale of catch. | All amounts | | |
| | | Payments to a physician, physicians' corporation, or other supplier of health and medical services. Issued mainly by medical assistance programs or health and accident insurance plans. | \$600 or more | | |
| | | Payments for services performed for a trade or business by people not treated as its employees. Examples: fees to subcontractors or directors and golden parachute payments. | \$600 or more | | |
| | | Fish purchases paid in cash for resale. | \$600 or more | | |
| | | Section 409A income from nonqualified deferred compensation plans (NQDCs). | All amounts | | |
| | | Crop insurance proceeds. | \$600 or more | | |
| | | Substitute dividend and tax-exempt interest payments reportable by brokers. | \$10 or more | | |
| | | Gross proceeds paid to attorneys. | \$600 or more | | February 15** |
| 1099-R | Distributions From Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc. | Distributions from retirement or profit-sharing plans, any IRA, insurance contracts, and IRA recharacterizations. | \$10 or more | February 28* | January 31 |
| 1099-S | Proceeds From Real Estate Transactions | Gross proceeds from the sale or exchange of real estate and certain royalty payments. | Generally, \$600 or more | February 28* | February 15 |
| 1099-SA | Distributions From an HSA, Archer MSA, or Medicare Advantage MSA | Distributions from an HSA, Archer MSA, or Medicare Advantage MSA. | All amounts | February 28* | January 31 |
| 3921 | Exercise of an Incentive Stock Option Under Section 422(b) | Transfer of an employer's stock to an employee pursuant to the exercise of an incentive stock option under section 422(b) | All amounts | February 28* | January 31 |
| 3922 | Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c) | Transfer(s) of stock acquired through an employee stock purchase plan under section 423(c) | All amounts | February 28* | January 31 |

* The due date is March 31, 2014 if filed electronically.

** The due date is March 15 for reporting by trustees and middlemen of WHFITs.

The above lists are examples of reportable payments. The absence of a payment from the above list does not indicate that the payment is not reportable.