

To: GCFP members who are responsible for the payment of **rent** or for **service and materials rendered** to the club/organization/committee/convention/school, council, symposia, etc.  
Please see details at end of this memo.

Subject: IRS ongoing requirement that 1099-misc forms and 1096 forms be filed annually (calendar year, not fiscal year).

From: Judy Rach, GCFP Board Member & Chair, Investment Committee

In the last few years the IRS has become increasingly concerned with the unreported income paid to non-employees by businesses and non-profit organizations alike. In fact, the tax returns for both specifically ask if any payments were made that would require you to file a 1099 form. If you answer no and you were required to do so the tax return would be filed incorrectly. In our situation, with the GCFP signing the tax return which covers all actions of the committees, conventions, schools, councils, etc. etc. this issue becomes even more important.

Therefore, the GCFP, the conventions, the committees, the schools, councils and symposia, etc. which, for example, contract and pay more than \$600. to a speaker or other person performing a service or to an individual or partnership for rent must prepare and submit 1099-misc. and 1096 forms.

**It is recommended that you inform a “non-employee” with which you contract to perform a service that he/she will be receiving a 1099 for services rendered.**

You must request the recipient’s Social Security Number or Employer Identification Number or Taxpayer Identification Number (one only). The IRS suggests that you use the Form W-9 to gather the required information. With this form completed, you will have the information with which to file the 1099 and 1096 forms.

I strongly suggest that you have the W-9 form completed BEFORE ANY payment be made to a recipient. To do otherwise will require you to contact the recipient and obtain the information after the fact.

The W-9 form link is provided below.

The form 1099-misc must be ordered from the IRS. The link is provided with the form facsimile

The form 1096 form must also be ordered at that same link.

In December if you will contact Judy Rach at [sgardencjudyrach@aol.com](mailto:sgardencjudyrach@aol.com) I will be happy to complete your first set of 1099-misc and 1096 forms with you.

We will need a copy of each W-9 and the amount you paid to each recipient and a brief note as to what services were provided (such as speaker, reimbursement for flowers and amount, reimbursement for mileage and amount, etc.)

*Note, if the recipient gives you the original receipts for the materials and does not report the cost of same as an expense on her tax return, you do not have to include the cost of materials in the 1099.*

*If she does not give you the actual receipts, you must include the cost of materials as part of the payment reported on the 1099. She then may use the expense on her tax return to offset the income on the 1099.*

Note: If the speaker or other person performing a service has her business as a corporation you are exempt from completing the 1099 for that individual.

Note: A 1099 is required for an individual only if the total payment for the year is \$600 or more. This means that if “GCFP Flower Show School” pays an individual \$400 and the “Landscape Design School” pays the same individual \$300. that person must receive a 1099-misc for \$700.

Note: A 1099 is required for payments for legal services of \$600 or more even if the provider is a corporation.

Note: Rent paid to an individual or partnership or LLC in excess of \$600 must be reported on a 1099. Corporate recipients are exempt.

Note: Reimbursement for materials, flowers, mileage, etc must be **included** in the 1099 reporting UNLESS the recipient turns over the receipts for such expenses and does not use the expense to offset income on her tax return. In this instance your records would show an expense for example for speaker fees and a separate expense for flowers, mileage, etc. If the recipient does not present the receipts the amount of reimbursement is to be included in the 1099 report.

IRS Publication : General Instructions for 1099-misc link:

<http://www.irs.gov/pub/irs-pdf/i1099misc.pdf>

IRS Form **W-9**: link to IRS website for form

<http://www.irs.gov/pub/irs-pdf/fw9.pdf>