



Tax Year 2025

2025 1099 Forms

In our efforts to prepare for this upcoming tax season we would like to send out a friendly reminder on 1099 filing requirements and information gathering.

To streamline the preparation of information returns, we use software that allows us to complete them more efficiently. This allows us to better meet IRS best practices, while ensuring the most accurate filings on your behalf. These best practices include filing forms without a TIN for vendors who have failed to supply Form W9 or the required information for forms 1099 preparation. The IRS has increased funds allocated to departments focusing on taxpayer compliance in this area. Penalties are noted later in this document.

Please review the following information and use the additional documents referenced to ascertain all necessary information.

Processing 1099s

The most efficient way for us to process your information is for you to provide a list of vendors with name, address, EIN/SSN, amount, and type of payments made. Please use the *1099 Reporting* spreadsheet to do so. **We do not accept information in any other format.** Additional fees will apply if information is supplied outside of the requested format.

The *1099 Reporting* spreadsheet is set-up for easy use. It identifies required fields in red and includes notes identifying what specific information should be entered in each field. Simply input your information in the required Payer fields and each vendor's information, including the total payments made in 2025, in the Recipient fields. *Note* - Non-Employee Compensation is the most common type of payment.

If we have prepared your 1099s in previous years and you would like us to continue preparing your 1099s, it is still important that you confirm that all vendor information is current and correct. If vendors are missing from the *1099 Reporting* spreadsheet, forms will not be filed for them.

Please note the following:

- If an EIN/SSN is not present we will file the 1099 for that business/individual, as that is the best practice advised by the IRS. Note - this will likely generate a notice and related penalties/interest.
- If an individual's SSN is used, the individual's legal name (not business name) must be indicated.
- If a business's EIN is used, the business's name (not the individual's name) must be indicated.

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- We will utilize the IRS's TIN Matching service to ensure we are filing forms using the correct name/TIN combination.

Cost

We charge for 1099 preparation based on form type and the number of forms filed.

- Processing – fees will be charge on a flat fee basis for each type of 1096 filed and number of 1099s required
 - \$280 per each 1096 and first 1099
 - Separate 1096s are required for each type of 1099 being filed (i.e. – 1099-MISC, 1099-NEC, 1099-INT, etc.)
 - \$35 per each additional 1099 processed

All the necessary information should be supplied to us in the proper formatting no later than **January 16, 2026** to allow for adequate time to prepare the required forms. If information is received after January 23, 2026, additional processing fees will be charged and we cannot guarantee timely filing if information is received after this date. Fees will increase to the following:

- \$340 for each 1096 and first 1099
- \$45 per each additional 1099 processed

1099 Requirements - Basics

- 1099s are due to the recipient by February 2, 2026.
- Form 1099-NEC that reports non-employee compensation is required to be filed by February 2, 2026. All other 1099s are to be filed by March 2, 2026 (paper filing) or March 31, 2026 (electronically filing).
- All 1099s require the name, address, and EIN/SSN (also referred to as TIN – Taxpayer Identification Number) of the recipient. Use the enclosed *Form W-9* to get this information from your vendors if needed.
- Detailed filing requirements can be found on the IRS website but the most common types of payments requiring 1099s are listed below. 1099s are required if during the course of business in 2025 you paid any individual or non-corporate entity (which could include LLCs or Partnerships):
 - \$600 or more of
 - rents (including equipment rental or rents paid to a related party)
 - services (Especially repairs, maintenance, cleaning, or contracted labor)
 - attorney's fees (even if to a corporation)
 - payments of other income not reported on a W-2 (non-employee compensation)
 - Interest, dividends or royalties of \$10 or more
- One vendor may receive multiple types of payments. A 1099-MISC with Rents (Box 1) must be issued/filed separate from a 1099-MISC with any other box filled in.

- The IRS requires electronic filing if you file 10 or more information returns. This includes Forms W-2 e-filed with the Social Security Administration. See the IRS e-file link at the end of this letter for more details.
- The state of Oregon requires all 1099s be filed electronically via iWire. A specifically formatted file (typically software generated), ODR supplied spreadsheet or manual entry is required for uploading. See the iWire link at the end of this letter for more detail.
- The state of Arizona generally requires you to file most Forms 1099 with the state only if you withheld Arizona income tax. You should still issue recipient copies if you have payments that meet the noted payment types and thresholds outlined above to meet federal guidelines.

1099 Penalties - IRS

If you fail to file a correct information return by the due date and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies:

- If you fail to file timely,
- If you fail to include all information required to be shown on a return, or
- If you include incorrect information on a return.

The penalty also applies:

- If you file on paper when you were required to file electronically,
- If you report an incorrect TIN
- If you fail to report a TIN, or
- If you fail to file paper forms that are machine readable.

The amount of the penalty is based on when you file the correct information return and annual gross receipts. A business is considered large if average gross receipts over the last three years are \$5 million or more. They are considered small if their average gross receipts over the last three years are \$5 million or less. The penalty is as follows:

- \$60 per information return if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty \$683,000 per year (\$239,000 for small businesses).
- \$130 per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$2,049,000 per year (\$683,000 for small businesses).
- \$340 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$4,098,500 per year (\$1,366,000 for small businesses).

If **intentional disregard** is determined the penalty increases to \$680 per return and there is no limitation on the penalty amount. This applies to both large and small businesses. The IRS identifies intentional disregard as the filer knowingly or willfully failing to comply with the filing requirements of the 1099s.

1099 Penalties - Oregon

The Oregon Department of Revenue may assess penalties of up to \$25,000 for the following:

- Not filing electronically,
- Filing incorrect or incomplete 1099s,

- False or misleading information, or
- Filing late.

1099 Penalties - Arizona

The Arizona Department of Revenue may assess a combined maximum penalty of 25% for late filing/ payments related to Forms 1099. Interest accrues on any late payments and penalties at the same rate as charged by the IRS, and cannot be waived

Backup Withholdings

Certain types of reportable payments (i.e. – interest, dividends, rents, non-employee compensation, etc.) may be subject to backup withholding at a rate of 24%. The most common situations in which this applies are:

- When a payee fails to furnish his or her TIN in the manner required,
- The IRS notifies the payer to impose backup withholding because a payee furnished an incorrect TIN,
- A notice from the IRS states the payee is subject to backup withholding due to notified payee underreporting, or
- The payee fails to certify that he or she is not subject to back-up withholding.

Please contact our office or Melissa Casciato (1099@anthem.cpa) if you have any questions, or if we have prepared them in the past and you will be doing your own this year.

Thank you,

Anthem Strategists

Resources: <https://www.irs.gov/instructions/i1099gi>
<https://www.oregon.gov/dor/programs/businesses/pages/iwire.aspx>
<https://www.irs.gov/filing/e-file-information-returns>