FREE

1099 CHECKLIST

FOR BUSINESS OWNERS

This checklist helps you figure out who needs a 1099, what forms to use, and when to file them.



INTRODUCTION

What Exactly Is a 1099 Form?

The 1099 form is not for employees.
It is a tax form used to report payments made to non-employees, typically freelancers, independent contractors, vendors, and other service providers.

If you hire freelancers, consultants, or independent contractors in your business, then this guide is for you.

Many small business owners unknowingly make costly errors when it comes to filing 1099s—either by misclassifying workers or by missing critical deadlines. As an HR consultant, I've seen how easily these issues can snowball into penalties, audits, or back taxes.

This short, practical guide will walk you through:

- Who gets a 1099
- What forms you need
- How to file them correctly
- And how to stay compliant year after year
-

Let's take the guesswork out of 1099s so you can focus on growing your business.

THE 3 TYPES OF 1099 FORMS:

1. Form 1099-NEC – Nonemployee Compensation
Use this when you pay independent contractors or freelancers $600 or more for services.
✓ Examples: designers, consultants, virtual assistants, trainers
You must issue a 1099-NEC to anyone you paid for services—unless they're a corporation.

2. Form 1099-MISC – Miscellaneous Income
Use this for other types of payments, like:
✓ Rent
✓ Royalties
✓ Prizes or awards
✓ Medical or legal fees
If you pay an attorney or rent a business space, you might need to file this.

3. Form 1099-K – Payment Card and Third-Party Network Transactions
This form is not filed by you, the business owner—it's filed by payment processors like:

- PayPal
- Stripe
- Venmo (for business accounts)
- Square
- Credit card companies

It shows total gross payments received through third-party platforms

STEP-BY-STEP:
1099 COMPLIANCE CHECKLIST

STEP 1: DETERMINE WHO NEEDS A 1099-NEC

- [ ] Did you pay an independent contractor $600 or more during the year?
- [ ] Was the payment for services, not goods or products?
  Is the contractor a sole proprietor or LLC (not a corporation)?
- [ ] Was the payment made via cash, check, or direct deposit (not PayPal or credit card)?

✓ If you answered YES to all, you likely need to file a 1099-NEC.

STEP 2: REQUEST A W-9 FORM

- [ ] Ask the contractor/vendor to complete a W-9 form
- [ ] Ensure the W-9 includes:
  - Full legal name
  - Business name (if any)
  - Address
  - Taxpayer Identification Number (TIN)
  - Business structure (individual, LLC, etc.)

✓ Tip: Keep these on file. It saves a lot of stress at year-end.

STEP 3: TRACK PAYMENTS ACCURATELY

- [ ] Use software (QuickBooks, Xero, etc.) or a spreadsheet
- [ ] Record:
  - Total amount paid per vendor
  - Payment method (bank transfer, check, etc.)
  - Description of the service

✓ Only include payments for services. Do not include reimbursed expenses or product purchases.

STEP 4: PREPARE AND FILE 1099S (BY JANUARY 31)

- [ ] File 1099-NEC or 1099-MISC with the IRS
- [ ] Send Copy B to the contractor/vendor
- [ ] E-file using IRS-approved software or work with a tax pro

DEADLINE: January 31 – To IRS and to the contractor/vendor

STEP 5: KEEP RECORDS IN CASE OF AUDIT

- [ ] Store all 1099s and W-9s for at least 4 years
- [ ] Keep proof of how/when the forms were sent



NEED HELP

WITH YOUR 1099s?

As an HR consultant, I help businesses stay compliant, save time, and avoid expensive IRS mistakes.

Let’s connect if you need help sorting out your 1099s or classifying your team correctly.

501-507-0770

info@rockregion.co

https://www.rockregion.co/

SCAN HERE TO BOOK YOUR FREE CALL