



# Tax IRW Ops Insights Quick Tips & Updates

KPMG Information Reporting & Withholding  
Tax Services



## Avoid Common Errors when Filing Forms Series 1099

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When planning for year-end reporting, necessary steps should be taken to ensure your forms series 1099 are correctly processed and filed timely. In the following, we would like to highlight some guidance to your attention to avoid common errors you may encounter while preparing the forms.

### Follow the guidance

The Internal Revenue Service (IRS) issued several new versions of Forms series 1099 and its corresponding instructions in the fourth quarter of 2021. Most of the newly published forms are rolled forward without substantive changes. However, we recommend you carefully read the information provided in the general Form 1099 instructions and the instructions applicable to the specific Form 1099 filed. The updated forms include Form 1099-DIV, Form 1099-H, Form 1099-K, Form 1099-MISC, Form 1099-NEC, and Form 1099-R.

All required fields should be completed and accurately presented when filling in the Forms 1099. The required recipient information includes the recipient's name, address, and U.S. Tax Identification Numbers (TIN). The filer needs to provide the filer's name, address, Employer Identification Number (EIN), payment amount, and a name and phone number for a contact person. In addition, the filer's name and TIN must match the name and TIN used on the form (which is required for Form 945), otherwise, the filer may be subject to information return penalties.

### Unexpected Forms series 1099

There are unexpected circumstances that may give rise to a Form 1099 filing requirement:

- U.S. Persons who receive payments through non-U.S. entities

When assembling Forms 1099 reporting, many withholding agents will initially treat any entity providing a Form W-8 as out of scope for Form 1099 reporting without considering the U.S. non-exempt recipients that passed up Forms W-9 through a chain of intermediaries or flow-through entities (i.e., attached to a Form W-8IMY). For example, a payment made to a non-U.S. intermediary or non-U.S. flow-through entity may not initially appear to be reportable if the payment is not FDAP income but may be in scope of Form 1099-B

reporting if it constitutes gross proceeds that is allocated to a U.S. non-exempt recipient. As a result, the actual scope of reportable payments may be larger than expected.

- Undocumented payees

In most cases, an undocumented individual or entity will be presumed to be a U.S. non-exempt recipient even if invalid or expired documentation is on file.

- Forms W-8IMY for which no allocation or underlying documentation is provided

Undocumented payees who receive payments through foreign intermediaries and foreign flow-through entities are typically presumed to be non-U.S. payees. Still, they may be presumed to be U.S. non-exempt recipients under chapter 61 claw-back rules (e.g., applying to short-term interest/OID) in certain instances.

## Reconcile prior to filing

A final tip to all filers is that when you finish preparing your Form 1099 reporting, we recommend that you reconcile the gross income and withholding amounts reported and ensure the information is consistent with the amounts reported on Form 945 (for electronic filers) and Form 1096 (for paper filers). If you are a paper filer, you should also reconcile the number of forms you are filing with the total number of forms reported on your Form 1096.

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