

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Year-end wage and information reporting has always been somewhat of a peculiar activity, in large part because it combines two compliance processes that, in terms of accounting, have nothing to do with each other. Wage reporting, aka W-2 filings, are a payroll matter, while 1099 filings are an accounts payable concern. They don't even get filed to the same federal and state agencies.

The unification of these activities is tied to their mutual filing deadlines of January 31 of each year, which is due to their connection to income tax reporting for the recipients of the forms. As seasoned tax and accounting professionals, you likely know the ins-and-outs of information reporting. But if your clients manage these processes themselves, how prepared are they for the major changes coming this filing season?

A provision in the recently enacted health care legislation may catch many small businesses, corporations and even nonprofit organizations off-guard, perhaps doubling or more the number of forms 1099 they have to issue. The new legislation changed the requirements that once only applied to entities doing business/paying out funds to non-incorporated entities, such as individuals, sole-proprietorships and LLCs. It's no longer that simple. Under the new legislation, every business that contracts/pays more than \$600 to any other business, even corporations, during the course of a year, must issue a 1099.

Spend more than \$600 at Costco or Sam's Club? You're required to issue a 1099. Spend more than \$600 through [Dell.com](#)? Ditto. For even very small businesses, this may end up being a headache. For larger ones, it may be overwhelming. There may be hope for relief, however, as there have been recent calls to either exempt small businesses from this added reporting requirement or to repeal that part of the legislation. Considering it's already October, it's time to make sure you and your

clients are prepared to handle their W-2 and 1099 reporting. *CFO Magazine* has a

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

them the benefit of a pay-as-you-go filing method to the IRS, SSA and state agencies.

Other features in the programs vary widely, from strong integration with a business' GL or payroll applications, to client management utilities and reporting, and even the option to outsource the printing and mailing functions, which can be burdensome on businesses filing hundreds or thousands of returns and sending them to recipients.

There is also the continuing requirement to file information returns electronically if the business has more than 250. If the law isn't changed, many more businesses will certainly be passing this threshold. All of the programs in this review offer electronic filing options.

If the law isn't changed, things will get tough for many small businesses come January, so now is the time to make sure your clients either have the tools to manage these processes or, if you provide year-end information reporting as a service, that your programs can handle the extra workload. Even if the law is changed, this could make for a good conversation with your clients.

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved