

What Small Businesses REALLY Need to Know When it Comes to W-2 and 1099 Forms

Written by Australian Business

GRAND RAPIDS, Mich., Jan. 22, 2014 /PRNewswire/ -- Annually, tax form filing season comes with a lot of headaches and stress, whether you do your own taxes or rely on outside help. Keeping track of all the necessary year-end forms can be not only confusing, but time-consuming.

Businesses are constantly evolving, which can change how they hire employees, conduct business or utilize outsourcing tasks that were traditionally handled in-house. Assuming your business has experienced one or all of these changes, you need to ask yourself, "Is there a form for that?"

To help alleviate the anxiety of simply crossing your fingers and hoping you have covered your bases, Greatland Corporation, a company that provides W-2 and 1099 forms and e-filing services to small and mid-size businesses, has compiled a list of the **most frequently used** forms to be sure you stay on top of all the paperwork.

According to the experts at Greatland, there are more than 20 year-end reporting forms a taxpayer could potentially receive but for brevity's sake (and your sanity), listed below are more common forms used by small businesses:

- A **W-2** is the form your employer will use to report your annual pay and withholding information. The deadline for employers to mail you this form from the previous tax year is January 31. You will receive four copies of this form to report federal, state and local income, and maintain a copy for your own records. It is suggested that taxpayers hold on to W-2 forms for a minimum of three years to ensure proper documentation if needed.

There are a variety of forms **1099** that account for other sources of income. Issuers must mail out these forms to recipients by January 31. However, 1099

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forms do not have to be issued to the IRS until February 28

, allowing businesses to catch potential mistakes and correct them. This is also true for W-2s, although they are issued to the Social Security Administration rather than the IRS. The most often used 1099 forms are listed below:

- A **1099-MISC** is the form used to report miscellaneous income, such as income earned as a contract or freelance worker, as well as fees, royalties, commissions and rental income. Payments for prizes, awards, attorney fees, and other non-employee reimbursements (mileage, automobile, etc.) may be reported on this form as well. If you used a contractor or freelance worker and paid them more than \$600 in 2013, your business must issue them a 1099-MISC form.

- Form **1099-DIV** is a statement that shows the dividends and capital gain distributions received by an account holder in the most recent tax year. It is sent by mutual fund companies to shareholders for tax return purposes.

- **1099-G** forms are used to report unemployment compensation, state and local income tax refunds, agricultural payments, and taxable grants.

- Form **1099-INT** is used to report interest income received from your bank or from other financial institutions or investment companies. Payers must fill out one of these forms to every party they paid interest to throughout the year. Alternately, form 1098 reports mortgage interest or mortgage insurance premiums paid, which can be used as deductions on an income tax form.

- Payment service providers, such as banks that handle credit card transactions and "third party payment processors" such as PayPal, Amazon, and eBay Inc., are required to submit **1099-K**

forms to the IRS for sellers with more than \$20,000

in annual sales and more than 200 transactions during the calendar year. Also, a Payment Settlement Entity will issue a 1099-K to the IRS for payment card sales, and there is no threshold. The recent reporting requirement was created as part of the Housing Assistance Tax Act of 2008 to increase compliance in reporting sales income by merchants.

For additional information about W-2s and 1099 forms along with a full list of year-end reporting forms, instructions and deadlines, visit www.greatland.com.

About Greatland Greatland (www.greatland.com) is the W-2 and 1099 specialist, focused on providing guidance, products, and solutions for small to mid-size businesses and accountants. Through Greatland's subsidiaries – Greatland, Nelco, FileTaxes.com and Broker Forms – the company offers an extensive array of specialized products for business:

[W-2 forms](#)

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