

2011 / 1099 Deadline Penalties

If you fail to file a correct 1099 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, you fail to include all information required to be shown on a 1099 return, or you include incorrect information on a return. The 1099 penalty also applies if you file on paper when you were required to file 1099s electronically, you report an incorrect TIN (Tax Identification Number) or fail to report a TIN, or you fail to file paper 1099 forms that are machine readable. The amount of the 1099 deadline penalty is based on when you file the correct information return. The penalty is:

\$15 per information return if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty \$75,000 per year (\$25,000 for small businesses).

\$30 per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$150,000 per year (\$50,000 for small businesses).

\$50 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$250,000 per year (\$100,000 for small businesses).

1099 Misc Send Copy B and Copy 2 of the 1099 Misc form to the recipient by January 31, 2012. The due date is extended to February 15, 2012, if you are reporting payments in boxes 8 or 14. File Copy A of the 1099 Misc Form with the IRS by February 28, 2012.

If you file electronically, the due date is April 2, 2012. To file electronically, you must have software that generates a file according to the specifications in Pub. 1220. If you are required to file electronically but fail to do so, and you do not have an approved waiver, you may be subject to a penalty of \$50 per return for failure to file electronically unless you establish reasonable cause.

1099 DIV Filing Deadline (1099-DIV Due Dates) for 2011 / 2012

Send Copy B of the 1099-DIV form to the recipient by January 31, 2012.

File Copy A of the 1099-DIV form with the IRS by February 28, 2012.

If you file 1099's electronically, the due date is April 2, 2012.

1099-INT Deadline (1099-INT Due Dates)

Send Copy B of the 1099 INT form to the recipient by January 31, 2012.

File Copy A of form 1099-INT with the IRS by February 28, 2012.

If you are required to file 1099 INT forms electronically, the due date is April 2, 2012.

1099-R Due Dates (1099-R Filing Deadline)

Send Copies 1, B and C of the 1099-R form to the recipient by January 31, 2012.

File Copy A of form 1099-R with the Internal Revenue Service by February 28, 2012.

If you are required to file 1099-R forms electronically, the due date is April 2, 2012.

If you do not file corrections and you do not meet any of the exceptions to the penalty described below, the penalty is \$50 per information return.

Small businesses – lower maximum penalties. You are a small business if your average gross receipts for the 3 most recent tax years (or for the period you were in existence, if shorter) ending before the calendar year in which the information returns were due are \$5 million or less.

Exceptions to the penalty. The following are exceptions to the failure to file penalty.

1. The penalty will not apply to any failure that you can show was due to reasonable cause and not to willful neglect. In general, you must be able to show that your failure was due to an event beyond your control or due to significant mitigating factors. You must also be able to show that you acted in a responsible manner and took steps to avoid the failure.
2. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission does not prevent or hinder the IRS from processing the return, from correlating the information required to be shown on the return with the information shown on the payee's tax return, or from otherwise putting the return to its intended use. Errors and omissions that are never inconsequential are those related to (a) a TIN, (b) a payee's surname, and (c) any money amount.
3. *De minimus* rule for corrections. Even though you cannot show reasonable cause, the penalty for failure to file correct information returns will not apply to certain number of returns if you:
 - a. Filed those information returns
 - b. Either failed to include all the information required on a return or included incorrect information, and
 - c. Failed corrections by August 1.

If you meet all the conditions in a, b, and c above, the penalty for filing incorrect returns (but not for filing late) will not apply to the greater of 10 information returns or $\frac{1}{2}$ of 1% of the total number of information returns you are required to file for the calendar year.