

One of the complexities of [managing a company](#) is dealing with various details when [filing your business tax return](#), such as tracking your deductible business expenses and filing necessary tax forms for any employees, vendors or contractors that have provided products or services to your business during the year. One of the most common tax forms that business owners need to file for their vendors and independent contractors and subcontractors is the 1099 form, commonly known as [Form 1099-MISC](#). But what if your contractors are incorporated as an LLC? Do LLCs get a 1099 during tax time?

What is Form 1099?

The 1099 is a form that business owners need to file with the IRS to make an official record of payments made to independent contractors (non-employees) during the tax year. In general, any time your business buys products, rent or services that total more than \$600 from a single individual or [Limited Liability Company \(LLC\)](#) during a calendar year, you need to file a 1099 form for that vendor or contractor. The 1099 works in the same way as a W-2 form for employees' wages — it gives the IRS proof of their income to be confirmed on the contractor/ vendor's tax return.

When do business owners need to file a 1099 for their contractors?

The 1099 form is generally intended to be filed for “persons” who provide goods or services to your company. If your contractors are sole proprietors who do not have a business entity set up for their business, you can file a 1099 form for them — they are filing taxes as individual people who do not have a business structure.

However, if your contractors are set up to do business as LLCs, it gets a bit more complicated. There is no simple answer to the question of “Does an LLC get 1099 forms?”. Not all LLCs are set up for the same tax treatment. Whether or not you have to file a 1099 for your LLC contractors depends on how their LLCs file their taxes — if they file taxes as a single-member LLC, they are considered a “disregarded entity” (with all the income simply passing through to the LLC owner's individual tax return), then the LLC can be considered a “person” for tax purposes and you should file a 1099 for them.

If your contractor is an LLC that files taxes as a corporation ([S Corporation](#) or [C Corporation](#)), they are treated as a corporation for tax purposes and this means that they generally do not have to receive a 1099.

How do you find out if your contractor's LLC gets a 1099?

If you're trying to figure out if your contractor's LLC gets a 1099 form or not, ask your contractors to fill out an IRS [Form W-9](#), “Request for Taxpayer Identification Number and Certification.” This is a standard step in getting ready for tax time. On this form, your contractors have to check a box showing how their business is set up for tax purposes: individual/sole proprietor, C Corporation, S Corporation, Partnership or LLC. If the contractor does business as an LLC, they must also check a box on the Form W-9 to show whether the LLC is taxed as a corporation or partnership. If the box is checked to show that the LLC is taxed as a corporation (C Corporation or S Corporation), then you do not have to file a 1099 for that contractor.

However, if the LLC is taxed as a partnership or is a single-member LLC (disregarded entity), the contractor needs to receive a 1099 form and you need to file a 1099 for this contractor.

The simple rule of thumb is: if the LLC files as a corporation, then no 1099 is required. But for all other contractors who are set up as LLCs (but not filing as corporations), your business will need to file 1099 forms for them.

What happens if I file a 1099 for a contractor's LLC that doesn't require one?

Sometimes contractors might check the wrong box on their Form W-9 or not file a W-9 in time; if you have any doubt as to whether or not your contractors should get a 1099, it's often best to just go ahead and file the 1099 forms for them. Even if it turns out that your contractors do not require the 1099, you will not be penalized for filing these "extra" 1099 forms. However, if your contractors were supposed to get a 1099 and you did not file one, you risk having to pay a penalty to the IRS of \$100 for each 1099 that was not filed.

So by all means, try to get your contractors to clarify their tax status by filling out Form W-9 (which you keep with your business records). But if you're not certain about your contractors' tax status, it's often a good idea to just go ahead and file 1099 forms for them, even if they do not require one. This way you are covered either way, and you can avoid paying penalties to the IRS.

A person is working at a desk with a laptop, notebook, and calculator. The person is wearing a dark suit jacket and is using a yellow pencil to write in a notebook. The background is a bright, out-of-focus window showing greenery.

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