

QUICK REFERENCE GUIDE FOR 1099s/W9s

QUESTION	INSTRUCTIONS
When is a W9 needed?	<p>If the payment is for a service and the vendor name is not clearly identified as a corporation, then a W9 should be obtained. (Example: A Cut Above Lawn Care or A Cut Above Lawn Care, LLC).</p> <p>*If payment is to a foreign individual, then a W-8BEN should be obtained and reported on Form 1042 instead of a 1099.</p> <p>*If payment is to a foreign company, then a W-8BEN-E should be obtained and reported on Form 1042 instead of a 1099.</p> <p>*Also, request W9 for payments of rent to entities which are not incorporated</p> <p>*Exception to corporation rule – all payments for legal services require a W9 even if entity is a corporation</p>
What if vendor name doesn't contain "Inc." but is not an individual's name (such as Smith's Cleaning)?	Request W9 in order to determine tax classification – don't assume incorporated unless name shows "Inc."
What if vendor is LLC entity?	Request a W9 and make sure proper tax classification is identified
Which entities require "vendor eligible for 1099" to be selected in QuickBooks?	See box below
What needs to be done when a customer writes a manual check and the payment qualifies for 1099 reporting?	Request a W9 immediately and follow up until W9 is received and stress to your customer the importance of obtaining a W9 before issuing manual check
What "Name Type" should be selected when setting up or entering payment for manual checks in QuickBooks?	<p>The options are Vendor, Customer, Employee and Other</p> <p>*Always make sure manual checks are entered to the "Vendor" type and not "Other" or "Customer"</p>
BEST PRACTICE	GUIDANCE
Make sure the most recent W9 Form is being used	Use W9 Form Revised Oct 2018 (the most current form) which contains important classification information not found on previous W9 forms
Attach W9 forms to vendor record in QuickBooks	Follow guidance provided in new method document
Put LLC classification note in QuickBooks	Follow guidance provided in new method document
Run W9 Review for Manual Checks-Debits Report in QuickBooks	Review this report each month to make sure all applicable vendors have tax ID entered in QB
Track missing W9s	Keep list of missing W9s on month end checklist and follow up throughout year and add " - W9 Requested" to vendor name in QuickBooks until W9 is received

W9 - Box 3	
tax classification	1099 eligible
Individual / sole-proprietor or single member LLC	Y
C Corporation	N
S Corporation	N
Partnership	Y
Trust / Estate	Y
LLC	
C Corporation	N
S Corporation	N
Partnership	Y
Other	?