

IRS FORM 1099-MISC GUIDELINES

The University is required to file IRS Form 1099-MISC, *Miscellaneous Income*, to report certain payments made to individuals and entities during the course of a calendar year. With the exception of royalties, which has a reporting threshold of \$10, payments of \$600 or more in a calendar year are reportable to the IRS on Form 1099-MISC. *The guidelines described herein apply only to U.S. citizens, permanent residents, and resident aliens for tax purposes. Different U.S. reporting rules apply to nonresident aliens. For more information on payments made to or on the behalf of nonresident aliens, see <http://www.ips.siu.edu/ISS/InternationalTax.html>*

Reportable payments include, but are not limited to:

RENTS

- Machinery & mechanical equipment rentals
- Motor vehicle rentals
- Office equipment rentals
- Office space rental **unless paid directly to a real estate agent**

ROYALTIES

- Industrial
- Literary
- Patent

OTHER INCOME

- Certain prizes and awards that are **not** for services performed (include the fair market value of merchandise won if given in lieu of a cash award)
- Payments to human subjects (research participants)
- Compensatory (for nonphysical injuries or sickness) and punitive damages
- Deceased employee's wages paid to estate or beneficiary

MEDICAL AND HEALTH CARE PAYMENTS

- Physician or other supplier/provider of medical or health care services

NONEMPLOYEE COMPENSATION

- Prizes and awards for services performed as a nonemployee
- Professional service fees such as fees to attorneys, accountants and architects
- Payment for services, including parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service
- Honoraria
- Guest lecturer fees
- Independent contractor services

Note: Travel/expense reimbursement payments to any of the above are reportable when receipts or documentation is not provided (nonaccountable plan).

Gross proceeds paid to an attorney: Special rules apply to payments made in the course of the University's trade or business in connection with legal services, such as in a settlement agreement.

Exceptions to Form 1099-MISC Reporting

Some payments are not required to be reported on Form 1099-MISC, although they may be taxable to the recipient. Exceptions include, but are not limited to:

- Payments to corporations (with the exception of medical/health care payments and payments to attorneys)
- Payments to governmental agencies and tax-exempt organizations
- Payments for merchandise, telephone, freight, storage and similar items
- Payments of rent to real estate agents
- Wages and travel reimbursements/allowances paid to employees (Form W-2)

Note: Use of the word “stipend” does not constitute an exception to Form 1099-MISC reporting. Each “stipend” payment must be looked at on an individual basis to determine if the payment is reportable.

Scholarship and Fellowship Grants

With the exception of IRS Form 1098-T, the University is not required to report scholarship or fellowship grants. Scholarship or fellowship grants that are taxable to the recipient because they are paid for teaching, research, or other services as a condition for receiving the grant are considered wages and reportable on Form W-2.