



# An essential guide to 1099 and W-9 form management and compliance



## Disclaimer

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While we hope you'll find this discussion helpful, this session is for informational purposes only and is not legal or tax advice.



# Avalara

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# Continuing Professional Education (CPE)



## Qualifying for credit

- Respond to **3 of 4** poll questions
  - Questions display for a limited amount of time
  - Select your answer and click submit
- Attend the **full duration** of the webinar
  - Attend at least 50-minutes to qualify



## Downloading Certificate

- Download the certificate once you qualify
  - Find the Earn Certification box
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## Upcoming webinars

**December 10** Managing tax-exempt sales 101

**December 12** Simplify your international sales tax and cross-border obligations with Avalara

**December 17** 2025 tax changes



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Meet your presenters

# Meet our presenters



## Gordon Walsh

*1099 Product Solution Consultant,  
Avalara*



## Jocelle Sarenpa

*1099 Product Solution Strategist,  
Avalara*

**POLL QUESTION  
#1**



**How would you rate  
your current W-9 and  
1099 compliance  
processes?**





# Agenda

- 1 > What are 1099s? What are W-9s?
- 2 > The reality of 1099 & W-9 compliance
- 3 > Best practices for maintaining 1099 & W-9 compliance
- 4 > Avalara 1099
- 5 > Questions?

What are 1099s? What are  
W-9s?

# There are dozens of IRS form types

However, 2 forms dominate the field



We use "**1099 & W-9**" as shorthand for all these IRS forms.

1042-S	1094-B			1095-C	1097-BTC	1098
1098-DIV	1098-E	1098-Q	1098-T	1099	1099-B	1099-DIV
1099-CAP	1099	1099-G	1099-INT	1099-K	1099-LS	1099-LTC
1099-MISC	1099-M	1099-OID	1099-NEC	1099-Q	1099-R	1099-S
1099-SA	W-2	W-2G	W-4	W-8	W-9	+

# What is a W-9?

# What is a 1099?

## IRS Form W-9

Used to request the correct Taxpayer Identification Number (TIN) from a vendor, company, or individual for which non-employee income was or will be paid during a calendar year.

## IRS Form 1099

Filed annually with the IRS to report non-employee income paid to the vendor and should use the information collected on a W-9. The 1099 is required if the vendor, company, or individual receives payment for services throughout the calendar year.

The image displays two IRS forms. The top form is the W-9, 'Request for Taxpayer Identification Number and Certification', dated May 1998 (Rev. December 2011). It includes fields for the taxpayer's name, address, and TIN, and a certification section. The bottom form is Form 1099-MISC, 'Miscellaneous Income', for the year 2019. It includes fields for the payer's and recipient's information, and a table for reporting various types of income.

**W-9 Form**  
May 1998 (Rev. December 2011)  
Department of the Treasury  
Internal Revenue Service

**Request for Taxpayer Identification Number and Certification**

Give Forms to the requester. Do not send to the IRS.

Name (as shown on your income tax return)

Business name (if requested with name, it differs from above)

Check appropriate box for taxpayer classification:  
☐ Individual sole proprietor ☐ S Corporation ☐ C Corporation ☐ Partnership ☐ Trust estate ☐ Foreign estate  
☐ Limited liability company. Enter the tax classification (S-C corporation, S-B corporation, P-partnership) ☐ Foreign payee  
☐ Other (see instructions)

Address (number, street, and apt. or suite no.) Requester's name and address (optional)

City, state, and ZIP code

List account numbers (see instructions)

**Part I Taxpayer Identification Number (TIN)**  
Enter your TIN in the appropriate box. The TIN provided must match the name given on this "Statement" to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see how to get a TIN on page 3.  
Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

**Part II Certification**  
☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

1 Rents  
\$

2 Royalties  
\$

3 Other income  
\$

4 Federal income tax withheld  
\$

5 Fishing boat proceeds  
\$

6 Medical and health care payments  
\$

7 Nonemployee compensation  
\$

8 Substitute payments in lieu of dividends or interest  
\$

9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale ☐  
\$

10 Crop insurance proceeds  
\$

11  
\$

12  
\$

13 Excess golden parachute payments  
\$

14 Gross proceeds paid to an attorney  
\$

15a Section 408A deferrals  
\$

15b Section 408A income  
\$

16 State tax withheld  
\$

17 State/Payer's state no.  
\$

18 State income  
\$

Form 1099-MISC

www.irs.gov/Form1099MISC

Department of the Treasury - Internal Revenue Service

**Miscellaneous Income**

**Copy 1 For State Tax Department**

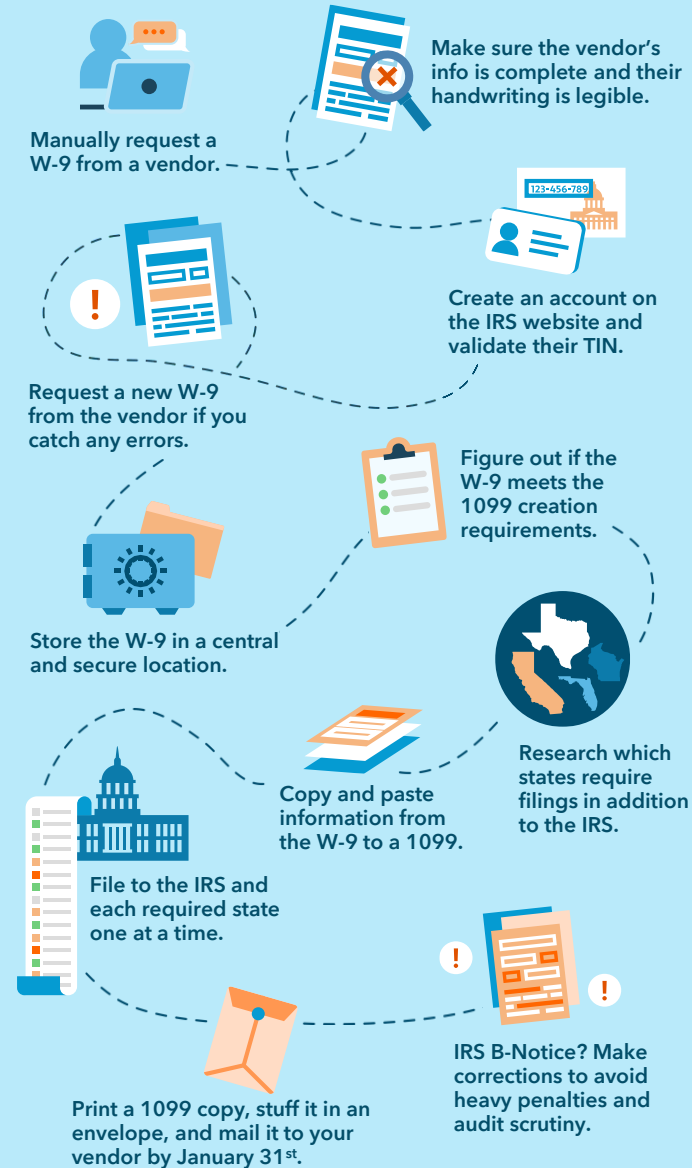
POLL QUESTION  
#2



**What is your company's  
most common reason for  
missing an IRS deadline?**

The reality of 1099 & W-9  
compliance

# The reality of 1099 & W-9 compliance



How long does the IRS estimate it should take an accounts payable professional to complete one 1099-MISC form?

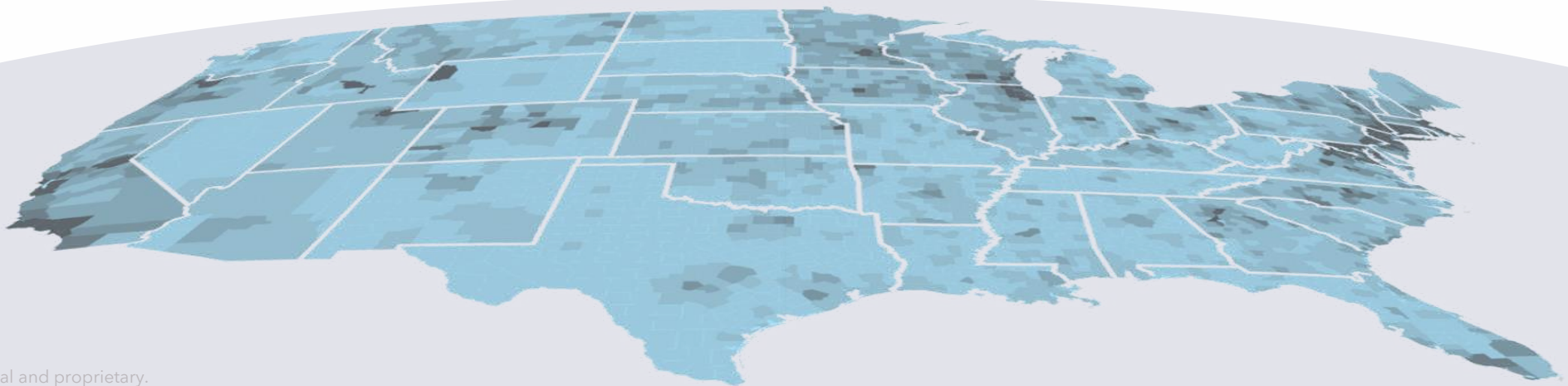
**18 minutes!**

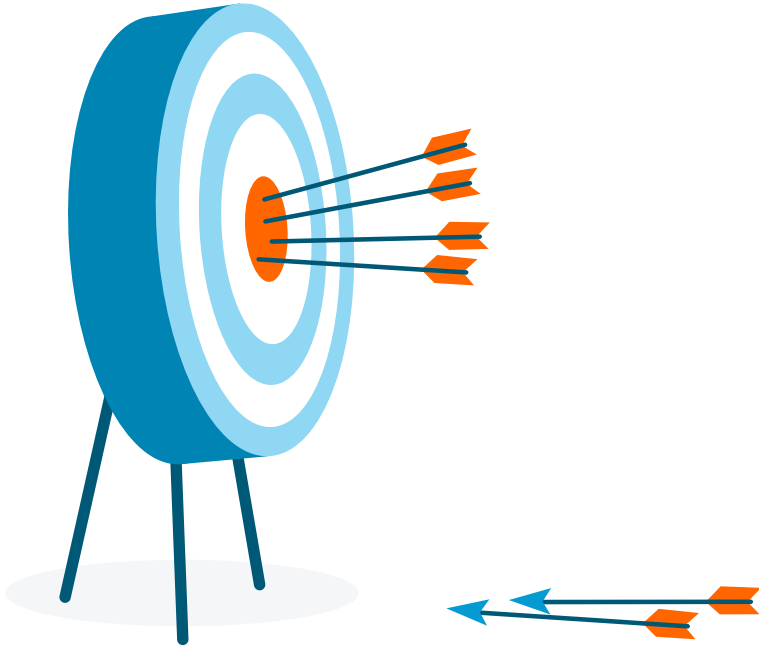




## January 31<sup>st</sup>

Challenge: The IRS deadline for handling 1099s is rigid and late fees can quickly pile up when a company has multiple vendors in its payment system.





## CHALLENGE:

# IRS requirements are a moving target

The federal and state regulations for compliance are constantly changing and being rewritten.



**Example** - Starting tax year 2023, the IRS introduced a new rule stating that if you have 10 or more information returns, you must file them electronically.



**Example** - Ahead of the 2024 filing deadline, the IRS reduced the 1099-K threshold for requiring a 1099 to \$600. This had an enormous impact on marketplace sellers.



**Example** - Congress introduced legislation called the Red Tape Reduction Act to raise the threshold back to \$10,000. The legislation, however, went nowhere.



**Example** - But just before the deadline, the IRS delayed the reduction in the 1099-K threshold until tax year 2024. As of November, it's thought to be \$5,000, but the IRS has not confirmed.



**Example** - But what's next? Nobody knows.

## CHALLENGE:

# Recipient requirements

Your vendors have needs, too.



**Pro Tip!** You can't send vendors electronic versions of their 1099s unless they opt-in to an e-delivery and they must always have a means to opt-out.



**Pro Tip!** You don't need to send 1099s to vendors who are incorporated.



## CHALLENGE:

# Rejected filings

Humans who copy/paste  
are prone to error

## TIN Numbers

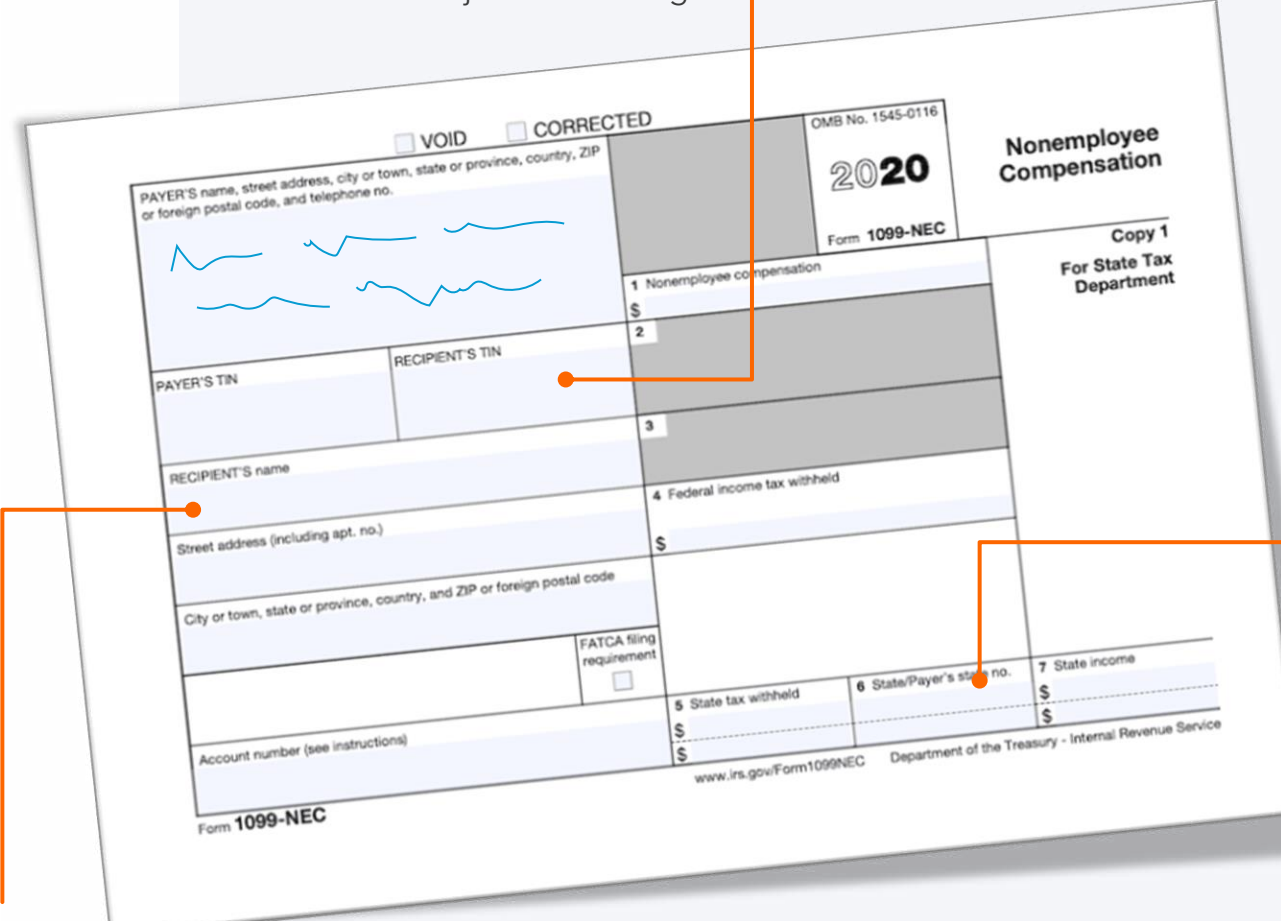
Incorrect TIN numbers are  
the most common reason  
for rejected IRS filings.

## Legal Names

Misspelled or inaccurate  
names are another source  
of rejections.

## State ID

Some filers forget  
to enter a state ID.



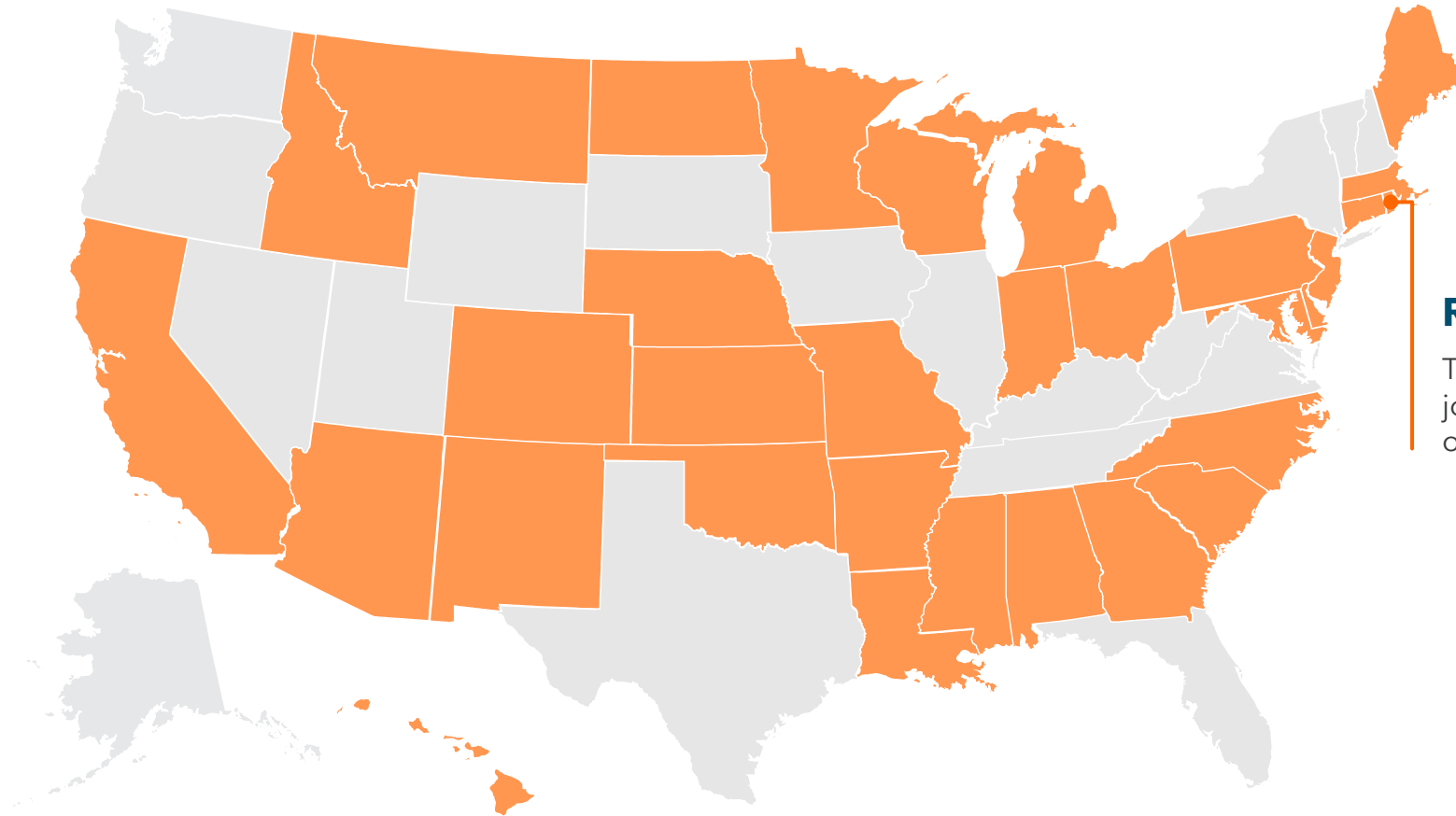
Form 1099-NEC (Nonemployee Compensation) for 2020. The form is tilted and has orange lines pointing to specific fields: the PAYER'S TIN field, the RECIPIENT'S TIN field, the RECIPIENT'S name field, and the State/Payer's state no. field. The form includes sections for PAYER'S information, RECIPIENT'S information, and various tax withholding fields.



## CHALLENGE:

# Combined Federal/State Filing Program

Not all states participate



### Rhode Island

The newest state to join the CF-SFP is also one of the smallest.

## CHALLENGE:

# Rejected mailings

The costs of returned letters can add up

### Hard Costs

More paper 1099 forms  
Additional toner  
Extra postage  
Envelopes

### Soft Costs

Time to track  
rejected mailings  
Time to reconnect  
with recipients  
Time to reprint and  
restuff envelopes



### Example

If 2% of 10,000 mailings get returned to sender, you could spend \$140 in additional postage plus \$160 in more 1099 forms, etc. Now factor in the time you could have spent doing something else.

## CHALLENGE:

# Tax Classifications

Is it reportable or not?



**Pro Tip!** You should always collect a W-9 regardless of whether or not you ultimately need to file a 1099.



**Form W-9**  
(Rev. October 2018)  
Department of the Treasury  
Internal Revenue Service

**Request for Taxpayer Identification Number and Certification**

► Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC

☐ C Corporation

☐ S Corporation

☐ Partnership

☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ►

**Note:** Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ►

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) \_\_\_\_\_

Exemption from FATCA reporting code (if any) \_\_\_\_\_

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.

6 City, state, and ZIP code

7 List account number(s) here (optional)

Requester's name and address (optional)

**POLL  
QUESTION #3**



**What percent of your team's time is spent fixing errors or resolving vendor questions on W-9 or 1099 forms?**



Best practices for  
maintaining 1099 & W-9  
compliance

BEST PRACTICE:

## Good W-9 collection



Collecting the W-9s ensures the **accurate** tax ID and legal name for the recipient of the 1099.



**Required by the IRS** for every non-employee - regardless of whether they hit the threshold.

BEST PRACTICE:

# Proactive data validation eliminates fallout from errors



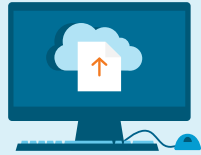
**TIN matching** to get  
ahead of B-notices



**Address verification** to  
avoid "return to sender"

BEST PRACTICE:

# Don't store W-9s on paper, your laptop, or the cloud



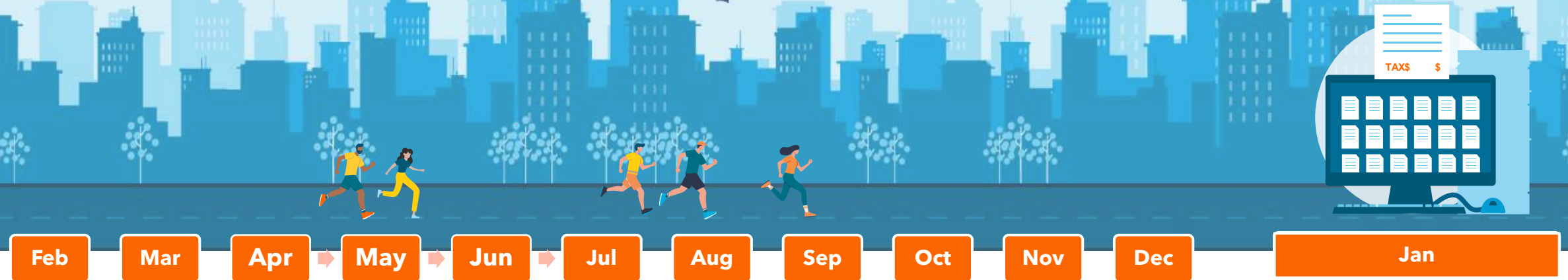
Keep them  
**central**



Keep them  
**secure**

# Recommended timetable of compliance steps

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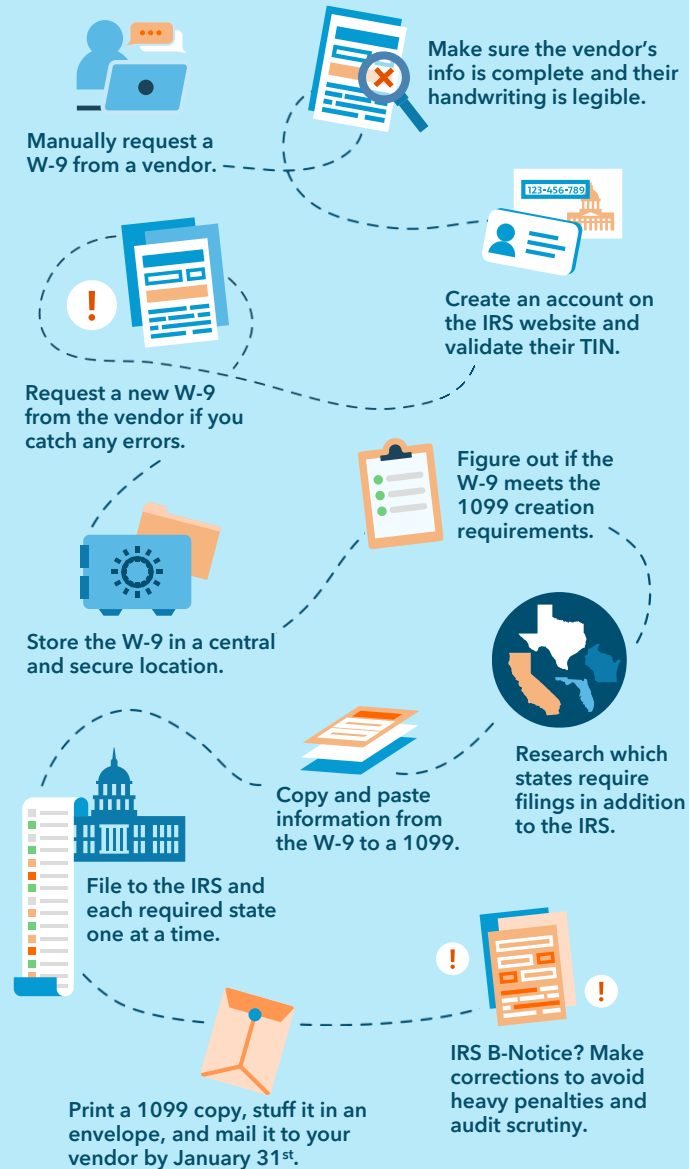


## Get W-9s from new vendors at the point of onboarding

- Determine who owns this aspect of compliance
- Determine a method for safe storage of W-9s
- Select an e-filing platform to use
- Check up on legislative updates
- Explore workflow integrations
- Confirm every vendor has a W-9 on file
- Carry over data from previous filing year
- Transfer data from your W-9s to your 1099s
- Conduct address verification and TIN matching
- E-file 1099s to the IRS
- Obtain permission from your vendors to receive electronic versions of their 1099s
- Send 1099 copies to your vendors before the Jan 31<sup>st</sup> deadline

Avalara 1099

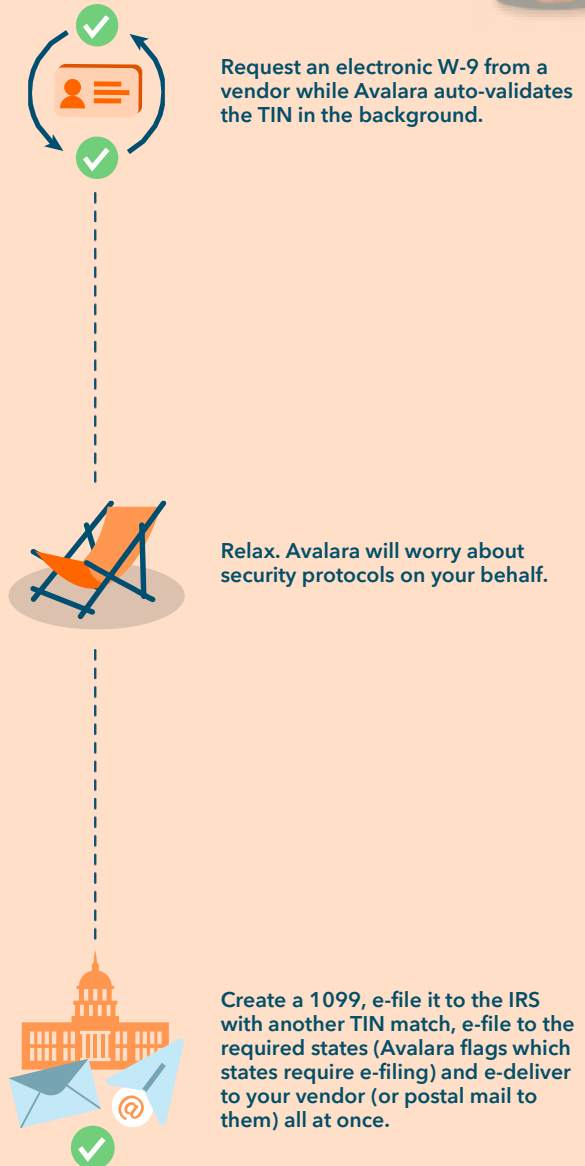
## The reality of 1099 & W-9 compliance



### The price of not using automation software

Businesses that fail to collect W-9s, file with incorrect tax IDs, or make any number of minor common errors are subject to IRS penalties. Avalara software ensures W-9 and 1099 forms are handled securely and checked for accuracy, with a fraction of the effort.

## With Avalara 1099 & W-9



**POLL  
QUESTION #4**



**Would you like follow-up from an Avalara sales representative?**



Questions

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A large, light blue snow globe is positioned on the left side of the slide. Inside the globe, a snowman with a black top hat, orange scarf, and stick arms stands on a patch of white snow. Above the snowman, the words "Season of" are written in a large, orange, cursive font, and "CPE GIVING" is written below it in a bold, dark blue, sans-serif font. The background of the globe shows a faint, stylized mountain range and evergreen trees. The globe sits on a dark blue base that features the Avalara logo, a white stylized 'A' with a checkmark inside an orange rounded rectangle.

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Tax compliance done right