

INCREASED IRS PENALTIES...AGAIN!

IRS Increases Penalties for Tax Year 2016 Information Returns (1099 / W-2)

Filers can receive up to a \$520 per record penalty, or a \$3+ million maximum penalty, if delivering 1099/W-2 statements & filing past the IRS published deadlines. How can that be? Add up a \$260 per record penalty for the late delivery of a statement and then another \$260 per record penalty for filing late. Then, just for fun, the IRS can index the penalty for inflation! For Example:

- Failure to Furnish Correct Payee Statements: \$50 / \$100 / \$260 per payee statement depending on when you furnish the correct information returns (section 6721).
- Intentional Disregard: Any failure to provide a correct payee statement, due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is at least \$530 per payee statement with no maximum penalty.
- Failure to File by the Due Date: \$50 per return if filed within 30 days of the deadline, \$100 per return if filed by August 1st, and \$260 per return if filed after August 1. Note- Jan. 31st 2017 is the new IRS filing deadline for 1099 MISC with box 7 & W-2's (no automatic extensions will be granted)!
- Similar penalties apply for TIN/Name mismatches!

Be Smart! Avoid Penalties By:

- ✓ Creating a [Bulk TIN Matching](#) Service Bureau appointment today. Stay ahead of IRS penalties by verifying & updating your TIN/Name combinations before filing with the IRS!
- ✓ Schedule a Service Bureau print/mail/eFile appointment ahead of time! Don't wait until the last minute, call (888) 776-1099 to schedule your January Service Bureau appointment for printing, mailing, and/or eFiling 1099 & W-2 returns.
- ✓ Use [TINCheck](#) to validate all new vendor accounts, in real-time, while they are being entered! Want more compliance? Use TINCheck's [EIN lookup feature and/or the OFAC, DMF, and other lists](#) via the online portal or via the API. Call TINCheck at (866) 452-3467 with any questions!

Complete Penalty Listings:

Printing & Mailing - Section 6722: Failure to Furnish Correct Payee Statements

Deadline	Penalty	Small Bus. (<\$5M)	Large Bus. Max (>\$5M)
January 31	N/A	N/A	N/A
< 30 days late	\$50/return	\$186,000	\$532,000
31 days late thru 8/1	\$100/return	\$532,000	\$1,589,000
After 8/1	\$260/return	\$1,064,000	\$3,193,000
Intentional Disregard	\$530/return	No Limit	No Limit

Filing - Section 6721: Failure to File Correct Statements on a Timely Basis

Deadline	Penalty	Small Bus. (<\$5M)	Large Bus. Max (>\$5M)
January 31	N/A	N/A	N/A
< 30 days late	\$50/return	\$186,000	\$532,000
31 days late thru 8/1	\$100/return	\$532,000	\$1,589,000
After 8/1	\$260/return	\$1,064,000	\$3,193,000
Intentional Disregard	\$530/return	No Limit	No Limit

Section 6721 Includes Penalties For:

- Missing TINS and Incorrect Name/TIN combinations
- Failure to E-File Correct Information Returns to the IRS
- Tax Year 2016- New 1099-MISC with box 7* & W-2 deadlines are 1/31/2017 (No Extensions)

The above are penalties for most 1099, 1098, W-2 & W-2G forms. Sections 6721 & 6722 do not apply to 1099-SA 5498-SA 5498 1099-Q 1099-QA 5498-QA 5498-ESA have slightly lower penalties. See IRC sections 6721(e)(2) & 6722(e)(2).

Source: [IRS Publication 1586 - Reasonable Cause Regulations and Requirements for Missing and Incorrect Name/TINs](#)

* Refer to "What's New" on page 1 @ <https://www.irs.gov/pub/irs-pdf/i1099gi.pdf>

All information provided is believed to be accurate but not guaranteed.
All information is also subject to change.