

## **Don't Forget Those Nominee 1099s**

### **Article Highlights:**

- Who is a nominee?
- What a nominee must do
- Allocating reported income
- Series 1099 forms

For tax purposes, if you receive, in your name, income that actually belongs to someone else, you are also a nominee. Being a nominee means you must file with the IRS a 1099 form appropriate to the type of income you received that reports the other individual's share of the income and give a copy of the 1099 to the actual owner of the income. However, if the other person is your spouse, no 1099 filing is required.

The most commonly encountered nominee situations include when you have a joint bank account or brokerage account with someone other than your spouse and all the income from those accounts is reported under your Social Security number (SSN). You will need to issue the IRS and your joint account owner a 1099 reporting the co-owner's share of the income under his or her SSN. Then, when you file your return, you show all of the income but back out the co-owner's share as "nominee amount." Thus only your portion of the income is included in your taxable income.

The type of 1099 depends upon the type of income: 1099-INT for interest, 1099-DIV for dividends and 1099-B for the proceeds from selling stocks and bonds.

Forms 1099-INT and 1099-DIV that you issue as a nominee are supposed to be given to the recipients by January 31, while the deadline for giving Forms 1099-B to the other owner(s) is February 15. In order to avoid a penalty, copies of the 1099s need to be sent to the IRS by February 28. (When these due dates are a Saturday, Sunday or legal holiday, as they are in 2015, the forms become due on the next business day.) The 1099s must be submitted on magnetic media or on optically scannable forms (OCR forms). This firm prepares 1099s in OCR format for submission to the IRS along with the required 1096 transmittal form. This service provides recipient and file copies for your records.

If you have questions about filing 1099s, please call this office.