

Farmers and Ranchers: Recent IRS Memorandum Impacts your 1099 Reporting Requirements

As you know, your business is typically required to file a Form 1099-MISC for each person to whom you have paid at least \$600 per year in the course of your business. An exception to this is that generally you do not need to file a Form 1099-MISC for payments made to a corporation. However, an exception to this exception requires reporting “medical and health care payments” in box 6 on your annual 1099-MISC, *even if* made to a corporation. A recent Chief Counsel memorandum by attorneys at the Internal Revenue Service interpreted this exception in such a way that will likely affect you if you are a *farmer or rancher (including pet shop owners and zoo operators)*. The memorandum states that payments to veterinarians are within the definition of “medical and health care payments.” Therefore, if you make payments in the course of your farming/ranching business to a veterinarian that total at least \$600 during the year, you must report these payments on a 1099-MISC. You still do not need to report payments for taking Fido or Felix, your family pets, to the vet because these are neither payments made in the course of business.

If you have any questions regarding how this might affect you, please contact:

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