

IMPORTANT INFORMATION REGARDING W9's & 1099's

If you hire subcontractors or independent contractors throughout the year you **MUST** get a **signed** Form W9 from them **BEFORE** issuing payments.

If a contractor doesn't provide a correct TIN or doesn't sign the certification in Part III of Form W-9, you're generally required to "backup withhold" on reportable amounts. In other words, you must withhold and pay to the IRS 24% tax from future payments.

Who is an independent contractor?

If you pay independent contractors, you may have to file Form 1099-NEC **BY JANUARY 31st**, Nonemployee Compensation, to report payments for services performed for your trade or business.

If the following four conditions are met, you must generally report a payment as nonemployee compensation.

1. You made the payment to someone who is not your employee;
2. You made the payment for services in the course of your trade or business (including government agencies and nonprofit organizations);
3. You made the payment to an individual, partnership, estate, or in some cases, a corporation; and
4. You made payments to the payee of at least \$600 during the year.

For the State of Montana the following **additional** documentation requirements must be met for all independent contractors.

1. Copy of the contractors ICEC (Independent Contractor Exemption Certificate)
2. If the contractor is providing construction services you must also have a copy of their CR (Construction Contractor Registration)

IF you have any questions regarding this information please contact our office. This information can also be found on www.irs.gov and <https://erd.dli.mt.gov/work-comp-regulations/montana-contractor/> websites.