

Difference Between W9 and 1099

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Key Difference - W9 vs 1099

Tax filing can often be confusing with an abundance of related paperwork that bears various names and identifiers. W9 and 1099 are such two forms used for tax filing under the regulations of Internal Revenue Service (IRS). The key difference between W9 and 1099 is that W9 is a form filed by third party companies such as independent contractors who provide services to companies, upon the request from the respective company whereas 1099 is a form used to provide information to the Internal Revenue Service (IRS) regarding specific types of income from non-employment related sources.

What is W9?

W9 is a form filed by third party companies such as independent contractors who provide services to companies, upon the request from the respective company. **Request for Taxpayer Identification Number and Certification Form** is another name given to the W9 form. Three main sections can be seen in W9 form with the following components.

General Information

- Name of the taxpayer
- Business/entity name
- Federal tax clarification (to indicate the type of the business)
- Address and zip code

Taxpayer Identification Number (TIN)

<u>TIN</u> is a unique 11 digit numeric code issued for vendors and dealers who are liable to pay <u>VAT</u> (Value Added Tax).

Certification

In this section, the taxpayer certifies that the correct TIN is provided in the form.

W9 is an IRS form; however, this is not sent to the IRS, but is maintained by the individual who files the information return for verification purposes. W9 also serves as an important identification of the TIN of the taxpayer. Companies who obtain services from third parties has to request the W9 from a U.S. citizen or a foreign national. The information in this form becomes useful when the company is reporting to the Internal Revenue Service to indicate the amount of funds third party companies.

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		Regulations sects	 Any estate jother than a foreign estatej or trust. See Regulations sections 301,7701-5(a) and 7(a) for additional information. 		
		he Special rules for	Speciel rules for partnerships. Partnerships that conduct a todic or business in the United States are generally required to pay a withholding tax on any froreign partners share of income from such traueries. Further, in certain classes where it is presented to the partner is a bright person, and pay the presented that partner is a bright person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partner into a partnership posticiting a trade or business in the United States, provide Form W-9 to the partnership in the United States, provide Form W-9 to the partnership for partnership income. The person who gives Form W-9 to the partnership for purposes of establishing in U.S. satus and avoiding withholding on in its allocable share of net income from the partnership ponducting a trade or business in the United States is in the following cases:		
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Figure 01: W9 form

What is 1099?

1099 is a form used to provide information to the (IRS) regarding specific types of income from non-employment related sources. A number of variations can be found in 1099 forms depending on the source of non-employment, where they are technically called **information return** since the objective of 1099 is to encourage

taxpayers to reports all their means of income and pay taxes. Most commonly used types of 1099 are mentioned below.

- 1099 MISC (Miscellaneous Income) to be filed by independent contractors
- 1099 DIV (Dividends and Distributions) to be filed by owners of ordinary shares or mutual funds
- 1099 INT (Interest Income) to be filed by interest earners from a bank account
- 1099 R (Sources of retirement) to be filed by retirement income earners from annuities, insurance contracts, individual retirement accounts, and pensions

In general, 4 copies of 1099 has to be made; for the payer, payee, IRS and the State Tax Department. IRS also specifies regulations regarding filing tax return based on the number of 1099 forms. If the number of forms is less than 250, paper copies must be filed. When the number of forms exceeds 250, they must be filed electronically with the IRS.

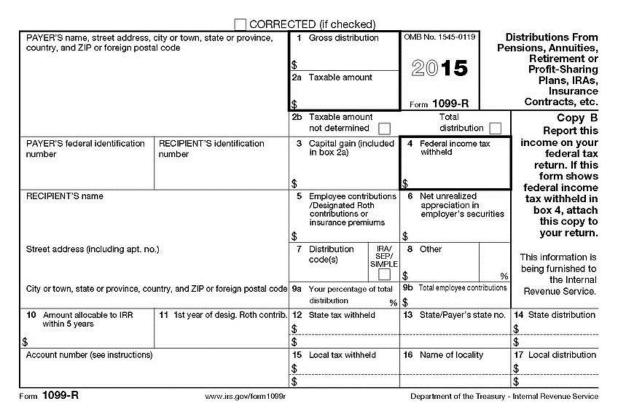


Figure 02: 1099 R should be filed by retirement income earners.

What is the difference between W9 and 1099?

ITIN vs SSN

W9 is a form filed by third party companies such as independent contractors who provide services to companies, upon the request from the respective company 1099 is a form used to provide information to the Internal Revenue Service (IRS) regarding specific types of income from non-employment related sources.

Variations

No variations are there in W9 form.

Numerous variations are available in 1099 such as for dividends, interest income, and retirement.

Tax Correspondance with IRS

W9 is not sent to the IRS but is maintained by the individual who files the information return for verification purposes. 1099 form has to be filed with IRS.

Summary - W9 vs 1099

The difference between W9 and 1099 is that W9 is a form filed by third party companies such as independent contractors who provide services to companies while 1099 is a form used to provide information to the Internal Revenue Service (IRS) regarding specific types of income from non-employment related sources. However, both share largely similar aims where the IRS attempts to ensure that tax is collected from all types of incomes.

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