

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)

[TIN](#) is a unique 11 digit numeric code issued for vendors and dealers who are liable to pay [VAT \(Value Added Tax\)](#).

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.

Form W-9
 (Rev. November 2008)
 Department of the Treasury
 Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: Individual/sole proprietor Corporation Partnership Other Exempt from backup withholding

Address (number, street, and apt. or suite no.) Requester's name and address (optional)

City, state, and ZIP code

List account numbers (new optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here Signature of U.S. person **Date**

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

In 3 above, if applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes, you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or
- Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

Date Rec. 10231X Form W-9 (Rev. 11-2008)

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.

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Gross distribution \$	OMB No. 1545-0119 2015 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$		
PAYER'S federal identification number RECIPIENT'S identification number		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.
		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$	
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		5 Employee contributions / Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$	
		7 Distribution code(s) IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ %	
10 Amount allocable to IRR within 5 years \$	11 1st year of desig. Roth contrib. \$	9a Your percentage of total distribution % \$	9b Total employee contributions \$	12 State tax withheld \$
Account number (see instructions)		13 State/Payer's state no. \$	14 State distribution \$	15 Local tax withheld \$
		16 Name of locality \$	17 Local distribution \$	

Form **1099-R** www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

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.

References:

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3. Perez, William. "What You Need to Know about Form W-9." The Balance. N.p., n.d. Web. [Available here](#). 22 June 2017.

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2. "Form 1099-R, 2015" By United States Internal Revenue Service - irs.gov (Public Domain) via [Commons Wikimedia](#)

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