

Tax Information Reporting for Small Business

A Year-Round Process



A month-by-month checklist can help your business stay organized.

January

- Apply IRS, state, form and logistical validations to your data set to ensure your information is complete and compliant.
- Double check the print, mail and [filing deadlines](#) for all form types you need to file.
- If you are managing any withholding, be sure to reconcile withholding payments and filing information with withholding information reported on 1099/W-2 forms.
- File 1099-NEC information to the IRS and W-2 information to the SSA by January 31.
- File annual returns for federal 941, 945, 1042 and state equivalent annual returns.
- File 1099 and W-2 information directly with states where the IRS' Combined Federal/State Filing program does not satisfy their requirements.

February

- Address late originals and corrections for 1099-NEC and W-2 forms. If you have any late filings, you can minimize [potential penalties](#) by getting them filed within 30 days of the filing deadline.
- Correct any errors from TIN matching or recipient inquiries and update forms printed/mailed in January, but not yet transmitted to the IRS.
- Print and mail brokerage forms by February 15.
- Verify TIN and name accuracy for any changes due to customer inquiries or new W-9 form submissions. See our [TINCheck service](#) for real time or Bulk TIN Matching plans.
- [File Extension of Time \(8809\)](#) if needed, which allows 30 extra days to file with the IRS, if applicable.
- Start prepping for 1042-S printing/mailing and reporting due March 15.
- Begin organizing and prepping data for ACA filing. Paper copies are due to recipients by March 2 and electronic filing is due March 31.

March

- Continue to proactively address any late 1099 and W-2 originals and corrections for 1099, 1095 and W-2 forms.
- Print and mail 1042-S forms due March 15.
- File Extension of Time (8809), which allows 30 extra days to file with the IRS, if applicable.
- Transmit remaining form types (1099-MISC, 1099-S, 1099-INT, 1099-DIV, 1095, 1098 Series) to the IRS by the March 31 deadline if Extension of Time (8809) is not filed.

April

- Address late originals and corrections for 1099-NEC and W-2 forms.
 - Second tier penalties (\$120 per form) apply for records filed 31 days after the filing deadline through August 1.
- Prepare late originals and corrections for:
 - Forms filed in March without Extension of Time (8809): 1042-S and 1099s/1098/3921/3922.
 - First tier penalties apply for records filed within 30 days of the filing deadline.
- Update forms printed/mailed but not yet transmitted to the IRS if Extension of Time (8809) was filed.
- Verify TIN accuracy of any records not yet transmitted to the IRS to mitigate any potential penalties.
- Be aware of the new deadlines for reporting in April, if Extension of Time (8809) was filed:
 - 1042-S reporting due April 14.
 - Remaining 1099/1098/3921/3922 reporting due April 30.

May

- Be aware that [5498](#) reporting is due May 31
- Continue to work through any late originals and corrections:
 - Forms filed in April with Extension of Time (8809): 1042-S and 1099s/1098/3921/3922.
 - First tier penalties apply for records filed within 30 days of the filing deadline.
 - Any corrections from prior tax years.
- Conduct a season/process review with internal resources and external vendors to determine:
 - What went well during season?
 - What did not go well during season?
 - What improvements could be made?
 - Develop a plan/budget to make improvements to the process.
- Implement proactive TIN matching against the IRS database to eliminate IRS Notice CP2100 altogether.

June

- Continue to work through any late originals and corrections:
 - Second tier penalties apply for records filed prior to August 1.
 - After August 1, penalties rise from \$120 to \$310 per record filed.
- Begin implementing post season process changes – W-9/data collection improvements, proactive TIN match, state filing data collection, withholding process improvements, etc.

July

- Create an action plan for potential IRS Notices: [CP2100](#) (B Notice) and 972CG (P Notice)
 - Bulk TIN match records transmitted to the IRS, and subject to backup withholding, to determine potential IRS Notice CP2100 exposure.
- Prepare Late Originals and Corrections for Forms 1042-S/1099s/1098/3921/3922/5498:
 - Second tier penalties apply for records filed 31 days late but before August 1.
 - After August 1, penalties rise from \$120 to \$310 per record filed.

August

- Process and respond to IRS Notice 972CG (P Notice). Notices start arriving late July
 - Determine why the P Notice is being received:
 - Missing or invalid name and TIN combinations
 - Filed late
 - Filed in incorrect formats
 - If proposed penalty was due to missing or invalid name and TIN combinations:
 - Gather previous B Notice data
 - Determine where additional solicitations are required
 - Prepare abatement to the IRS within 45 calendar days
- Prepare action plan for handling [IRS Notice CP2100 \(B Notice\)](#). Notices are expected to start arriving late September
 - How will you:
 - Determine which type of solicitation to send: first or second B Notice?
 - Prepare and mail [W-9](#) solicitations?
 - Update information and ensure correct information has been received?
 - Apply backup withholding for those who do not respond to solicitations?
- For high volume filers, begin scheduling and coordinating pre-season testing internally. Ideally, pre-season testing is conducted between September and November.

September

- Process and respond to [IRS Notice 972CG \(P Notice\)](#). Notices started arriving in late July.
 - Determine why the P Notice is being received:
 - Missing or invalid name and TIN combinations
 - Filed late
 - Filed in incorrect formats
 - If proposed penalty was due to missing or invalid name and TIN combinations:
 - Gather previous B Notice data
 - Determine where additional solicitations are required
 - Prepare abatement to the IRS within 45 calendar days
- Prepare action plan for handling IRS Notice CP2100 (B Notice). Notices are expected to start arriving late September/early October.
 - How will you:
 - Determine which type of solicitation to send: first or second B-Notice?
 - Prepare and mail solicitations?
 - Update information and ensure correct information has been received?
 - Apply backup withholding for those who do not respond to solicitations?
- For high volume filers, begin internal pre-season testing. Ideally, pre-season testing is conducted between September and November.

October

- Review/implement regulatory changes
 - Annual review of regulatory updates (federal and states)
 - Understand where you may have direct state filing requirements (forms not satisfied by CF/SF).
 - Check out the eFileMyForms [Resource Center](#) for helpful regulatory updates.
 - Review [season prep help tools](#).
- Communicate with vendors and internal staff
 - Overview of tax reporting processes applicable to each vendor or department
 - Alignment on who is responsible for what processes
 - Updates to previous processes, responsibilities or regulatory changes that could confuse the recipient

- Conduct a dry run or pilot test of your processes prior to season to ensure every step of the process runs smoothly
 - Pull your filer and recipient data and check for obvious errors: missing TIN, address info, state filing data, etc.
 - Ensure recipients are categorized correctly so they receive the proper form.
 - Conduct a bulk TIN check with the IRS to reduce the number of invalid name/TIN combinations filed during season. This is a useful process to common changes in status, name, business/recipient ID, death, etc.
- Address IRS Notice CP2100 or B Notice processing (if received in October)
 - Prepare and mail solicitations
 - Update information, TIN match and file corrected returns for any responses received from solicitations
 - Apply backup withholding for those who do not respond to solicitations

November

- Prepare your staff:
 - If the responsibility for the 1099 reporting process changes frequently (which is typical in small to mid-sized organizations), make sure you have a clear owner identified and that they have the resources they need.
- Review/implement regulatory changes
 - Annual review of regulatory updates (federal and states)
 - Incorporate any changes found into your existing reporting processes
- Communicate with vendors and internal staff
 - Overview of tax reporting processes applicable to each vendor or department
 - Alignment on who is responsible for what processes
 - Updates to previous processes, responsibilities or regulatory changes that could confuse the recipient
- Conduct a dry run or pilot test of your processes prior to season to ensure every step of the process runs smoothly so you don't run into any hiccups during January
- Conduct a bulk TIN check with the IRS to reduce the number of invalid name/TIN combinations filed during season. This is a useful process to common changes in status, name, business/recipient ID, death, etc.
- Address IRS Notice CP2100 or B Notices processing (if received in November)
 - Prepare and mail solicitations
 - Update information, TIN match and file corrected returns for any responses received from solicitations
 - Apply backup withholding for those who do not respond to solicitations
- Conduct a bulk TIN match to ensure accurate name and TIN information of your vendor list.

December

- Complete solicitations, response handling and/or abatements for any outstanding IRS Notices (CP2100 or 972CG)
- Research and implement latest federal and state regulatory updates
- Conduct a test run of your existing 1099 reporting process to fix any issues ahead of season
- Create a project plan for all tasks needing to be completed in January, including deadlines and responsible parties:
 - Agree on deadlines with print partner, if applicable
 - Agree on deadlines with IT or other areas responsible for data extraction
- Review project plan with all parties involved
- Train new employees on 1099 reporting requirements and process
- Train customer service team on 1099 reporting requirements and corrections process, if applicable