

# Form 1099-MISC, Miscellaneous Income

## Frequently Asked Questions (FAQ's)



**Question:**

What is 1099-MISC Income?

**Answer:**

Income earned for services provided to the University of Miami by a non-employee.

**Question:**

What is a service?

**Answer:**

A service is an intangible commodity performed by a non-employee that does not produce a tangible good, e.g., consulting, legal, medical, speaking fees, rent, etc.

**Question:**

Are there any **other** types of services that qualify as 1099-MISC income?

**Answer:**

Yes. Payments made for royalties, and for research participation qualify as 1099-MISC income.

**Question:**

Who is considered a “non-employee”?

**Answer:**

An individual/business entity not paid a salary or that does not accrue monetary benefits for performing daily tasks.

**Question:**

Can an employee be paid for providing a service that is unrelated to their job as an employee?

**Answer:**

Yes. There is an exception in which an employee can receive payment for other than performing their normal functions as a University employee. An employee can receive payment for participating in a research study; he/she can be paid a percentage of the income from authoring a book, a piece of music or for an invention. This is called a royalty.

**Question:**

Will payments to employees for these other functions be reported as part of their salary on a W2 form?

**Answer:**

Payments to employees for other services provided as stated above will be reported via a 1099-MISC form and will not be included on their W2 form.

**Question:**

What documentation, other than an invoice, is required to authorize this type of payment?

**Answer:**

The only other supporting documentation required is a completed W9 form.

**Question:**

What is a W9 form?

**Answer:**

A W9 form, when **signed** by the entity or individual, validates the legal name. It has to be the name recognized by the IRS tax identification number (TIN), which is the entity's tax identification number or the social security number, if an individual. The W9 form also requires the current mailing address.

**Question:**

Is there a dollar amount that has to be reported?

**Answer:**

Yes. If payment of the service is for rent, a research participant, legal, medical, gross proceeds (legal settlement paid to an attorney), the amount reported is \$600.00 or more. If the payment is a royalty payment, then the amount is \$10.00 or more. The payments are accumulated within the calendar year in which the service is provided. However, if the payment is **NOT** received within the calendar year in which the service was provided, then it will be reported to the individual/entity and the IRS in the year in which the payment was **actually received**.

**Question:**

Is the individual/entity obligated to report a payment of less than \$600 or \$10.00 (if a royalty payment)?

**Answer:**

Yes. Even though this payment does not meet the threshold as stipulated by the IRS and will not be reported to the individual/entity nor the IRS by the University, it is the responsibility of the individual/entity to report this payment to the IRS.