



IRS Form 1099

This document provides general information about IRS Form 1099. Additional information can be found at [irs.gov](https://www.irs.gov). Blue Shield of California does not offer, and this document does not provide, tax advice. Employer groups or producers should contact their tax consultant to understand their tax reporting obligations.

What is a 1099?

Form 1099 is an IRS form that is used to report various types of income other than wages, salaries, and tips earned by employees (for which Form W-2 is used instead).

Who is responsible for issuing a 1099?

In general, businesses that make at least \$600 in payments to any person in a year (other than wages paid to employees) are required to file a 1099 with the IRS and furnish a copy to the payee.

What are the tax reporting obligations for an employer group?

Employer groups should consult a tax professional to understand their tax reporting obligations regarding the Producer Service Fee arrangement.

Are some payees exempt?

There are possible exemptions, where businesses may not need to issue a 1099. Examples would include a limited liability company (LLC) that has elected to be taxed as a C or S corporation.

Will Form 1099 be issued if a payee is exempt?

If Blue Shield receives a W9 from a payee indicating that the payee meets IRS guidelines for a 1099 exemption, Blue Shield will not issue 1099 data. Employer groups with a Producer Service Fee arrangement are responsible for determining if they need to issue Form 1099 to their producer.

When is Form 1099 issued?

The payer must furnish Form 1099 to the payee by January 31 of the year following the year of payment (January 31, 2019, for all payments made in 2018). If the payer is reporting nonemployee compensation, then Form 1099 must also be filed with the IRS by January 31, 2019 (whether the payer is submitting by paper or electronic filing).

Why is Blue Shield indicating that the employer group has responsibility to issue a 1099 to its producer?

Within the Producer Service Fee arrangement, Blue Shield is agreeing to act as the agent of the employer group for distribution of the Producer Service Fee to the producer. The Producer Service Fee is a payment from the employer group to the producer, so the employer group is responsible for reporting the Producer Service Fee on Form 1099.

When will employer groups receive the data from Blue Shield so they can issue the 1099 to their producer?

If applicable, Blue Shield will provide 1099 data in early January.

What data will employer groups receive from Blue Shield to issue the 1099 to their producer?

- Group name
- Group address
- Group tax ID number
- Producer tax ID number
- Producer name
- Producer address
- Box 7 – to reflect \$ paid

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