Making your 1099S List - and checking it twice or Five Times by Ivon Lerdorf

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Itâ€™s that time of year again. Time for settlement agents all across the country to file 1099-S forms to the IRS. As with your taxes, the longer you wait, the more painful things get. So donâ€™t wait.

Filing the statements in a timely manner has become even more critical given new Tier-3 penalty rates. Hereâ€™s how it breaks down:

â€¢1099s (not to be confused with 1099Sâ€™s) need to be filed by January 31, 2012. We mention this since the similar form number makes things rife for confusion.

â€¢You have till February 15, 2012 to file your 1099Sâ€™s. We believe the IRS provides a slightly longer timeframe since the forms are so complex. Note: youâ€™ll want to check and double-check your work. Make sure there are no typos. Make sure names match tax ID numbers. You could end up paying dearly for discrepancies!

â€¢The IRS reporting deadline is March 31, 2012. When this deadline comes around, the IRS will be able to verify the underlying information, and notify you of errors.

â€¢If you havenâ€™t corrected your 1099S mistakes within 30 days, itâ€™s considered a Tier-1 penalty, a you will be assessed accordingly. This is a sham, and weâ€™ll explain why in a minute.

â€¢If you havenâ€™t corrected your 1099S mistakes within 60 days, itâ€™s a Tier-2 penalty, and youâ€™ assessed accordingly. We believe this is a sham, too. Keep reading.

â€¢You get 180 days to correct a mistake and pay a Tier-3 penalty of $100. The reason this-in our opinionâ€”is the only realistic penalty is that the IRS is sifting through a lot of forms. The agency will take a few months before informing the filer about a mismatch in the first place. Therefore, too much time will have passed for you to return a corrected form in time to qualify for the Tier-1 and Tier-2 penalties. Tier-3 is only option left.

Once again, your Tier-3 errors will cost you a cool $100: each. If youâ€™re filing the average number of forms (somewhere in the neighborhood of 50) for settlement agents, theyâ€™ll surely hunt you down. We are talking about a nation in debt.

Now for the good news. Here at Easy Soft, weâ€™re happy to handle your filings for you. All you have to do is sign up for our 1099S electronic filing service. You handle the closing. Then give us the dirty work of filing the forms. Weâ€™ll be the ones making your list-and checking it twice (or five times). Weâ€™ be the ones keeping our eyes on that February 15 deadline. Your work-as far as weâ€™re concerned-is done!

Easy, right? The 1099S electronic filing service is part of Easy Softâ€™s Easy HUD software package. For more information, give us a call at 800-905-7638.

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