

What Is a 1099 Form?

If you've done any work as a freelancer or independent contractor, then you could receive a [1099 form](#) from companies you've worked with (most likely a 1099-MISC). 1099-MISC forms report to the IRS exactly how much a company has paid you in the last tax year as a non-employee — they are the alternative to [W-2 forms](#) which companies and organizations use to declare income for employees.

What Defines an Independent Contractor?

According to the [IRS](#) or Internal Revenue Service, you are eligible for a 1099-MISC when you work as an independent contractor and perform services for a company rather than being a direct employee. Generally, as an independent contractor, you have the right to control what you work on and how it will be done. Your client can only “control or direct only the result of the work.”

Here are some examples that may be considered independent contractors:

- Driver for a ride sharing company
- Freelance graphic designer
- Airbnb host
- Self-employed landscaper
- Social media consultant
- General contractor

1099-MISC Forms and Taxes

Anyone on the above list may receive at least one 1099 form every year. Here's why: the government requires that organizations send their independent contractors 1099-MISC forms by January 31st, indicating the income paid to each contractor over the prior year. **If a company has paid an independent contractor less than \$600 over the course of the year, they do not need to send the independent contractor a 1099-MISC, but the independent contractor still has to account for the income.**

Because independent contractors are not a employees, the organization does not pay a percentage of their taxes or have it withheld from their payments — independent contractors need to pay it full. If an independent contractor will owe over \$1,000 to the IRS for the current tax year, the contractor also needs to submit quarterly tax payments. In that case, the independent contractor needs to estimate their tax liability based on the most recent quarter and use a [1040-ES form](#) to make payments.