

## **2010 INFORMATION RETURNS QUIZ**

1. T F If backup withholding is made on a payment, a 1099 or W-2G must be filed even if the payment is below the normal threshold for filing requirements.
2. T F Backup withholding, if applicable is at a rate of 30%
3. T F Backup withholding may be applicable to non employee compensation if payee fails to furnish his or her taxpayer identification number
4. T F For interest and dividend accounts, backup withholding is required unless the payee fails to certify, under penalties of perjury that he or she is NOT subject to withholding.
5. T F Distributions from medical savings accounts are exempt from backup withholding requirements
6. T F If, in lieu of a TIN, taxpayer furnishes a W9 with “applied for” (for interest and dividends), the payer is not required to withhold backup withholding until the following year.
7. T F A notice from IRS that TIN is incorrect (“B”) notice requires payer to begin withholding immediately.
8. T F If receipt of a “C” notice from IRS, payer must begin backup withholding on the 31<sup>st</sup> day after the date received notice.
9. T F Backup withholding is reported to IRS and paid on for 1096.
10. T F Amount of penalty for failure to file correct information returns by due date depends on the type of information return.
11. T F Penalty applies if the error is inconsequential which includes failure to furnish a payee’s surname.
12. T F If taxpayer files information returns but fails to include all information or includes incorrect information, he has until August 1 to file corrections and avoid the penalty for filing incorrect returns and filing late.
13. T F A “small business” for application of lower maximum penalties is determined by the number of information returns filed in each of the 3 most recent tax years.
14. T F The penalty for intentional disregard of filing requirements is at least \$100 per information return with NO maximum

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15. T F Penalty for failure to furnish payee statements is \$50 per statement with a maximum of \$100,000 per year and is **not reduced** for furnishing a correct statement by August 1.
16. T F If you willfully file a fraudulent information return for payments you claim you made to another person, the IRS may be able to sue you for damages and you may have to pay \$5,000 or more to IRS in penalties.
17. T F The 250 threshold for magnetic media filing requirements applies to each type of form.
18. T F Different types of payments (interest, dividends, rents) may be reported on the same tape or other magnetic media filing.
19. T F You must get advance approval from IRS to file **required** magnetic media
20. T F You may request a hardship waiver from filing magnetic media but must resubmit the waiver request every year.
21. T F Magnetic media filings are filed at the same address as paper information returns for your area.
22. T F You may submit more than one type of information return with each form 1096 for paper filing.
23. T F You may **not** fold IRS copies (paper) of information returns.
24. T F You must remove pinfeed holes strips from paper submissions to IRS
25. T F You may **not staple** information returns together when submitting the originals to IRS.
26. T F If you do not have the proper form, you may use another form and make the changes but must **type** the changes in each box.
27. Which of the following is allowed in money amount boxes on an information return?
- a. Dollar signs
  - b. Ampersands
  - c. Asterisks
  - d. Commas
  - e. Decimal points
28. T F You may never use a 0 (zero) on an information return

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29. T F If you do not have the proper computer program to print on IRS “red” forms, you may send the IRS copy B of the form.
30. T F If you are a “nominee recipient” you must file information returns for each of the other owners.
31. T F Information returns are filed according to the year end of the company that is issuing them. (Calendar or fiscal year end)
32. An information return mailing may also contain which of the following?
- a. W-8 or W-9
  - b. A check for the account being reported
  - c. A letter explaining why no check is enclosed
  - d. A statement of the person’s account shown on the form 1099
  - e. A letter explaining tax consequences of the information shown
  - f. Advertising
  - g. Quarterly or annual report of the company
  - h. Logos on the envelope and non tax enclosures.
  - i. All of the above except “f”
  - j. All except “f” and “g”
33. T F The legend “Important Tax Return Document Enclosed” must appear on the **outside** of the envelope **and** on each letter explaining why no check is enclosed or on each check or account statement that is **not** perforated to the recipient statement.
34. T F Form **1098** is used to report mortgage interest the filer paid on a mortgage.
35. T F You **must** report mortgage interest received by you from an individual even if it is not in the course of your trade or business.
36. T F Mortgage includes real property located inside or outside the United States if the property secures all or part of the obligation.
37. T F Real property (for 1098 requirements) includes all manufactured homes.
38. T F If line of credit and credit card obligations meet the definition of “mortgage” for form 1098, an information return (1098) must be filed.
39. T F Lender of record must file 1098 to report all points paid by buyer in connection with purchase of an residential property.
40. T F Lender of record must file 1098 to report all points paid for loans to improve a personal residence.

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41. T F If points are paid to acquire a personal residence and part of the points are allocable to principal in excess of \$1 million, the lender should not report any of the points on form 1098.
42. T F Student loan interest (1098-E) statements must be issued for all student loans.
43. T F For 2010 you are not required to file 1098-T for any student who is enrolled in only non-credit courses or is a nonresident alien.
44. T F Institutions must report qualified tuition and related expense, as well as tuition refunds, and name, address and TIN of the student.
45. T F Qualified tuition and fees (for 1098-T) include charges and fees for room and board, books, equipment and student activities.
46. T F Form 1099-A is required to be filed if you have reason to believe that the property has been abandoned (even if no proof of such abandonment)
47. T F You need not be in the business of lending money to be subject to reporting requirements for acquisition or abandonment of secured property (1099-A)
48. T F You are not required to file form 1099-B unless you are doing business as a broker or barter exchange.
49. T F Form 1099-C should be coordinated with form 1099-A
50. T F Form 1099-C is required to be filed only if you are a financial institution, a credit union or a Federal Government Agency (or specific other agencies).
51. T F Form 1099-DIV must be filed for each person to whom you paid dividends and other distributions of stock of \$10 or more.
52. T F Form 1099-G must be issued if \$10 or more of unemployment compensation is paid.
53. T F Refunds, credits, or offsets of state or local income tax of \$10 or more require filing of form 1099-G
54. T F A form 1099-INT is required for each person to whom paid amounts reportable in box 1 and 3 of at least \$10 **only** if made in course of trade or business or if nominee middleman.

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55. T F You are **not** required to file 1099-INT for payments made to a corporation or to an IRA account.
56. T F Early withdrawal penalty reported on 1099 -INT is reported in box 2 and deducted from interest paid and reported in box 1.
57. T F Interest on U.S.Savings bonds and T bills is reported on 1099 INT in box 1.
58. T F Form 1099-LTC is for payments to an Oregon Licensed Tax Consultant.
59. T F Payments reportable on 1099-LTC are payments made only if an **individual** policyholder.
60. T F Accelerated death benefits include payments because of **chronic illness** as well as **terminally ill**.
61. T F All items reported on 1099-MISC are reportable only if at least \$600 paid.
62. T F For the \$600 “floor” for 1099-MISC, “services” includes parts and materials provided.
63. T F Non profit organizations are considered to be engaged in trade/business and are subject to 1099-MISC reporting requirements.
64. T F The exemption from reporting made to corporations no longer applies to legal service payments.

### QUESTIONS #65 - 72 - REPORTABLE ON FORM 1099-MISC? TRUE OR FALSE?

65. T F Prizes and Awards
66. T F Medical and health care payments
67. T F Fishing boat proceeds
68. T F Payments for merchandise only
69. T F Business travel allowances paid to employee
70. T F Difficulty of care payments if for not more than 10 children under 19
71. T F Fees paid to informants
72. T F Rents >\$600.

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73. T F If payment is made to estate or beneficiary of deceased employee's wages (paid in the same year as year of death) the accrued wages must be reported on form W2 and are subject to Federal and State withholding.
74. T F If payment is made to estate or beneficiary of deceased employee's wages AFTER year of death, report the wages only on form 1099-MISC and do not withhold taxes.
75. T F Commissions to lottery ticket sales agents are reportable on 1099-MISC in box 7.
76. T F If arrangement between an owner of a business establishment where coin operated amusements are placed is a lease of the amusements or lease of the space, whoever makes the payments must report the lease in box 1 of form 1099-MISC.
77. T F Royalty payments of \$10 or more gross must be reported in box 2. You must not reduce the reportable amount by severance taxes.
78. T F Working interest in oil or gas is reported in box 7 (nonemployee compensation) on form 1099-MISC.
79. T F Timber royalties made under pay as cut contract are reportable in box 1 of form 1099-MISC.
80. T F Prizes and awards for services performed are reportable on 1099MISC box 7
81. T F FMV of merchandise won on games shows is reportable on 1099 MISC
82. T F Punitive damages, even if related to physical injury, are reportable on 1099-MISC in box 3.
83. T F Liquidating damages under Age Discrimination in Employment act of 1967 are reportable in box 3 of form 1099-MISC.
84. T F Termination payments for former self employed insurance agents are reportable on form 1099-MISC in box 7
85. T F Payments by attorneys to witnesses or experts are reportable in box 7 of form 1099-MISC.
86. T F Commission paid to Oregon lottery ticket sales agents are reportable in box 7 of form 1099-MISC.

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87. T F Fish purchases for cash paid to a “fisherman” by a trade or business are reportable in box 7 of form 1099-MISC.
88. T F Sales of \$5,000 or more of consumer products to a person on a buy-sell, or other commission basis for resale anywhere other than in a permanent retail establishment must be reported in box 9 by dollar amount. (1099-MISC)
89. T F Gross proceeds paid to attorney in connection with legal services must be reported in box 14 regardless of whether the services were performed for the payer.
90. T F 1099-MSA is for reporting contributions to an MSA account
91. T F Earnings on MSA distributions are included in box 1 and box 2 of 1099MSA
92. T F Distributions of MSA funds must be identified on 1099MSA as to whether they are “normal”, “excess”, “disability”, “death” or “prohibited” transactions.
93. T F 1099-PATR is required for patronage dividends and other distributions of at least \$10
94. T F If OID includible in gross income is at least \$10 and you are a middleman holding a CD as nominee for the actual owner, you must issue 1099-OID
95. T F If military retirement pay is awarded in a property settlement, the payments are reported to the retiree on form 1099-R and the retiree must issue a 1099-R to the recipient (middleman rules)
96. T F Roth and Coverdell ESA distributions are reported in box 1 and 2 of form 1099-R
97. T F Roth conversions are reported in box 1 and 2a even if the conversion is with the same trustee.
98. T F Even if Roth conversion is taxable (2006) over 4 years, the entire amount converted must be reported on the 2006 form 1099R and none reported in the next 3 years.
99. T F Transfer of a SIMPLE IRA to an IRA that is not a SIMPLE during the 2 year period beginning on day contributions are first deposited in the SIMPLE must be reported on 1099R

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100. T F If a section 1035 exchange is partly taxable, must report the entire exchange on form 1099-R
101. T F Transfer of IRA from one spouse to another under divorce or separation is not reported on form 1099R
102. T F Any part of an eligible rollover distribution that is not a direct rollover is subject to 30% income tax withholding.
103. T F Code #7 may be used for Roth or Coverdell ESA distributions
104. T F Sale of air space must be reported on form 1099-S
105. T F Sale of real estate under threat or imminence of seizure requisition or condemnation is generally not a reportable transaction for 1099-S
106. T F If multiple assets are sold, the total gross proceeds from the entire transaction must be reported on form 1099-S
107. T F Sale of a principal residence for \$250,000 or less (\$500,000 joint) is not reportable on form 1099-S only if written assurance from seller that the full gain is excludable from sellers gross income
108. T F Certain volume transfers are exempt from reporting sales on form 1099S
109. T F Transfer by foreclosure is not reportable on form 1099S as a sale.
110. T F A sale of burial plot is considered a real estate transaction and subject to 1099-S filing requirements.
111. T F Form 5498 is due June 1 for each person for whom any individual retirement arrangements was maintained during the year.
112. T F Form 5498 is used to report receipt of direct rollover from qualified plans or TSAs to an IRA and receipt of conversion from IRA to ROTH
113. T F Form 5498-MSA is used to report information on a MSA account such as rollovers from one MSA to another and distributions from MSA
114. T F If distribution from MSA is a total distribution and no contributions were made during the year, generally do not need to file nor furnish a statement to the participant.
115. T F There are two types of withholding on gambling winnings and two rates of withholding.

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116. T F Gambling winnings to nonresident alien individual are not subject to reporting or withholding on form W2-G.
117. T F If you are not the actual winner of gambling winnings, you may submit a form 5754 with proper information to the payer to have the W2G issued to the proper recipients.

**TRANSFERS YOUR ANSWERS TO ANSWER SHEET**  
**SUBMIT ONLY THE ANSWER SHEET FOR GRADING**

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