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June 15, 2012

**Via Email (mreddin@bgohio.org) and
Regular U.S. Mail**

The Honorable Mark Reddin, President
Association of Municipal/County Judges of Ohio
Bowling Green Municipal Court
711 South Dunbridge Road
Bowling Green, OH 43402

Re: Form 1099 Reporting of Court Payments

Dear Judge Reddin:

I understand that a question recently arose regarding federal tax reporting requirements for courts when monies are disbursed to counsel, whether as a result of a garnishment or for other purposes. This letter is in response to that question.

Every entity, including a clerk of courts, is required to issue a Form 1099 to each payee by January 31 of each year if, in the previous year, it disbursed \$600.00 or more in payments to an individual, partnership, estate, trust or medical and legal service provider for services, rents, retirement, prizes, proceeds or other payments. The reporting requirement also applies to interest payments of \$10.00 or more per year. Payors issuing at least 250 Forms 1099 per year are required to use automated reporting through a computer interface with the Internal Revenue Service (the "Service"). One exception to the reporting requirement is for payments to corporations, which generally are exempt from having payments to them reported; however, incorporated law firms are an exception to this exception.

Court judgments often include interest payments and assessments of attorney fees. Court clerks frequently disburse monies to attorneys and law firms who receive the judgment on behalf of their clients. These payments should be reported on Form 1099-MISC. The Service recently has increased its enforcement of this reporting requirement. The payor is responsible for furnishing a Form W-9 to each payee to complete and return to the payor. The W-9 must provide the payee's name, address

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and either a Tax Identification Number (TIN) or Social Security Number (SSN).
Municipal and county courts should adhere to this rule and file Form 1099-MISC for
these types of payments.

Please do not hesitate to contact me with any questions.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'M K Knueve', written in black ink.

Meredith K. Knueve

MKK/jrk

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