

Form 1099-R Update: Increases in Penalties

On July 31, 2015, the IRS increased the penalties on Forms 1099-R for failure to file and/or provide correct payee statements. These changes effect each payee's 2015 Form(s) 1099-R. For distributions taken in 2015, the deadline to file the forms with the IRS is February 29, 2016. The increases in penalties for missing this deadline are summarized as follows:

	Filed within 30 days of the deadline	Filed more than 30 days after the deadline, but by August 1	Filed after August 1 or complete failure to file
Penalty per 1099-R	from \$30 to \$50	from \$60 to \$100	from \$100 to \$250
Penalty maximum	from \$250,000 to \$500,000	from \$500,000 to \$1,500,000	from \$1,500,000 to \$3,000,000
Penalty maximum for small businesses¹	from \$75,000 to \$175,000	from \$200,000 to \$500,000	from \$500,000 to \$1,000,000

Additionally, if you do not file corrections (and you do not meet any of the exceptions to the penalty) the penalty is now increased from \$100 to \$250 per Form 1099-R.

Finally, the penalty due to intentional disregard of the requirements to furnish a correct payee statement is increased from \$250 to \$500 per payee statement with no maximum penalty.

You can read more about "Failure to File Correct Information Returns by the Due Date " in Section O in the [General Instructions for Certain Information Returns](#).

¹As defined in Section O of the General Instructions for Certain Information Returns, a small business is one where the average annual gross receipts for the 3 most recent tax years is \$5 million or less.