

Schedule E, Questions A & B

Cross References

- Schedule E (Form 1040) instructions

New to the 2011 Schedule E (Form 1040) are Questions A & B. Question A asks: "Did you make any payments in 2011 that would require you to file Form(s) 1099?" Question B asks: "If yes, did you or will you file all required Forms 1099? Under the Small Business Jobs Act of 2010, recipients of rental income from real estate were added to the list of taxpayers subject to the same information reporting requirements as taxpayers engaged in a trade or business. This law was effective for payments made after December 31, 2010. Rental income recipients making payments of \$600 or more to service providers in the course of earning rental income were required to issue a Form 1099-MISC to the service provider.

Under the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011, signed into law on April 14, 2011, the information return reporting requirements for persons receiving rental income from a real estate rental activity were repealed. Thus, no Form 1099-MISC is required if the taxpayer is engaged in a rental real estate activity and isn't otherwise considered to be engaged in a trade or business activity.

Author's Comment

This information is not included in the final instructions for the 2011 Schedule E (Form 1040). Thus, unless the taxpayer is otherwise engaged in a trade or business activity, this author will answer "No" for Question A and leave Question B blank.