

New IRS Reporting Requirements for Timber Sales

The Internal Revenue Service has announced that purchasers of standing timber via a lump-sum transaction completed after May 28, 2009 must report sales or exchanges of standing timber using IRS Form 1099-S, similar to the existing requirement to report the proceeds from pay-as-cut (or contingent) sales or exchanges. This change has been made to create more uniformity in reporting requirements and to better ensure reporting compliance.

The 1099-S reporting requirement is placed on the purchaser of the timber, and all purchasers are required to file - no distinction is made among mills, brokers, loggers, etc.

As a reminder, all 1099 filing requirements include an exception for de minimis transactions which total less than \$600 with any entity in any year. Required timber sale transactions must be reported on Form 1099-S with a copy furnished to the seller before February 15th of the following calendar year. Other timber sale 1099-S reporting exceptions include transferors (sellers) who are corporations, government entities, or volume sellers.

Purchasers are reminded that in addition to basic transaction information (name, address, transaction amount, etc.) the purchaser must also obtain and report the TIN (Taxpayer Identification Number) of the transferor. Purchasers should also review general requirements for Form 1099, including back-up withholding, penalties, amended returns, etc. Additional information can be found at www.irs.gov, or by calling 1-800-TAX-FORM (1-800-829-3676).

Source: IRS Instructions for Form 1099-S