



# 1099 & T4A FAQs

*Below are FAQs for Thirty-One's 1099 & T4A process. If you need more information, please contact Career and Guideline Support at [CAGS@thirtyonegifts.com](mailto:CAGS@thirtyonegifts.com). If you need information about how to use the 1099 or T4A to prepare your tax return, please contact your tax professional.*

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## 1. WHAT IS A 1099 OR T4A?

A 1099 (short for Form 1099-NEC in the US) or T4A slip (Canada) is the form that shows the amount of "reportable earnings" that you received from Thirty-One during a calendar year. This form is only provided to Consultants who have earned \$600 US/C\$500 or more in the calendar year. Note: in prior years earnings were reported on 1099-MISC but the IRS made changes to the form effective tax year 2020 to 1099-NEC.

## 2. WHAT ARE "REPORTABLE EARNINGS?"

"Reportable earnings" include the value of any payments that Thirty-One makes to you. This can be in the form of money (e.g., commission payments, overrides, bonuses), merchandise (e.g., gift cards, incentives), trips, or business credits. It also includes prizes and awards that are earned, even if earned through drawings.

## 3. WHY DO I RECEIVE A 1099 OR T4A?

Thirty-One is required by law to send a 1099 or T4A to any Independent Contractor to whom we made payments (in compensation for services rendered) in excess of \$600 US/C\$500 during a calendar year. "Payment" also includes (again, by law) the value of merchandise or credits that we give to someone as compensation for services rendered, or as prizes earned in drawings. Note: We will only send the 1099 or T4A form to those who have earned \$600 US/C\$500 or more in the calendar year.

## 4. IF I EARNED LESS THAN \$600 US/C\$500 IN COMPENSATION FROM THIRTY-ONE, WILL I STILL RECEIVE A 1099 OR T4A?

No, we are only required to issue a 1099 or T4A for Consultants who earned \$600 US/C\$500 or more in the calendar year.

## 5. IF I EARNED LESS THAN \$600 US/C\$500 FROM THIRTY-ONE IN 2024, DO I HAVE TO REPORT THE AMOUNT I DID RECEIVE ON MY TAX RETURN?

Yes. The Internal Revenue Code and CRA require all of us to report all income we receive from any source, regardless of whether we get a 1099 or T4A from the person or company that paid us, and regardless of whether we were paid in money, merchandise, or services.

## 6. HOW WILL I RECEIVE MY EARNINGS STATEMENT?

Earnings Statements will be mailed to all Consultants, regardless of how much they earned.

## 7. WHAT IS THE DIFFERENCE BETWEEN A 1099/T4A AND AN EARNINGS STATEMENT?

The 1099 or T4A slip you receive from Thirty-One is an IRS/CRA form that shows the total amount of reportable earnings paid to you by Thirty-One. The Earnings Statement is a detailed breakdown of the reportable earnings amount shown on the 1099/T4A. Both the Earnings Statement and the 1099/T4A are intended for your personal use and records.



## **8. CAN I RECEIVE AN ELECTRONIC VERSION OF MY EARNINGS STATEMENT OR 1099/T4A?**

No, this year all documents will be sent to your mailing address. Please make sure your mailing address is up-to-date in your consultant profile on TOT. Contact the Career & Guideline Support Team at [CAGS@thirtyonegifts.com](mailto:CAGS@thirtyonegifts.com) with any questions.

## **9. WHAT INFORMATION IS INCLUDED IN A 1099/T4A?**

Form 1099 includes information about the Payer, Thirty-One Gifts LLC (name, address, phone number, Federal ID); the Payee, you (name, address, Social Security number, Consultant ID); the amount of Non-Employee Compensation (see FAQ #10) provided to you by Thirty-One (in box 1); and any backup withholding (in box 4).

Form T4A includes information about the Payer, Thirty-One Gifts Canada, Inc. (name, address, phone number, Federal ID); the Payee, you (name, address, Social Insurance Number (SIN), Consultant ID); and the amount of Non-Employee Compensation (see FAQ #10) provided to you by Thirty-One Gifts (in box 20).

## **10. WHAT IS NON-EMPLOYEE COMPENSATION?**

Non-employee compensation is anything of value (e.g., money, merchandise, or services) you received from Thirty-One during the calendar year as compensation for services you performed (e.g., selling our products, coaching your downline, and earning overrides from their sales). It is compensation from which income taxes were not withheld.

## **11. WHAT'S THE DIFFERENCE BETWEEN A 1099 AND A W-2 AND A T4A AND A T4?**

A W-2 is issued to employees by their employer and includes information about income taxes withheld from the employees' pay. Because you are an Independent Contractor and not an employee of Thirty-One, no income tax is withheld from your earnings (except for backup withholding when required by law) and you receive a Form 1099 instead of a W-2. Similarly, a T4 is issued to employees by their employer and includes information about income taxes withheld from the employees' pay. Because you are an Independent Contractor and not an employee of Thirty-One Gifts, no income tax is withheld from your earnings and you receive a T4A slip instead of a T4.

## **12. WHEN WILL I RECEIVE MY 1099/T4A?**

Paper 1099/T4A slip will be sent via U.S. Mail and postmarked by January 31, 2025.

## **13. WHAT PAYMENTS ARE INCLUDED ON MY 1099/T4A?**

Amounts (including payments, credits and merchandise) you received January 1 – December 31, 2024, will be included on your 1099/T4A. This includes amounts that you earned in December 2023 that you did not receive until January 2024.

## **14. HOW DID THIRTY-ONE DETERMINE THE "NON-EMPLOYEE COMPENSATION" FIGURE IN BOX 1 OF MY 1099/T4A?**

The Earnings Statement that is included with your 1099/T4A provides a breakdown of all the items that go into the figure in box 1 of your 1099 or included in your T4A.

## **15. HOW SECURE IS THIS PROCESS?**

We've stored your information on a protected server, and we'll use SSN/SIN masking as permitted by the IRS/CRA on the 1099 document/T4A slip. With SSN/SIN masking, only the last 4 digits of your Social Security Number/Social Insurance Number are visible (for example, xxx-xx-1234). The safety and security of your personal information is a top priority for us, and we have implemented appropriate measures and systems to safeguard it.



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#### **16. WHAT SHOULD I DO IF I HAVE AN ADDRESS OR 1099/T4A CORRECTION REQUEST?**

Thirty-One is required to electronically submit all 1099 information to the IRS by January 31, 2025. We will also be submitting T4A information to the CRA at this time. You must submit your change request to CAGS by 11:59 p.m. ET, January 16, 2025, to ensure the changes are made before the IRS/CRA deadline.

#### **17. WHAT IF I LOSE MY 1099/T4A THAT YOU MAILED TO ME? HOW DO I REPLACE IT?**

Should you need to obtain another copy of your 1099/T4A after it has been mailed, contact the Career & Guideline Support Team at [CAGS@thirtyonegifts.com](mailto:CAGS@thirtyonegifts.com)

#### **18. DO I NEED TO MAKE QUARTERLY ESTIMATED TAX PAYMENTS?**

Please contact your tax professional regarding estimated tax payments.

#### **19. WHY DO I HAVE TO REPORT INSIDER CREDIT WHEN I AM THE HOST OF A PARTY, EVEN THOUGH MY CUSTOMERS WHO HOST DO NOT?**

Under IRS/CRA regulations, any person who receives anything of value from a direct selling company for hosting a party is required to report the value of what they receive as income whether a 1099/T4A is issued or not. Because our order processing system has all the necessary information to track these amounts for our Consultants, the IRS requires that we compile that information and include it in Consultant 1099/T4A. With the resources currently available, it is not possible for us to gather information from non-Consultant Insiders to issue 1099/T4A. Also, in most cases, it's likely that the amount of Insider Credit earned by those non-Consultant hosts would fall below \$600 US/C\$500 – the threshold amount above which we'd be required to report the payments to the IRS/CRA. You should advise any Insider who has questions about tax reporting to consult her tax advisor.

#### **20. WHAT BUSINESS CODE (ALSO CALLED AN OCCUPATIONAL/SERVICE CODE) DO I USE WHEN COMPLETING IRS SCHEDULE C?**

Business codes and business types are listed in the instructions to Schedule C. We believe that selling as an Independent Sales Consultant for a direct seller does not fall under any of the codes shown, so we would suggest using business code 999999 (for "unclassified establishments"). However, we recommend you consult your tax advisor.

#### **21. I NEED THE THIRTY-ONE'S EMPLOYER IDENTIFICATION NUMBER/BUSINESS NUMBER TO ENTER ON MY TAX RETURN. WHAT IS THAT NUMBER, AND WHERE CAN I FIND IT?**

The Federal Employer Identification Number (or FEIN) issued to Thirty-One Gifts LLC by the IRS is 87-0726627. It can be found in the upper left part of your 1099/T4A, in the box labeled "PAYER'S Federal Identification Number." The Business Number issued to Thirty-One Gifts Canada Inc by the Canada Revenue Agency is 811997089. It can be found in box 61, "Payer's account number", in the upper left portion of your T4A.

#### **22. WHAT INDUSTRY CODE SHOULD I USE WHEN PREPARING THE TAX RETURN FOR MY THIRTY- ONE BUSINESS?**

According to Statistics Canada, independent contractors who arrange sales for a direct selling company should use NAICS code 454390. The Canada Revenue Agency states that taxpayers using tax-preparation software must use one of the industry/business codes available in that software; contact the software company if you have questions or consult your tax preparer. Taxpayers who are filing their returns on paper may enter industry code 454390 on their paper form.

**Remember:** If you need more information about the 1099 process, please contact Career and Guideline Support at [CAGS@thirtyonegifts.com](mailto:CAGS@thirtyonegifts.com). If you need information about how to use the 1099 to prepare your tax return, please contact your tax professional.