



Revision 9/20/2012

1099 FREQUENTLY ASKED QUESTIONS

1. HOW IS MY FORM 1099 CALCULATED?

Earnings are calculated based on when they are issued, as opposed to when they are actually earned. Young Living issues commission checks one month after activity has occurred.

Example: Commission checks for December 2011 activity were issued in January 2012, so earnings would be included on your form 1099 for the 2012 tax period.

To determine the total amount of earnings for a form 1099 from Young Living for 2011, you would begin with commissions for December 2010 activity and end with commissions for November 2011 activity.

2. CAN I SIMPLY TOTAL ALL OF MY COMMISSION CHECK AMOUNTS FOR THESE PERIODS AND COME UP WITH A CORRECT FORM 1099 AMOUNT?

Generally, no. More than likely, there has been at least one, and possibly more, instances where adjustments have been made. Some adjustments are considered earnings for tax reporting purposes but are not reflected in your check total.

Examples of adjustments:

Maintenance fees are deducted from your total check amount but are included as part of your earnings for tax reporting purposes.

- Manual commission adjustments may be made to your account after a commission run and may not be listed on your check report. Debits, when they occur, are generally deducted from a subsequent commission period and are reflected as adjustments (often applied to order amounts with a corresponding order number) on commission check reports. Credits are often applied to your account after a commission run and can subsequently be used for purchases but are not listed or paid as part of your monthly commission check.
- Applied credit: If you have requested that a portion or all of your earnings be withheld from your check to be applied to your account as credit for purchases, this would also be included as earnings.
- If you had any balances owing on your account at the time commission checks were processed, adjustments would be made before your check was printed but would still count as earnings on your form 1099.

- **Example:** I started my Young Living business in November 2011 and received a commission check in December 2011 for \$500. Why did I receive a form 1099 when I did not earn over \$600?

Earnings \$709

-200 Balance withheld and applied as a credit on account
-5 Balance due from order #12345678
-4 Maintenance fee
\$500 TOTAL CHECK AMOUNT

Several adjustments were made before the commission check amount of \$500 was reached. The actual earnings for the 2011 tax period were \$709, and a form 1099 was issued.

3. ARE PERSONAL REBATES CONSIDERED INCOME FOR 1099 PURPOSES?

No. Personal rebates are not included on your form 1099.

4. CAN I REQUEST THAT YOUNG LIVING NOT SUBMIT A COPY OF MY FORM 1099 TO THE IRS?

No. Young Living is required by federal law to report to the Internal Revenue Service the earnings of all individuals and/or businesses of \$600 or more. We are also required to report any individual and/or businesses that purchase \$5,000 or more of consumer products for resale.

5. HOW CAN I CONTACT THE INTERNAL REVENUE SERVICE?

The Internal Revenue Service can be reached by phone, mail, or the Internet. Their web address is <http://www.irs.gov>. To find a local office in your area, visit the IRS web site: <http://www.irs.gov/localcontacts/index.html>.

6. CAN I VIEW THE DETAILS OF MY ACCOUNT ACTIVITY AT WWW.YOUNGLIVING.COM?

Yes. You can log into Virtual Office and view your orders, commission earnings, fees, etc.

7. HOW DO I REQUEST A COPY OF MY FORM 1099?

You can contact Young Living's Customer Care Department to request a copy of your form 1099. A nominal fee of \$10 per copy will be assessed for each form 1099 requested.

8. WHOM SHOULD I CONTACT IF I HAVE QUESTIONS INVOLVING MY 1099?

The Customer Care Department cannot offer any tax-related advice. Questions concerning deductions, exemptions, etc., should be directed to either a tax preparation specialist or the Internal Revenue Service. Young Living's Customer Care Department can be reached at 1-800-371-3515.