INFORMATION GUIDE

Form 1099-NEC & Form 1099-MISC Instructions



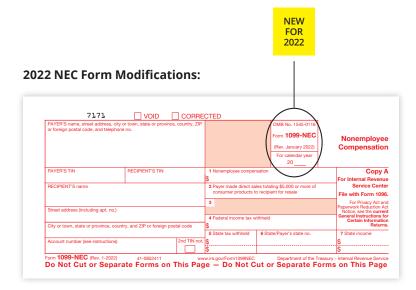


Form Modifications on the 2022 1099-NEC

It's been two years since the IRS released the 1099-NEC form to replace Form 1099-MISC for reporting nonemployee compensation. Each year since, the agency has made revisions to the form.

For the 2022 tax season, the IRS has made the form 'dateless.' The tax year has been removed and a revision date has been added to help filers ensure they are using the most up-to-date version of the form.

The dateless version of the form allows filers to use the same form for multiple tax seasons. The tax year is specified in the "For calendar year" box in the top right section.



Who Should Receive Form 1099-NEC?

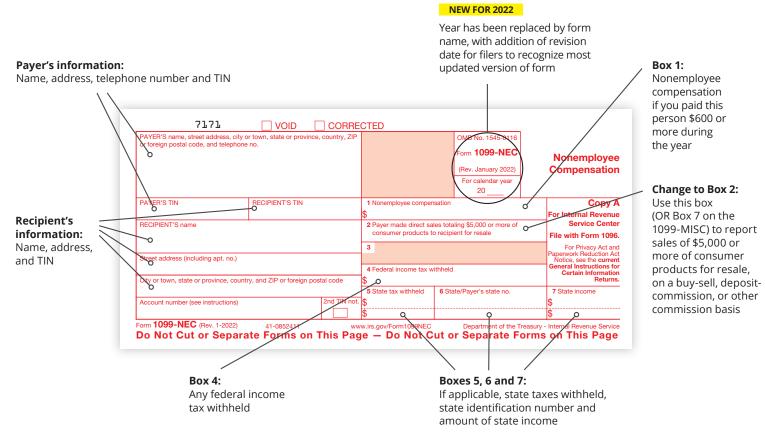
The 1099-NEC captures any payments to nonemployee service providers, such as independent contractors, freelancers, vendors, consultants and other self-employed individuals (commonly referred to as 1099 workers).

According to the IRS, a combination of these four conditions distinguishes a reportable payment:

- ✓ It is made to someone who is not your employee
- ✓ It is made for services in the course of your trade or business
- ✓ It was made to an individual, partnership, estate, or, in some cases, a corporation
- ✓ Payments were \$600 or more for the calendar year

TYPICAL EXAMPLES: EXCEPTIONS: Professional service fees to attorneys (including law Payments for merchandise, firms established as corporations), accountants telegrams, phone, freight, storage and architects or similar items Fees paid by one professional to another Payments to a tax-exempt organization, including tax-exempt Payments for services, including payment for parts or trusts; federal, state, and local materials used to perform the services if they were governments; or a foreign incidental government Commissions paid to nonemployee salespeople not repaid during the year

2022 Instructions for Form 1099-NEC



Critical Dos and Don'ts with Form 1099-NEC

- ✓ Do verify that the recipient's taxpayer ID is correct. You must have Form W-9 from each recipient with the current taxpayer ID before you complete Form 1099-NEC.
- ✗ Don't use Form 1099-NEC to report personal payments.
- ✗ Don't use Form 1099-NEC to report employee wages; use Form W-2 instead.
- ✗ Don't report gross proceeds to an attorney (not fees) on Form 1099-NEC; use Form 1099-MISC instead.
- ✗ Don't use Form 1099-NEC to report payments of rent to real estate agents or property managers; use Form 1099-MISC instead.

Filing and Submitting Form 1099-NEC

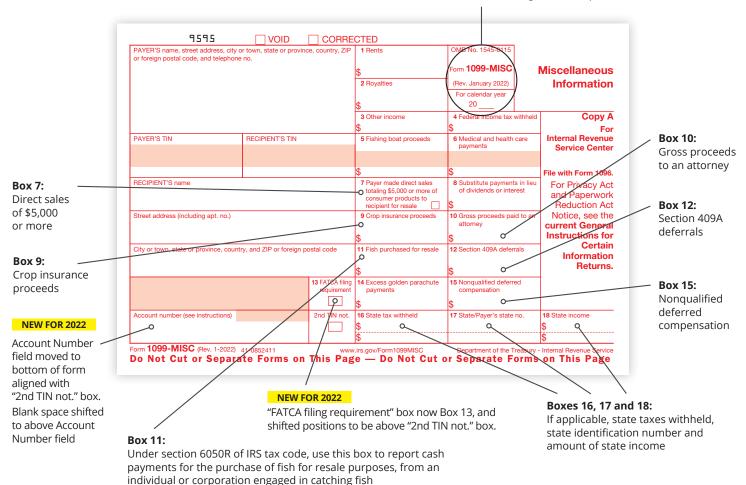
- Distribute to recipients by January 31.
- File with the IRS by January 31 through paper or electronic filing.
- In 2019, the United States Congress enacted the Taxpayer First Act, which changed employer electronic filing requirements for calendar years beyond 2020. However, until final regulations are issued, the mandatory electronic filing threshold remains at 250 forms.

Please note: You must also file Form 1099-NEC (report in box 4) for anyone from whom you withheld federal income tax under the backup withholding rules, regardless of the amount.

2022 Instructions for Form 1099-MISC

NEW FOR 2022

Year has been replaced by form name, with addition of revision date for filers to recognize most updated version of form



Critical Dos and Don'ts with Form 1099-MISC

- ✓ Do report gross proceeds to an attorney (not fees) on Form 1099-MISC.
- ✓ Do complete a 1099-MISC if you made royalty payments of at least \$10 during the year.
- ✓ Do use Form 1099-MISC for miscellaneous income, such as rents, royalties, and medical and health care payments.
- ✗ Don't use Form 1099-MISC to report personal payments.
- ✗ Don't use Form 1099-MISC to report employee wages; use Form W-2 instead.

Filing and Submitting Form 1099-MISC

- Distribute to recipients by January 31.
- File with the IRS by February 28, if filing by paper; March 31, if filing electronically.
- In 2019, the United States Congress enacted the Taxpayer First Act, which changed employer electronic filing requirements for calendar years beyond 2020. However, until final regulations are issued, the mandatory electronic filing threshold remains at 250 forms.

Please note: You must also file Form 1099-MISC for anyone from whom you withheld federal income tax under the backup withholding rules, regardless of the amount.