



Form 1099-NEC and Form 1099-Misc Reporting for 2020: What to File and When

The information return filing for the 2020 year
has undergone many changes

What has changed:

The information forms have been split between two forms:

- The 1099-NEC is now in addition to the original form 1099-MISC
- The 1099-MISC has been redesigned

The filing deadline has changed for the 1099-NEC. Please see specifics for each form below.

Form 1099-NEC

The completed Form 1099-NEC illustrates the following example. Z Builders is a contractor that subcontracts drywall work to Ronald Green, a sole proprietor who does business as Y Drywall. During the year, Z Builders pays Mr. Green \$5,500. Z Builders must file Form 1099-NEC because they paid Mr. Green \$600.00 or more in the course of their trade or business, and Mr. Green is not a corporation.

7171 VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. Z Builders 123 Maple Avenue Oaktown, AL 00000 555-555-1212		OMB No. 1545-0116 2020 Form 1099-NEC	Nonemployee Compensation	
PAYER'S TIN 10-9999999		RECIPIENT'S TIN 123-00-6789	1 Nonemployee compensation \$ 5500.00	
RECIPIENT'S name Ronald Green dba/Y Drywall		2		
Street address (including apt. no.) 456 Flower Lane		3		
City or town, state or province, country, and ZIP or foreign postal code Oaktown, AL 00000		4 Federal income tax withheld \$		
FATCA filing requirement <input type="checkbox"/>		5 State tax withheld \$		
Account number (see instructions)		2nd TIN not. <input type="checkbox"/>	6 State/Payer's state no.	7 State income \$

Form 1099-NEC Cat. No. 72590N www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

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Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns.

The Form 1099-NEC has replaced the filing for any payments reported in Box 7 of the Form 1099-MISC in prior years. Any payments on this form are being reported as non-employee compensation for the recipient. The payments to be reported in Box 1 of the new Form 1099-NEC include any payments made in the course of your trade or business over \$600 to the following:

- A vendor that you have paid for services performed that is not a corporation or an employee. If you have paid the vendor for services and parts, include the total paid that includes parts.
- A person who is in the business of catching fish that you have paid in cash, including corporations.
- Any attorney fees paid, including law firms that are corporations. If the amount is paid as part of a settlement agreement, this should be reported on the Form 1099-MISC.

You must file a Form 1099-NEC for any vendor that you have withheld federal income tax from their payment. This amount should be reported in Box 4. Also, any state withholding would be reported in Boxes 5 through 7.

Boxes 2 and 3 are not in use on this form and no information should be entered.

The box labeled FATCA filing requirement is related to foreign reporting. Please contact our offices if you have questions regarding foreign reporting.

Finally, the box labeled "2ndTIN not" should be checked if you were notified twice within three years that the payee provided an incorrect taxpayer identification number.

Please see the Illustrated Example, taken from the IRS's instructions above.

The Copy A of this form will be submitted to the Internal Revenue Service along with the Form 1096, which is the summary form that has been used in the past for 1099-MISC reporting.

Important to note is that this form is due to the IRS by February 1, 2021 whether filing on paper or electronically. The recipient copies are due by February 1, 2021 as well.

Form 1099-MISC

9595		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0115		Miscellaneous Income
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents		2020		
		\$				
		2 Royalties		\$		
PAYER'S TIN		3 Other income		4 Federal income tax withheld		
		\$		\$		
RECIPIENT'S TIN		5 Fishing boat proceeds		6 Medical and health care payments		
RECIPIENT'S name		\$		\$		
Street address (including apt. no.)		7 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>		8 Substitute payments in lieu of dividends or interest		
City or town, state or province, country, and ZIP or foreign postal code		\$		\$		
Account number (see instructions)		9 Crop insurance proceeds		10 Gross proceeds paid to an attorney		
FATCA filing requirement <input type="checkbox"/>		\$		\$		
2nd TIN not <input type="checkbox"/>		11		12 Section 409A deferrals		
		\$		\$		
		13 Excess golden parachute payments		14 Nonqualified deferred compensation		
		\$		\$		
		15 State tax withheld		16 State/Payer's state no.		
		\$		\$		
		\$		17 State income		
		\$		\$		

Form 1099-MISC Cat. No. 14425J www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service
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The Form 1099-MISC has been redesigned this year to remove the non-employee compensation that was previously reported on Box 7. Specific reporting requirements for the new Form 1099-MISC are listed below:

- Box 1: Rents of \$600 or more.
- Box 2: Royalties of \$10 or more.
- Box 3: Other income not considered non-employee compensation, including prizes and awards, in the amount of \$600 or more.
- Box 4: Any person that you have withheld federal income tax from their payment, the amount of tax withheld should be reported in Box 4.
- Box 5: An individual's share of fishing boat proceeds of \$600 or more.
- Box 6: Payments of \$600 or more for medical or health care, corporations are included unless they are tax exempt.
- Box 7: Check this box if payments of \$5,000 or more were made to a person, other than a permanent retail establishment, for products for resale.
- Box 8: This box is used for reporting payments made in lieu of interest or dividends in the amount of \$10 or more.
- Box 9: This box is used by insurance companies to report crop insurance proceeds of \$600 or more.
- Box 10: This box is used to report amounts paid to an attorney, including a law firm that is a corporation, proceeds in the amount of \$600 that represent amounts not related to fees (i.e., settlement agreement).
- Box 11: Not applicable for 2020. Do not use.
- Box 12: This box relates to Deferred Compensation and is not required to be completed according the IRS instructions.
- Box 13: This box applies to payments in excess of the average base amount of compensation.
- Box 14: Report any amount related to nonqualified deferred compensation under section 409A.
- Boxes 15-17: These boxes apply to state reporting information.

The new 1099-MISC is filed with the Internal Revenue Service along with the Form 1096. Recipient copies are due by February 1, 2021 with the exception of those forms that are reporting payments under Box 8 or 10, which are extended to February 16, 2021. The IRS copies (Copy A), along with the 1096, are due to be filed by March 1, 2021 if filing on paper and March 31, 2021 if filing electronically.