

Form 1099-MISC and Form 1099-NEC Requirement Guidelines

January 6, 2022

When certain payments are made in the course of the trade or business the payments must be reported on federal form 1099 in January of each year. Based on the type of payment, will determine which form to use.

File **Form 1099-MISC, Miscellaneous Information**, for each person in the course of your business to whom you have paid the following during the previous year.

- At least \$10 in royalties, or broker payments in lieu of dividends, or tax-exempt interest
- At least \$600 in:
 1. Rents (box 1);
 2. Prizes and awards (box 3);
 3. Other income payments (box 3);
 4. Generally, the cash paid from a notional principal contract to an individual, partnership, or estate (box 3);
 5. Any fishing boat proceeds (box 5);
 6. Medical and health care payments (box 6);
 7. Crop insurance proceeds (box 9);
 8. Gross proceeds paid to an attorney (box 10) (see instructions)
 9. Section 409A deferrals (box 12); or
 10. Nonqualified deferred compensation (box 14)

Form 1099-Misc is due to be reported to the recipient by January 31, 2022 and filed with the IRS by February 28, 2022. Refer to IRS instructions for additional information regarding due dates.

File **Form 1099-NEC, Nonemployee Compensation (NEC)**, for each person in the course of your business to whom you have paid the following during the year:

- At least \$600 in:
 1. Services performed by someone who is not your employee (including parts and materials) (box 1);
 2. Cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish (box 1); or
 3. Payments to an attorney (box 1).

Form 1099-NEC is due to be reported to the recipient and filed with the IRS by January 31, 2022.

You must also file Form 1099-MISC and Form 1099-NEC for each person from whom you have withheld any federal income tax (report in box 4) under the backup withholding rules regardless of the amount of the payment.

Exceptions

Some payments do not have to be reported on Form 1099, although they may be taxable to the recipient. Payments for which a Form 1099 is not required include all of the following:

- Generally, payments to a corporation (including a limited liability company (LLC) that is treated as a C or S corporation).
- Payments for merchandise, telegrams, telephone, freight, storage, and similar items.
- Payments of rent to real estate agents or property managers.
- Wages paid to employees (report on Form W-2, Wage and Tax Statement).
- Military differential wage payments made to employees while they are on active duty in the Armed Forces or other uniformed services (report on Form W-2).
- Business travel allowances paid to employees (may be reportable on Form W-2).
- Cost of current life insurance protection (report on Form W-2 or Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.).
- Payments to a tax-exempt organization including tax-exempt trusts (IRAs, HSAs, Archer MSAs, Coverdell ESAs, and ABLE (529A) accounts), the United States, a state, the District of Columbia, a U.S. possession, or a foreign government.
- Payments made to or for homeowners from the HFA Hardest Hit Fund or similar state program (report on Form 1098-MA).
- Compensation for injuries or sickness by the Department of Justice as a public safety officer disability or survivor's benefit, or under a state program that provides benefits for surviving dependents of a public safety officer who has died as the direct and proximate result of a personal injury sustained in the line of duty.
- Compensation for wrongful incarceration for any criminal offense for which there was a conviction under federal or state law. See section 139F, Certain amounts received by wrongfully incarcerated individuals.

Please visit <https://www.irs.gov/pub/irs-pdf/i1099gi.pdf> for instructions and filing requirements for Certain Information Returns (Forms 1096, 1097, 1098, 1099, 3921, 3922, 5498, and W-2G).

