



1099 Guide

*what, who, when,
how much & how to file*

Welcome to your *1099 Guide!*

One of the scarier aspects of becoming a business owner is filing 1099s. Do you know your *compliance obligations*?

Filing (or receiving!) 1099s helps to show proof of your payments and income for the IRS's internal matching system. And if you work with contractors, or are a contractor yourself, you need to understand this form!

Keep reading to learn:

- **The different types of 1099s**
- **Who should send/receive a 1099**
- **When you need to file + mail 1099s**
- **How to file your 1099s**

Understanding *the different types* of 1099s

1099-NEC: Payments to each person, in the course of your business, whom you have paid at least \$600 who either performed services for you (not as an employee) or payments to an attorney

1099-MISC: Payments of at least \$10 in royalties, broker payments in lieu of dividends or tax-exempt interest, or at least \$600 for rents, prizes & awards, other income, medical health care payments and more. *(See more at IRS Instructions).*

1099-B: Issued by a broker or barter exchanged for stocks, commodities, regulated future contracts, foreign currency contracts, forward contracts, debt instruments, options and more for cash. *(See more at IRS Instructions).*

Other common 1099s include 1099-DIV, INT, G, S, R, and SA.

Who gets a 1099-NEC?

As a contractor, you'll most likely be sending and receiving 1099-NECs.

NEC stands for non-employee compensation. So, you'll need to have a relationship that the IRS would deem non-employee. There are stiff penalties for misclassifying an employee as a contractor, please consult with your tax accountant for help determining your contractor/employee statuses.

If you pay a non-employee at least \$600 in the taxable year for services performed for your business and they aren't:

- **A corporation, government agency, or tax-exempt organization**
- **Paid by credit card**
- **Your employee**

You likely need to issue them a 1099-NEC.

When do I need to file a 1099-NEC?

1099-NECs are due to be filed and furnished to the recipient by January 31, 2022. This means your forms must be postmarked and mailed by the deadline.

How do I file a 1099-NEC?

First, you'll need the Form W-9 of your contractors.

The best practice is to request a W-9 prior to payment of any contractors. This form shows the contractor's name, address, and their SSN/EIN which will all be necessary information to file a 1099.

How do I file a 1099-NEC?

Once you have your contractor(s) W-9s, you'll need to calculate the amount you paid them in the taxable year.

Then, you have multiple options for filing your 1099s:

Your bookkeeping software or payroll processor may offer to file these forms for you for a fee.

You can file these forms by paper or e-file them on your own.

Our recommended method is to have your tax accountant prepare and file your 1099s on your behalf. This helps ensure accuracy and timely filing.

Happy 1099 season!



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