

IRS Forms 1099-MISC and 1099-NEC

Miscellaneous Income and Non-employee Compensation

The IRS has made a significant change to one of their most used annual tax forms the Form 1099. Beginning with tax year 2020, employers will use new **Form 1099-NEC** to report non-employee compensation and the Form 1099-MISC has been redesigned and revised for reporting other income.¹

Redesigned Form 1099-MISC.

Due to the creation of Form 1099-NEC, the IRS has revised Form 1099-MISC and rearranged box numbers for reporting certain income.

Changes in the reporting of income and the form's box numbers are listed below.

- Payer made direct sales of \$5,000 or more (checkbox) in box 7.
- Crop insurance proceeds are reported in box 9.
- Gross proceeds to an attorney are reported in box 10.
- Section 409A deferrals are reported in box 12.
- Nonqualified deferred compensation income is reported in box 14.
- Boxes 15, 16, and 17 report state taxes withheld, state identification number, and amount of income earned in the state, respectively.

For more information and instructions on how to use the forms you can go the IRS website using the links below.

[IRS.gov/Form1099MISC](https://www.irs.gov/Form1099MISC) or [IRS.gov/Form1099NEC](https://www.irs.gov/Form1099NEC).

¹ The PATH Act, P.L. 114-113, Div. Q, sec. 201, accelerated the due date for filing Form 1099 that includes nonemployee compensation (NEC) from February 28 to January 31 and eliminated the automatic 30-day extension for forms that include NEC. See part C in the 2020 General Instructions for Certain Information Returns, and Form 8809, for extensions of time to file. See part M in the 2020 General Instructions for Certain Information Returns for extensions of time to furnish recipient statements.

DISCLAIMER

This material is presented with the understanding that the author is providing basic information only and assumes no liability whatsoever in connection with its use. Tax laws are constantly changing, are subject to differing interpretations, and the facts and circumstances in any particular situation may not be the same as those presented here. Therefore, we urge you to do additional research and make sure that you are fully informed and knowledgeable before using the information contained herein.

To ensure compliance with Treasury Regulations (31 CFR Part 10, §10.35), we are required to inform you that any tax advice contained in any correspondence or other communication from us is not intended or written by us to be used, and cannot be used by you or anyone else, for the purpose of avoiding penalties imposed by the Internal Revenue Code.