

## 1099 FAQ: What You Need to know for 2020 Filing

Don't miss important changes to the 1099 filing process made by the IRS for the tax year 2020.

The IRS has made changes to the 1099 filing process for 2020 — adding additional stress to accounting teams' year-end tasks during an already chaotic period. Between the introduction of new forms and changes to filing requirements, many organizations are struggling to file their 1099s properly and efficiently.

Here's what you need to know:

### 1. What is the 1099 NEC?

The IRS has replaced 1099-MISC Box 7 with the new 1099-NEC form, starting in tax year 2020. Any wages formerly reported in Box 7 will now go into the 1099-NEC Box 1. You can also report federal tax withheld in Box 4 of the 1099-NEC. It's due to the IRS by Feb. 1, 2021. (Here are the [1099-NEC instructions](#).)

### 2. Does the 1099-MISC still exist?

Yes. The 1099-MISC still has all the boxes other than Box 7. The box numbers after Box 7 have just been shuffled around. Otherwise, the form is the same, it's just missing nonemployee compensation. Also, it is due to the IRS by Mar. 31, 2021. (Here are the [new 1099-MISC instructions](#).)

### 3. What about state filings for 1099-NEC? Is it part of the Combined Federal State filing program?

The 1099-NEC is NOT part of the CFS. The IRS released this decision in early September, so states are still working on how to adjust to this new information. Your 1099 filer should continue to monitor states' Department of Revenue web sites and incorporate the new requirements as they evolve.

### 4. What is a 1096 form?

A 1096 is the summary page for all 1099s that were filed. A 1096 is only required if the 1099 forms were paper filed with the IRS. If the 1099 forms are electronically filed, then a 1096 is not needed.

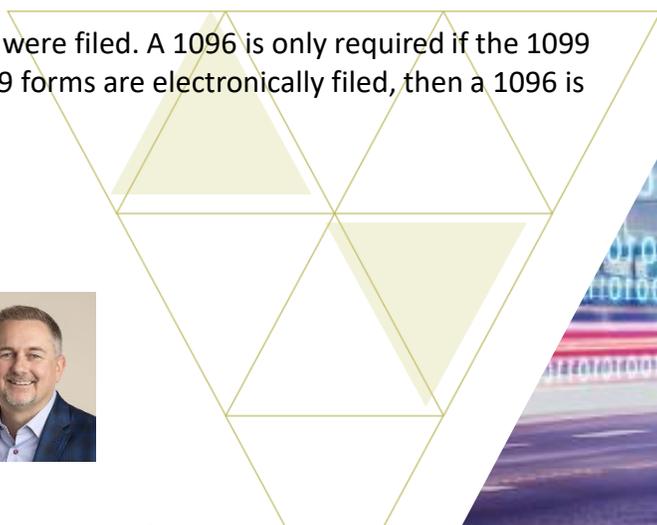
Need some help or clarification?  
Contact our experts.



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### 5. Do I need to file a 1096 or W-3 if filing electronically?

No. According to [General 1099 instructions, Part E](#), no 1096 is needed for e-filed 1099s. Neither is a W-3 required when e-filing, according to [W-2/W-3 Instructions](#) page 2, column 2 under Business Services Online (BSO).

### 6. Can I enter all zeros if I don't know the recipient's Social Security number?

No, you can't enter all zeros. If you don't know a recipient's federal tax ID number, you'll need to ask for a current W-9 form. If they fail to provide one, you'll receive a [form CP2100](#) from the IRS later in the year stating that you'll need to withhold tax on all future payments at 24%.

### 7. When are 1099-NEC and W-2 forms due?

1099-NEC and W-2 forms must be delivered to recipients by Feb. 1, 2021, and **to the IRS by Feb. 1, 2021.**

### 8. When are 1099 forms due?

All 1099 forms, except 1099-NEC, must be delivered to recipients by Feb. 1, 2021, and **to the IRS by Mar. 31, 2021.**

### 9. What is the payment threshold for furnishing a 1099?

If the payment is for anything other than interest or royalty payments, the threshold is \$600. If the payment is for interest or royalties, the threshold is \$10.

### 10. All my vendors are corporations; do I need to issue them a 1099?

No, C-corps and S-corps do not require a 1099. Payments to individuals, LLC-partnerships, partnerships and sole proprietors do need to be reported on your 1099.

*Need some help or clarification?  
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### **11. How do I correct a recipient's info for a 1099, 1095-C or W-2 after it's been sent to the IRS?**

If you filed your original form through an outside vendor, you'll need to contact them to figure out the next steps for resending the form to the IRS and resending the email to the recipient. If you filed the form on your own, you'll need to resend the relevant forms to the IRS and re-email the corrected form to the recipient.

### **12. What are the IRS penalties if I file late?**

The IRS has multiple forms, each with different penalties. Please see the IRS instructions for your specific form to understand more about the penalties.

### **13. I paid an attorney this year for legal services; does that amount get reported on the 1099-NEC**

The amounts paid to an attorney for legal services (evictions, contracts, etc.) must be reported on the 1099-NEC.

### **14. When does the payment to an attorney go on the 1099-MISC?**

Payments to attorneys go on the 1099-MISC when the payment is a settlement payment due to litigation.

### **15. My attorney is registered as a corporation. I don't have to issue them a 1099, correct?**

Incorrect. Attorneys are exempt from the corporation rule. All attorneys must be issued a 1099 if the payments are above the threshold.

### **16. I pay rent to a property manager; do I need to issue the owner of the property a 1099?**

No, if you pay an intermediary, the intermediary is responsible for sending the owner a 1099. If you pay the owner directly, then you do need to issue them a 1099.

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### 17. *When is the 1042-S form due?*

Form 1042-S must be e-filed to the IRS and e-delivered or postal mailed to the recipient by **Mar. 15, 2021**. You may e-deliver if the recipient has a foreign TIN (Box 13i) or U.S. TIN. You can also postal mail to recipients.

### 18. *If we outsource our 1099 filing, can our vendor also file our 1042?*

Not necessarily. The IRS requires that the 1042 form be filed on paper and mailed manually. However, the 1042-S form, which includes the 1042-T, can be e-filed. So you will need to work with your 1099 filing vendor if you want them to file your 1042 as well. If you're filing both forms in-house, be aware that you can e-file your 1099 forms and your 1042-S but will need to submit your 1042 on paper and by mail.

### 19. *What if I need to fill out a tax year 2019 or prior 1099-MISC or NEC?*

The 1099-NEC doesn't exist for prior years, so you'll only use the NEC for tax year 2020 and going forward. The IRS now has two versions of the 1099-MISC. You'll use the new version for tax year 2020 and forward, while using the old version for tax years 2019 and prior.

*If you have questions about filing your 1099 forms or need assistance doing so by the deadline, we'd be happy to help. Please visit our [1099 Filing Service](#) page to learn more.*

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