

SOLUTIONS FOR YOUR GROWING ORGANIZATION

# 1099s and Compliance Made Easy

TUESDAY, NOVEMBER 30TH

# Today's Presenters



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# TODAY'S Agenda

1

Meeting the  
tight filing  
deadline

2

Strategies to  
avoid the  
year-end rush

3

Dynamics  
GP Support

4

Equity

5

How we  
can help

6

FAQ

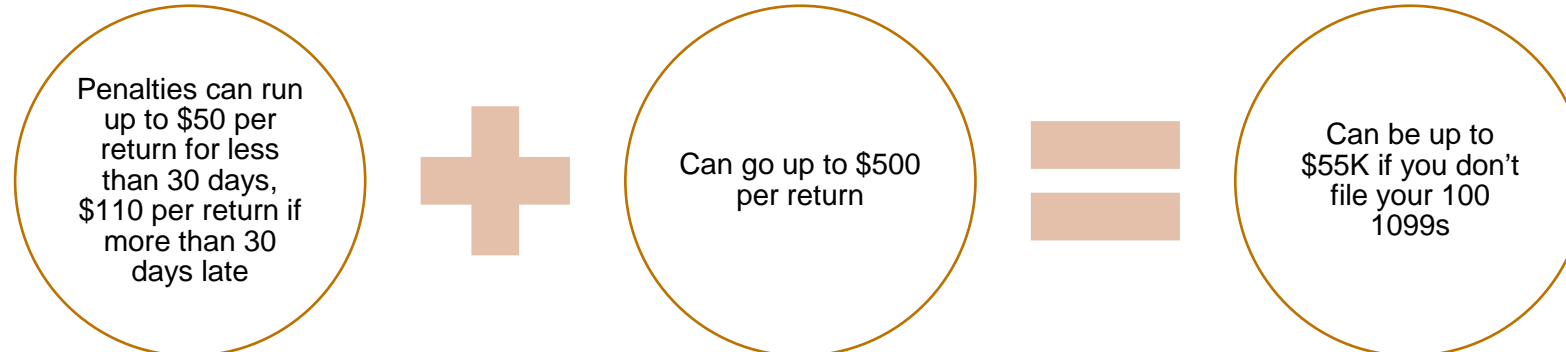


# Upcoming Deadlines

# Why are we here today?

- Significant Changes to Forms and Penalties (Continuation of NEC & Changes to MISC form) for Not Filing
- E-filing is required for 250 forms and above

## PENALTIES EXAMPLE:



\*Regulations may be passed at the end of the year to decrease the limit to 100, so until then continue to file electronically if you're over 100 forms



# Are you ready?

Is your accounting system setup to electronically file?



# Dynamics GP 1099 Support

Armanino Customer Success:

[customersuccess.armaninollp.com](https://customersuccess.armaninollp.com)

[help@armaninoLLP.com](mailto:help@armaninoLLP.com)



## EQUITY

# Standard Taxable Events

- Non- Qualified Stock Option Exercises: taxed at time of exercise
- Restricted Stock Unit Vesting: taxed at time of vest
- Restricted Stock Award Vesting: taxed at time of vest or at grant date if 83(b) is elected



## EQUITY

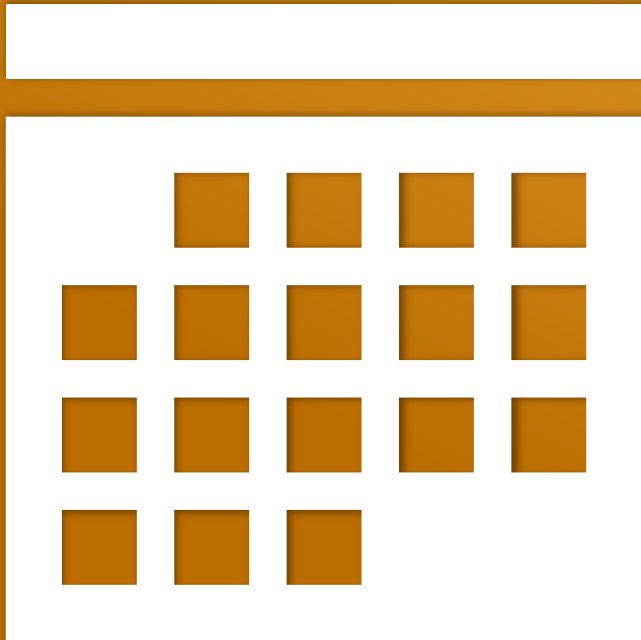
# What is taxed?

- Disqualified Option exercises are taxed upon the spread (fmv less exercise price) at exercise using applicable income tax rates
- RSU vest events are also taxed at the applicable income tax rates using the spread at the vest date. The spread is typically equal to the fair market value at vest date as most RSUs do not have a purchase price
- There is no immediate tax consequence for ISO exercises so long as the minimum holding requirements for the shares are met
  - In this case, the spread is only subject to the Alternative Minimum Tax (AMT), if applicable to the employee, at year end

## EQUITY

# ESPP

- Qualifying ESPP purchases are not subject to taxation at issuance and are not subject to AMT
- The spread at purchase will be used for later tax assessment if shares are sold
- You must hold the shares long enough for them to be "Qualified" for the tax benefits upon sale. This is holding the shares for at least 2 years from the offering date and 1 year from the purchase date
- Shares are purchased under a Non-Qualifying ESPP plan subject to income tax on spread (fmv at purchase less purchase cost) immediately



## EQUITY

# 3921 and 3922 Statements

- 3921 Statements should be prepared for all Employees who exercised Incentive Stock Option (ISO) exercises in the calendar year
- 3922 Statements should be prepared for all Employees who purchased shares via ESPP by the end of the calendar year
- Forms should be mailed or provided electronically to employees by the end of January
- Filings with the IRS are due filings due by Feb. 28, if filing by paper or March 31, if e-filing



# How can we help?

- Basic Service
- Optional Enhanced Service

## STEPS TO GET SUPPORT

# Next Steps

- We know time matters – now more than ever. Once you've decided on a customized option, follow the steps below to complete your transaction:
- Download the engagement letter [here](#).
- Fill in required information, sign and email the EL. to [Compliance@armaninoLLP.com](mailto:Compliance@armaninoLLP.com).
- Receive an email from [1099@armaninoLLP.com](mailto:1099@armaninoLLP.com) confirming receipt.
- Pay full fee per payment terms.
- Receive a call from one of our experts to get started.
- For existing Armanino Tax or Outsourcing clients, please consult with your regular client contact.

[www.armaninollp.com/software/integrations-toolkits/1099-filing-service](http://www.armaninollp.com/software/integrations-toolkits/1099-filing-service)

# Contact an expert



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# FAQ's

## 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 is due to the IRS by Jan. 31, 2022. [1099-NEC instructions](#).

## Does the 1099-MISC still exist?

- Yes. The 1099-MISC still has all other boxes other than Box 7. The box numbers after box 7 have been shuffled around, but otherwise, it is the same, just missing Nonemployee compensation. It is now due to the IRS by Mar. 31, 2022. [New 1099-MISC instructions](#).

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

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

## What is a 1096 form?

- A Form 1096 is the summary page for all 1099's 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.

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

- 1099-NEC and W-2 forms must be delivered to recipients by Jan. 31 and **to the IRS by Jan 31**.

## When are 1099 forms due?

- All 1099 forms except 1099-NEC must be delivered to recipients by Jan. 31 and to the IRS by Mar. 31, 2022.

## What is a 1095-C?

- The **Form 1095-C** contains important information about the healthcare coverage offered or provided to you by your employer. Information from the **form** may be referenced when filing your **tax return** and/or to help

## Are we still responsible for filing a 1095-C?

- Yes, and the filing deadlines vary by state. For example, California has a March 31, 2022 deadline for information for 2021. Texas deadline is March 2.

## What about other forms?

- We can file almost any form for you.

Solutions for your growing organization

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