

OVERVIEW OF FORM 1099 REPORTING REQUIREMENTS

Who Should File?

Payers file specific information returns depending on the type of reportable payments made to recipients. This guide provides **an overview** of the Form 1099 reporting requirements, including the types of payments reportable on the most commonly encountered forms in the Form 1099 series. A comprehensive list of reportable payments and the proper form to report each type of payment is available in the General Instructions for Certain Information Returns available at www.irs.gov/pub/irs-pdf/i1099gi.pdf.

Note: Forms 1099 are not required to be filed or furnished to a payee if total payments during the calendar year are less than the minimum reporting requirement for a particular form. However, the payer may choose to furnish a Form 1099 for all payments (even those under the minimum filing requirement), and the IRS encourages payers to do this.

Form 1099-MISC (Miscellaneous Income) is filed for each payee that received-

1. at least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest;
2. at least \$600 in rents, prizes, awards, other income payments, crop insurance proceeds, or generally, cash paid from a notional principal contract to an individual, partnership, or estate;
3. any fishing boat proceeds; or
4. medical and health care payments of \$600 or more.

In addition, Form 1099-MISC is used to report direct sales of at least \$5,000 of consumer products to a buyer for resale anywhere other than a permanent retail establishment. Form 1099-MISC is also filed for each payee who has any federal income tax withheld under the backup withholding rules regardless of the amount of the payment.

Form 1099-MISC *(Continued)*

Some payments are not required to be reported on Form 1099-MISC, although they may be taxable to the payee.

Examples of payments for which a Form 1099-MISC is not required include the following:

1. Payments made to a corporation (including an S corporation and a limited liability company that has elected to be classified as a corporation for federal tax purposes), although there are exceptions.
2. Payments for merchandise, telegrams, telephone, freight, storage, and similar payments.
3. Payments of rent to real estate agents or property managers.
4. Wages paid to employees, including differential wage payments made while an employee is on active duty in the Armed Forces.
5. Payments to a tax-exempt organization, the United States, a state, the District of Columbia, a U.S. possession, or a foreign government.
6. Certain payment card transactions.

Form 1099-NEC (Nonemployee Compensation) is filed for each payee who received payments of at least \$600 for services performed in a trade or business by someone who is not treated as an employee. Nonemployee compensation (NEC) is reported in box 1 of Form 1099-NEC. Prior to the 2020 calendar year, NEC was reported in box 7 of Form 1099-MISC.

Beginning with reporting for payments made in 2020, Form 1099-NEC also is used to report cash payments for fish (or other aquatic life) purchased from anyone engaged in the trade or business of catching fish and payments made to an attorney.

Form 1099-R (Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.) is filed for each payee who received at least \$10 from profit-sharing or retirement plans, any IRAs, annuities, pensions, insurance contracts, survivor income benefit plans, permanent and total disability payments under life insurance contracts, charitable gift annuities, etc. Death benefit payments made by employers that are not made as part of a pension, profit-sharing, or retirement plan and reportable disability payments made from a retirement plan are also reported on Form 1099-R.

Payments subject to withholding of social security and Medicare taxes generally are not reported on Form 1099-R. Instead, such payments are reported on Form W-2. Amounts totally exempt from tax, such as workers' compensation are also not reported on Form 1099-R. However, if part of the distribution is taxable and part is nontaxable, the entire distribution is reported on Form 1099-R.

Form 1099-DIV (Dividends and Distributions) is filed for each payee that-

1. received at least \$10 in dividends (including capital gains dividends and exempt-interest dividends) or other distribution on stock,
2. had any foreign tax withheld and paid on dividends and other distributions on stock regardless of the amount of the payment,
3. had any federal income tax withheld under the backup withholding rules regardless of the amount of the payment, or
4. received at least \$600 as part of a liquidation.

Form 1099-DIV generally does not have to be filed for payments made to certain payees including a corporation, a tax-exempt organization, any IRA, Medical Savings Account (MSA), health savings account (HSA), a U.S. agency, a state, the District of Columbia, a U.S. possession, or a registered securities or commodities dealer.

Form 1099-INT (Interest Income) is filed for each payee that-

1. received at least \$10 in interest (or for certain payees at least \$600),
2. had any foreign tax withheld and paid on interest regardless of the amount of the payment, or
3. had any federal income tax withheld under the backup withholding rules regardless of the amount of the payment.

Form 1099-INT generally does not have to be filed for payments made to certain payees including a corporation; a tax-exempt organization; any IRA, MSA, or HSA; a U.S. agency; a state; the District of Columbia; a U.S. possession; a registered securities or commodities dealer; a nominee or custodian; a broker; or a notional principal contract (swap) dealer.

