

Form 1099-MISC and Form 1099-NEC Reporting



*Sprague
& Jackson*

ACCOUNTANTS AND ENROLLED AGENTS

The Seneca Building • 121 E Seneca St • Ithaca, NY 14850

David W. Sprague, EA, ABA Principal
Angie Jackson, EA, MSA Principal

Phone: (607) 273-5322

Fax: (607) 273-8138

Email: Admin@sprjac.com

Use Form 1099-NEC, *Nonemployee Compensation*, to report nonemployee compensation payments. These payments are no longer reported on Form 1099-MISC, *Miscellaneous Information*. See *Nonemployee compensation*, next column.

Trade or Business Reporting Only

Report on Form 1099-MISC or Form 1099-NEC only when payments are made in the course of your trade or business. Personal payments are not reportable. You are engaged in a trade or business if you operate for gain or profit. However, nonprofit organizations are considered to be engaged in a trade or business and are subject to these reporting requirements. Other organizations subject to these reporting requirements include trusts of qualified pension or profit-sharing plans of employers, certain organizations exempt from tax under IRC section 501(c) or 501(d), farmers' cooperatives that are exempt from tax under IRC section 521, and widely held fixed investment trusts. Payments by federal, state, or local government agencies are also reportable.

Exceptions: Some payments do not have to be reported on Form 1099-MISC or Form 1099-NEC, although they may be taxable to the recipient. Payments for which a Form 1099-MISC or Form 1099-NEC is not required include payments to a corporation (including a limited liability company (LLC) that is treated as a C or S corporation). But see *Reportable Payments to Corporations*, next column.

Form 1099-MISC, *Miscellaneous Information*, Reporting

2023 filing due date. Form 1099-MISC is due to the IRS by February 28, 2024, if filing by paper, or March 31, 2024, if filing electronically. The due date for furnishing statements to payees is January 31, 2024.

Who must file? File Form 1099-MISC, *Miscellaneous Information*, for each person to whom you have paid during the year:

- At least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest,
- At least \$600 in:
 - Rents,
 - Prizes and awards,
 - Other income payments,
 - Medical and health care payments,
 - Crop insurance proceeds,
 - Generally, the cash paid from a notional principal contract to an individual, partnership, or estate,
 - Gross proceeds to an attorney. See *Payments to Attorneys*, next page,
 - Any fishing boat proceeds,
 - Cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish,
 - IRC section 409A deferrals, or
 - Nonqualified deferred compensation.

In addition, use Form 1099-MISC or Form 1099-NEC to report that you made direct sales of at least \$5,000 of consumer products to a buyer for resale anywhere other than a permanent retail establishment.

Withholding. You must also file Form 1099-MISC for each person from whom you have withheld any federal income tax under the backup withholding rules regardless of the amount of the payment.

Reportable Payments to Corporations on Form 1099-MISC

The following payments made to corporations generally must be reported on Form 1099-MISC.