

INFORMATION GUIDE

Form 1099-NEC &
Form 1099-MISC Instructions



Form Modifications on the 2022 1099-NEC

It's been two years since the IRS released the 1099-NEC form to replace Form 1099-MISC for reporting nonemployee compensation. Each year since, the agency has made revisions to the form.

For the 2022 tax season, the IRS has made the form 'dateless.' The tax year has been removed and a revision date has been added to help filers ensure they are using the most up-to-date version of the form.

The dateless version of the form allows filers to use the same form for multiple tax seasons. The tax year is specified in the "For calendar year" box in the top right section.

NEW FOR 2022

2022 NEC Form Modifications:

The image shows a sample of the 2022 Form 1099-NEC. At the top right, a yellow box contains the text "NEW FOR 2022". A red circle highlights the text "Form 1099-NEC (Rev. January 2022)" in the top right section of the form. The form itself is titled "Form 1099-NEC (Rev. January 2022) For calendar year 20__". It includes fields for Payer's name, Recipient's name, TINs, and various compensation and withholding amounts. The form is labeled "Nonemployee Compensation" and "Copy A For Internal Revenue Service Center File with Form 1096".

Who Should Receive Form 1099-NEC?

The 1099-NEC captures any payments to nonemployee service providers, such as independent contractors, freelancers, vendors, consultants and other self-employed individuals (commonly referred to as 1099 workers).

According to the IRS, a combination of these four conditions distinguishes a reportable payment:

- ✓ It is made to someone who is not your employee
- ✓ It is made for services in the course of your trade or business
- ✓ It was made to an individual, partnership, estate, or, in some cases, a corporation
- ✓ Payments were \$600 or more for the calendar year

TYPICAL EXAMPLES:

- Professional service fees to attorneys (including law firms established as corporations), accountants and architects
- Fees paid by one professional to another
- Payments for services, including payment for parts or materials used to perform the services if they were incidental
- Commissions paid to nonemployee salespeople not repaid during the year

EXCEPTIONS:

- Payments for merchandise, telegrams, phone, freight, storage or similar items
- Payments to a tax-exempt organization, including tax-exempt trusts; federal, state, and local governments; or a foreign government

2022 Instructions for Form 1099-NEC

NEW FOR 2022

Year has been replaced by form name, with addition of revision date for filers to recognize most updated version of form

Payer's information:

Name, address, telephone number and TIN

Box 1:

Nonemployee compensation if you paid this person \$600 or more during the year

Recipient's information:

Name, address, and TIN

The image shows a sample Form 1099-NEC (Rev. 1-2022) with several callouts pointing to specific areas:

- Top Left:** Payer's information fields (Name, address, city or town, state or province, country, ZIP, or foreign postal code, and telephone no.).
- Top Center:** Payer's TIN and Recipient's TIN fields.
- Top Right:** Box 1: Nonemployee compensation.
- Middle Left:** Recipient's information fields (Name, address, city or town, state or province, country, and ZIP or foreign postal code).
- Middle Right:** Box 2: Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale.
- Bottom Left:** Box 4: Federal income tax withheld.
- Bottom Center:** Boxes 5, 6, and 7: State tax withheld, State/Payer's state no., and State income.
- Bottom Right:** Box 7: State income.

Additional callouts include:

- NEW FOR 2022:** Year has been replaced by form name, with addition of revision date for filers to recognize most updated version of form.
- Change to Box 2:** Use this box (OR Box 7 on the 1099-MISC) to report sales of \$5,000 or more of consumer products for resale, on a buy-sell, deposit-commission, or other commission basis.
- Copy A:** For Internal Revenue Service Center. File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.

Form 1099-NEC (Rev. 1-2022) 41-0852411 www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

Box 4:

Any federal income tax withheld

Boxes 5, 6 and 7:

If applicable, state taxes withheld, state identification number and amount of state income

Critical Dos and Don'ts with Form 1099-NEC

- ✓ Do verify that the recipient's taxpayer ID is correct. You must have Form W-9 from each recipient with the current taxpayer ID before you complete Form 1099-NEC.
- ✗ Don't use Form 1099-NEC to report personal payments.
- ✗ Don't use Form 1099-NEC to report employee wages; use Form W-2 instead.
- ✗ Don't report gross proceeds to an attorney (not fees) on Form 1099-NEC; use Form 1099-MISC instead.
- ✗ Don't use Form 1099-NEC to report payments of rent to real estate agents or property managers; use Form 1099-MISC instead.

Filing and Submitting Form 1099-NEC

- Distribute to recipients by January 31.
- File with the IRS by January 31 through paper or electronic filing.
- In 2019, the United States Congress enacted the Taxpayer First Act, which changed employer electronic filing requirements for calendar years beyond 2020. However, until final regulations are issued, the mandatory electronic filing threshold remains at 250 forms.

Please note: You must also file Form 1099-NEC (report in box 4) for anyone from whom you withheld federal income tax under the backup withholding rules, regardless of the amount.

2022 Instructions for Form 1099-MISC

NEW FOR 2022

Year has been replaced by form name, with addition of revision date for filers to recognize most updated version of form

Box 7: Direct sales of \$5,000 or more

Box 9: Crop insurance proceeds

NEW FOR 2022
Account Number field moved to bottom of form aligned with "2nd TIN not." box. Blank space shifted to above Account Number field

Box 11: Under section 6050R of IRS tax code, use this box to report cash payments for the purchase of fish for resale purposes, from an individual or corporation engaged in catching fish

NEW FOR 2022
"FATCA filing requirement" box now Box 13, and shifted positions to be above "2nd TIN not." box.

Boxes 16, 17 and 18: If applicable, state taxes withheld, state identification number and amount of state income

Box 10: Gross proceeds to an attorney

Box 12: Section 409A deferrals

Box 15: Nonqualified deferred compensation

Miscellaneous Information
Copy A For Internal Revenue Service Center
File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.

Critical Dos and Don'ts with Form 1099-MISC

- ✓ Do report gross proceeds to an attorney (not fees) on Form 1099-MISC.
- ✓ Do complete a 1099-MISC if you made royalty payments of at least \$10 during the year.
- ✓ Do use Form 1099-MISC for miscellaneous income, such as rents, royalties, and medical and health care payments.
- ✗ Don't use Form 1099-MISC to report personal payments.
- ✗ Don't use Form 1099-MISC to report employee wages; use Form W-2 instead.

Filing and Submitting Form 1099-MISC

- Distribute to recipients by January 31.
- File with the IRS by February 28, if filing by paper; March 31, if filing electronically.
- In 2019, the United States Congress enacted the Taxpayer First Act, which changed employer electronic filing requirements for calendar years beyond 2020. However, until final regulations are issued, the mandatory electronic filing threshold remains at 250 forms.

Please note: You must also file Form 1099-MISC for anyone from whom you withheld federal income tax under the backup withholding rules, regardless of the amount.