



Forms 1099-MISC, Miscellaneous Income & 1099-NEC, Nonemployee Compensation

November 2020

To assist businesses in filing nonemployee compensation by January 31 and other 1099 reportable payments by February 28 (or March 31 if filing electronically), the IRS created new Form 1099-NEC, required starting in 2020. Both forms must be furnished to recipients by January 31 even though the IRS filing deadlines differ.

Form 1099-MISC, Miscellaneous Income

File this form for each vendor 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;
 - payments to an attorney for gross proceeds; or
 - generally, the cash paid from a notional principal contract to an individual, partnership, or estate

Also, use this form 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.

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.

When an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. If you made the payment in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report them only as social security and Medicare wages on the employee's Form W-2, but not in Box 1. If you made the payment after the year of death, do not report it on Form W-2, and do not withhold social security and Medicare taxes. Whether the payment is made in the year of death or after the year of death, you also must report the payment to the estate or beneficiary on Form 1099-MISC in Box 3. Enter the name and TIN of the payment recipient on Form 1099-MISC. For specific details on entering the information in USAS and USPS, *see the document on the LACA website: Deceased Employee Final Payment.*



Form 1099-NEC, Nonemployee Compensation

File this form for each vendor to whom you have paid during the year:

- at least \$600 in:
 - services performed by someone who is not your employee (including parts and materials);
 - payments to an attorney (fees for services); or
 - other professional service fees, such as fees to accountants, architects, contractors, engineers, etc.

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

Additional Resources

For more information, see the IRS Instructions for Forms 1099-MISC and 1099-NEC and IRS Publication 1220, available at the following links:

<https://www.irs.gov/instructions/i1099misc#idm140364700591760>

<https://www.irs.gov/pub/irs-prior/i1099misc--2020.pdf>

<https://www.irs.gov/pub/irs-pdf/p1220.pdf>