

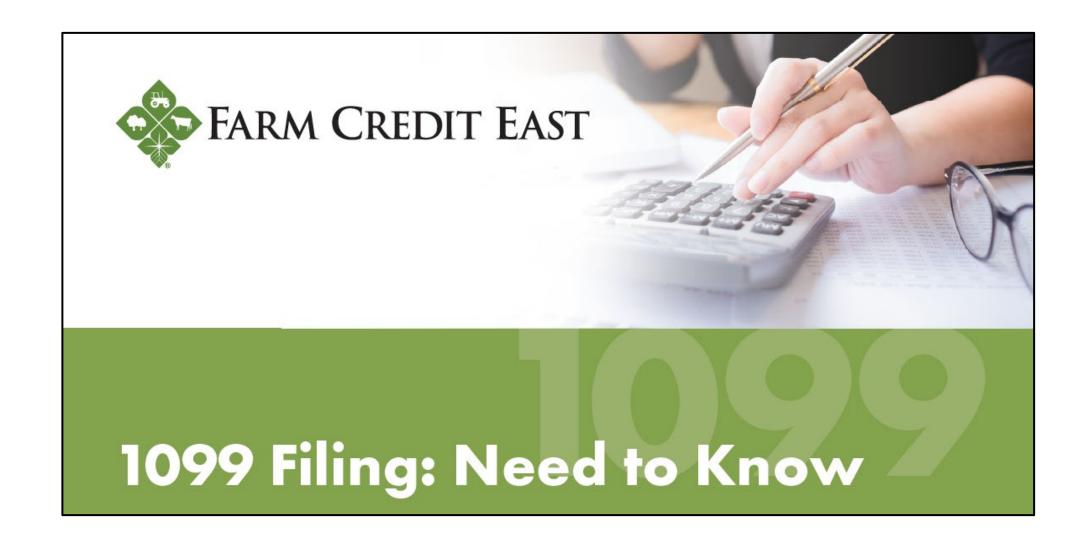
Year-End 1099 Webinar

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Effective for forms filed after 1/1/2024

Electronic filing is required if there are more than a combined total of 10 information returns. These include W-2s, 1099s, and other form 109xs. Failure to do so will result in the rejection of forms over the 10-count limit.

The Rules for 1099s

If your business paid any interest, dividend or royalty payments over \$10, or service or rent payments of \$600 or more during the tax year, you may need to file a Form 1099 with the IRS. See file dates on page 1.

The 1099-NEC is a form specifically for reporting 'nonemployee compensation' to individuals or independent contractors not on payroll. Previously, these payments were reported on the 1099-MISC form. The 1099-MISC is still used, but for a smaller list of payments.

Businesses should now use Form 1099-NEC to report nonemployee compensation. If the following four conditions are met, you must generally report a payment as nonemployee compensation:

- You made the payment to someone who is not your employee.
- You made the payment for services rendered in the course of your trade or business.
- You made the payment to an individual, a partnership, an estate or, in some cases, a corporation, such as a single-member LLC. Payments to C- or S-corporations do not need to be reported on a 1099.
- You made payments to the payee of at least \$600 during the year.

1099-NEC must include all incidental parts and materials for the services rendered

Common examples of nonemployee compensation include:

- · Payments to independent contractors
- Fees paid for professional services such as of consultants, engineers and accountants
- Payments to certain crew members by operators of fishing boats
- Attorneys' fees of \$600 or more paid, even when paid to a corporation

Businesses should still report the following on Form 1099-MISC:

- · Rent payments of \$600 or more
- Prizes and awards of \$600 or more that are not for services
- · Royalty payments of \$10 or more
- · Legal settlements of \$600 or more
- Veterinarians must report on Box 6 on form 1099-MISC regardless of being a corporation

Note: Form 1099 is generally not required for payments made to a corporation, a tax-exempt organization or a government entity. It is not required for rents paid to a real estate agent nor for the purchase of goods only.

Use Form 1099-INT to report interest paid of \$10 or more to non-corporate creditors (not Farm Credit East).

No 1099s need to be issued to Farm Credit East for interest or services.

Importance of filing 1099s due to IRS penalties

IRS will penalize you if you fail to file the required 1099 by the due date. For returns required to be filed in 2024 and later years, the following penalties apply:

- Correct 1099 is filed within 30 days after the due date = \$60 penalty per information return
- Correct 1099 is filed more than 30 days late and by August 1 of the filing year = \$130 per information return
- Correct 1099 is filed after August 1 of the filing year
 \$330 per information return
- Intentional disregard to furnish statements to payees by January 31 = is at least \$660 per payee statement with no maximum penalty
- Intentional disregard of filing requirement = is at least \$660 per payee statement with no maximum penalty

With some limitations, information returns with missing or incorrect information are treated as being correct and complete if corrected returns are furnished by August 1 of the filing year.

Questions?

That's what we're here for! Please feel free to contact your local office.

Recipients 1099 Year Zax 2024

Interest	*	*	\$	\$	*	*	\$	\$	\$	\$	\$	*	\$	\$	\$	\$	*	\$	\$	\$	**
Misc Payments	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	*
Veterinary		*	\$	\$	*	\$	\$	\$	\$	\$	\$	*	\$	\$	\$	*	*	\$	\$	*	\$
Service	\$900.00	**	**	**	**	**	**	**	*	**	**	**	**	**	**	**	**	**	**	**	**
SSN/EIN Rent Service	00'005'£\$																				
SSN/EIN	XXX-XX-XXX																				
Address	3456 East Rd Marcellus, NY 13108																				
Payee	Ex: Smith Land, LLC																				



1099 REQUIREMENTS



WHEN IS A 1099 REQUIRED?

Expense is a business deduction

Recipient is <u>not</u> a Corporation

Payment(s) are > \$600

Payment(s) are for a service/rent/interest/real estate

Individuals	YES
Partnerships	YES
LLCs	YES
Trusts	YES
S Corporations	NO*
C Corporations	NO*
Cooperatives	NO*

^{*} Unless Attorneys or Vets

Breeding	1099-NEC
Custom Hire	1099-NEC
Employees	W-2
Harvesting	1099-NEC
Interest on Savings	1099-INT
Interest on Mortgages	1098
Independent Contractors	1099-NEC
Legal Fees	1099-NEC
Planting	1099-NEC
Real Estate Purchases	1099-S
Rent Paid	1099-MISC
Spraying	1099-NEC
Timber Purchases	1099-S
Trucking/Hauling	1099-NEC
Vets	1099-MISC

Interest on Savings	1099-INT	Payor issues 1099			
Interest on Mortgages	1098	Recipient issues 1098!			



E-FILE REQUIREMENTS



Refunds

Credits & Deductions

Forms & Instructions

Search



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Am I required to file a Form 1099 or other information return?

Individuals

Businesses and self-employed

Business tax account

Small business and self-employed

Employer ID numbers

Business taxes

Reporting information returns

Self-employed

Starting a business

Operating a business

10 or more returns: E-filing now required

Starting tax year 2023, if you have 10 or more information returns, you must file them electronically.



This includes Forms W-2, e-filed with the Social Security Administration. Find details on the final e-file regulations and requirements for Forms W-2.

To e-file, apply now for a Transmitter Control Code (TCC). It may take up to 45 days for processing.

If you made a payment during the calendar year as a small business or selfemployed (individual), you are most likely required to file an information return to the IRS. Receipt of certain payments may also require you to file an information return to the IRS. This page is applicable to specific and limited reporting requirements. For more detailed information, please see General Instructions for Certain Information Returns or specific form instructions.



Need a form or publication?

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Home / File / E-file information returns with IRIS

E-file information returns with IRIS

E-file through the IRIS Taxpayer Portal

This free, web-based filing system lets you:

- E-file up to 100 returns at a time
- Enter manually or by .csv upload
- Download payee copies to distribute
- Keep a record of completed, filed and distributed forms
- Save and manage issuer information



FILING DATES & PENALTIES



FILING DATES

Form 1099-NEC Due to recipient by January 31, E-filed with IRS by January 31

Form 1099-MISC Due to recipient by January 31, E-filed with IRS by March 31

Form 1099-S

Due to recipient by February 15, E-filed with IRS by March 31

Form 1099-INT Due to recipient by January 31, E-filed with IRS by March 31

PENALTIES

\$60 per 1099	Correct 1099 is filed within 30 days after
-	the due date

\$130 per 1099	Correct 1099 is filed	more than 30 days
	late and by August 1	of the filing year

\$330 per 1099 Correct 1099 is filed after August 1 of the filing year

\$660 per 1099 Intentional disregard to issue 1099



INFORMATION NEEDED



Form W-9 (Rev. March 2024) Department of the Treasury Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Go to www.irs.gov/FormW9 for instructions and the latest information.

Give form to the requester. Do not send to the IRS.

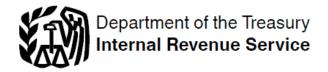
Befor	е у	bu begin. For guidance related to the purpose of Form W-9, see Purpose of Form, below.		•				
	1	Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the o entity's name on line 2.)	1, and enter the business/disregarded					
	2	Business name/disregarded entity name, if different from above.						
on page 3.	3a	Check the appropriate box for federal tax classification of the entity/individual whose name is entered only one of the following seven boxes. Individual/sole proprietor C corporation S corporation Partnership	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):					
		LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership)		Exempt payee code (if any)				
Print or type. Specific Instructions		Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead chec box for the tax classification of its owner. Other (see instructions)	Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any)					
	3b	If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax and you are providing this form to a partnership, trust, or estate in which you have an ownership it this box if you have any foreign partners, owners, or beneficiaries. See instructions	(Applies to accounts maintained outside the United States.)					
8	5	Address (number, street, and apt. or suite no.). See instructions.	Requester's name and address (optional)					
	6	City, state, and ZIP code						
	7	List account number(s) here (optional)						
Par	tΙ	Taxpayer Identification Number (TIN)						
		r TIN in the appropriate box. The TIN provided must match the name given on line 1 to av	curity number					
reside	nt a	ithholding. For individuals, this is generally your social security number (SSN). However, for the instructions for Part I, later. For other						
entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN, later.								
				er identification number				
		ne account is in more than one name, see the instructions for line 1. See also What Name is To Give the Requester for guidelines on whose number to enter.	and					



PARTS & MATERIALS VS LABOR



Instructions for Forms 1099-MISC and 1099-NEC



(Rev. January 2024)

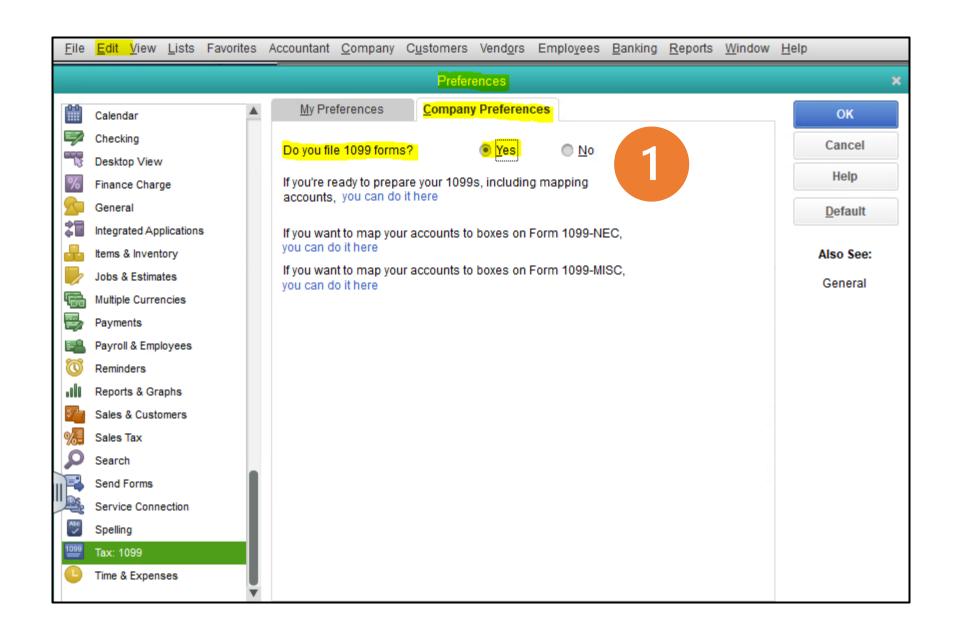
Miscellaneous Information and Nonemployee Compensation

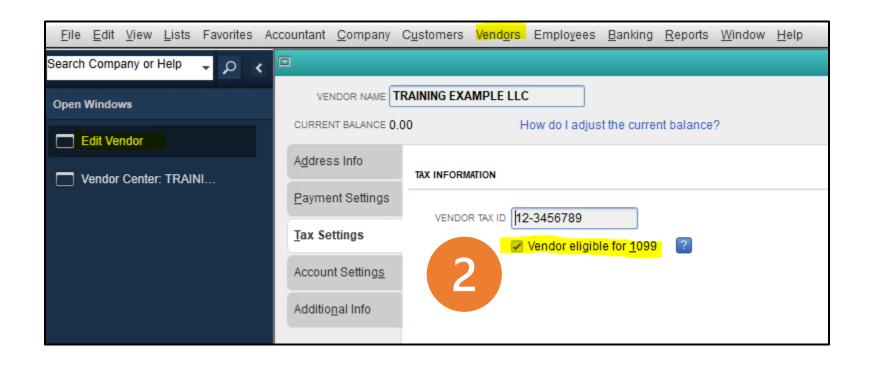
 Payment for services, including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service. For example, report the total insurance company payments to an auto repair shop under a repair contract showing an amount for labor and another amount for parts, if furnishing parts was incidental to repairing the auto.

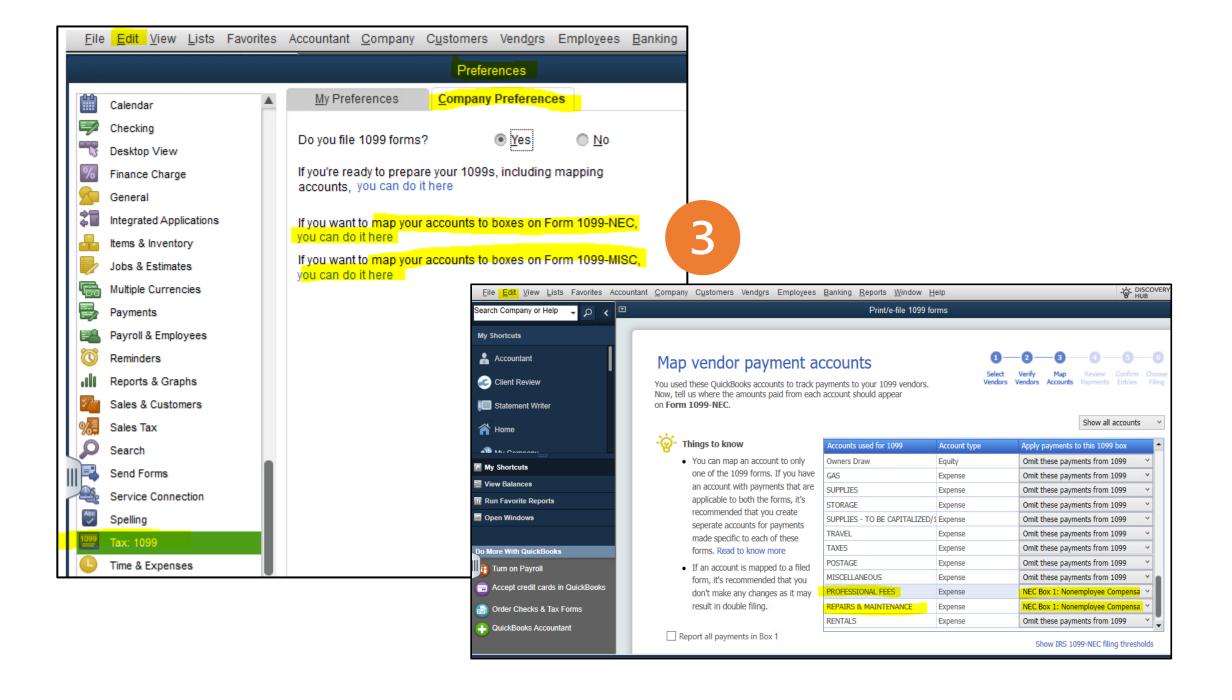


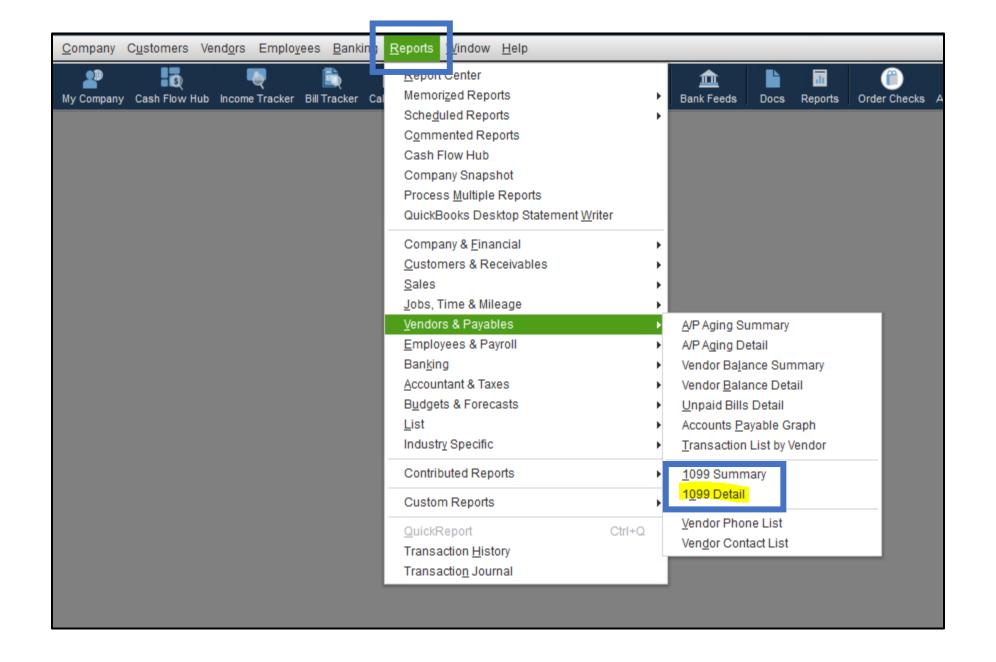
SETTING UP YOUR SOFTWARE







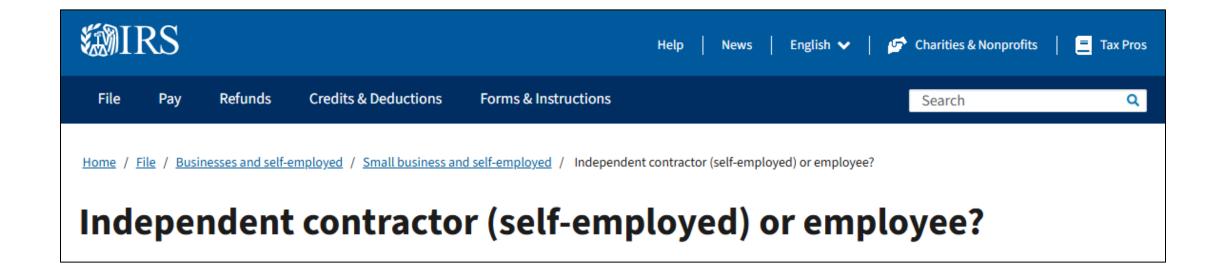






W-2 VS 1099





Facts that provide evidence of the degree of control and independence fall into three categories:

- 1. <u>Behavioral</u>: Does the company control or have the right to control what the worker does and how the worker does his or her job?
- 2. <u>Financial</u>: Are the business aspects of the worker's job controlled by the payer? (these include things like how worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)
- 3. <u>Type of relationship</u>: Are there written contracts or employee type benefits (that is, pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?

1

Behavioral control refers to facts that show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done – as long as the employer has the right to direct and control the work.

- Type of instructions given
- Degree of instruction
- Evaluation systems
- Training

2

Financial control refers to facts that show whether or not the business has the right to control the economic aspects of the worker's job.

- Significant investment
- Unreimbursed expenses
- Opportunity for profit or loss
- Services available to the market
- Method of payment

3

Type of relationship refers to facts that show how the worker and business perceive their relationship to each other.

- Written contracts
- Employee benefits
- Permanency of the relationship
- Services provided as key activity of the business



QUESTIONS?





CORRECTING AN ERROR



ERROR TYPE 1

- 1. Original return was filed with one or more of the following errors:
 - (a) Incorrect payment amount codes in the Payer "A" Record
 - (b) Incorrect payment amounts in the Payee "B" Record
 - (c) Incorrect code in the distribution code field in the Payee "B" Record
 - (d) Incorrect payee indicator (See Note 1.)
 - (e) Return should not have been filed

Note 1: Payee indicators are non-money amount indicator fields located in the specific form record layouts of the Payee "B" Record between field positions 544-748.

Note 2: To correct a TIN, and/or payee name follow the instructions under Error Type 2.

CORRECTION

- **A.** Prepare a new file. The first record on the file will be the Transmitter "T" Record.
- **B.** Make a separate "A" Record for each type of return and each payer being reported. Payer information in the "A" Record must be the same as it was in the original submission.
- C. The Payee "B" Records must show the correct record information as well as a Corrected Return Indicator Code of "G" in field position 6.
- D. Corrected returns using "G" coded "B" Records may be on the same file as those returns submitted without the "G" coded "B" Records; however, separate "A" Records are required.
- **E.** Prepare a separate "C" Record for each type of return and each payer being reported.
- **F.** The last record on the file must be the End of Transmission "F" Record.

ERROR TYPE 2

- 1. Original return was filed with one or more of the following errors:
 - (a) No payee TIN (SSN, EIN, ITIN, QI-EIN)
 - **(b)** Incorrect payee TIN
 - (c) Incorrect payee name
 - (d) Wrong type of return indicator

Note 3: The Record Sequence Number will be different since this is a counter number and is unique to each file. For Form 1099-R corrections, if the corrected amounts are zeros, certain indicators will not be used.

CORRECTION

Transaction 1: Identify incorrect returns.

- **A.** Prepare a new file. The first record on the file will be the Transmitter "T" Record.
- B. Make a separate "A" Record for each type of return and each payer being reported. The information in the "A" Record will be exactly the same as it was in the original submission. (See Note 3.)
- C. The Payee "B" Records must contain exactly the same information as submitted previously, except, insert a Corrected Return Indicator Code of "G" in field position 6 of the "B" Records, and enter "0" (zeros) in all payment amounts. (See Note 3.)
- D. Corrected returns using "G" coded "B"
 Records may be on the same file as those
 returns submitted with a "C" code; however,
 separate "A" Records are required.
- **E.** Prepare a separate "C" Record for each type of return and each payer being reported.
- **F.** Continue with Transaction 2 to complete the correction.

ERROR TYPE 2

CORRECTION

Transaction 2: Report the correct information.

- **A.** Make a separate "A" Record for each type of return and each payer being reported.
- B. The Payee "B" Records must show the correct information as well as a Corrected Return Indicator Code of "C" in field position 6. Corrected returns submitted to IRS/IRB using "C" coded "B" Records may be on the same file as those returns submitted with "G" codes; however, separate "A" Records are required.
- C. Prepare a separate "C" Record for each type of return and each payer being reported.
- D. The last record on the file must be the End of Transmission "F" Record.