



# Year-End 1099 Webinar

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**FARM CREDIT EAST**



FARM CREDIT EAST



**1099 Filing: Need to Know**





# 1099 REQUIREMENTS

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# WHEN IS A 1099 REQUIRED?

Expense is a business deduction



Recipient is not a Corporation



Payment(s) are > \$600



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

<b>Individuals</b>	<b>YES</b>
<b>Partnerships</b>	<b>YES</b>
<b>LLCs</b>	<b>YES</b>
<b>Trusts</b>	<b>YES</b>
<b>S Corporations</b>	<b>NO*</b>
<b>C Corporations</b>	<b>NO*</b>
<b>Cooperatives</b>	<b>NO*</b>

\* Unless Attorneys or Vets

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

<b>Interest on Savings</b>	<b>1099-INT</b>	<b>Payor issues 1099</b>
<b>Interest on Mortgages</b>	<b>1098</b>	<b><u>Recipient issues 1098!</u></b>





# E-FILE REQUIREMENTS

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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 self-employed (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?

Search, view and download IRS forms, instructions and publications

[Search Forms & Publications](#)



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## 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

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# FILING DATES

- |                       |   |
|-----------------------|---|
| <b>Form 1099-NEC</b>  | Due to recipient by January 31,<br>E-filed with IRS by January 31 |
| <b>Form 1099-MISC</b> | Due to recipient by January 31,<br>E-filed with IRS by March 31   |
| <b>Form 1099-S</b>    | Due to recipient by February 15,<br>E-filed with IRS by March 31  |
| <b>Form 1099-INT</b>  | Due to recipient by January 31,<br>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

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## Request for Taxpayer Identification Number and Certification

Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

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

**Before you begin.** For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

<b>Print or type.</b> See <i>Specific Instructions</i> on page 3.	<b>1</b>	Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)		
	<b>2</b>	Business name/disregarded entity name, if different from above.		
	<b>3a</b>	Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.  <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) . . . . . <b>Note:</b> Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner.  <input type="checkbox"/> Other (see instructions)	<b>4</b>	Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):  Exempt payee code (if any) . . . . .  Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) . . . . .  <i>(Applies to accounts maintained outside the United States.)</i>
	<b>3b</b>	If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions . . . . . <input type="checkbox"/>		
	<b>5</b>	Address (number, street, and apt. or suite no.). See instructions.	Requester's name and address (optional)	
	<b>6</b>	City, state, and ZIP code		
	<b>7</b>	List account number(s) here (optional)		

### **Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see 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.

**Note:** If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

<b>Social security number</b>					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 5%; text-align: center;">-</td> <td style="width: 25%; border: 1px solid black; height: 20px;"></td> <td style="width: 5%; text-align: center;">-</td> <td style="width: 40%; border: 1px solid black; height: 20px;"></td> </tr> </table>		-		-	
	-		-		
or					
<b>Employer identification number</b>					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; border: 1px solid black; height: 20px;"></td> <td style="width: 5%; text-align: center;">-</td> <td style="width: 90%; border: 1px solid black; height: 20px;"></td> </tr> </table>		-			
	-				





# PARTS & MATERIALS VS LABOR

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# Instructions for Forms 1099-MISC and 1099-NEC

(Rev. January 2024)

## **Miscellaneous Information and Nonemployee Compensation**

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Department of the Treasury  
Internal Revenue Service

- 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

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File Edit View Lists Favorites Accountant Company Customers Vendors Employees Banking Reports Window Help

### Preferences

My Preferences **Company Preferences**

**Do you file 1099 forms?**  Yes  No **1**

If you're ready to prepare your 1099s, including mapping accounts, [you can do it here](#)

If you want to map your accounts to boxes on Form 1099-NEC, [you can do it here](#)

If you want to map your accounts to boxes on Form 1099-MISC, [you can do it here](#)

**Also See:**  
General

OK  
Cancel  
Help  
Default

- Calendar
- Checking
- Desktop View
- Finance Charge
- General
- Integrated Applications
- Items & Inventory
- Jobs & Estimates
- Multiple Currencies
- Payments
- Payroll & Employees
- Reminders
- Reports & Graphs
- Sales & Customers
- Sales Tax
- Search
- Send Forms
- Service Connection
- Spelling
- 1099 Tax: 1099**
- Time & Expenses

File Edit View Lists Favorites Accountant Company Customers **Vendors** Employees Banking Reports Window Help

Search Company or Help

Open Windows

- Edit Vendor
- Vendor Center: TRAINI...

VENDOR NAME

CURRENT BALANCE 0.00 [How do I adjust the current balance?](#)

Address Info

TAX INFORMATION

Payment Settings

VENDOR TAX ID

Vendor eligible for 1099 [?](#)

Tax Settings

Account Settings

Additional Info

2

File Edit View Lists Favorites Accountant Company Customers Vendors Employees Banking

**Preferences**

My Preferences **Company Preferences**

Do you file 1099 forms?  Yes  No

If you're ready to prepare your 1099s, including mapping accounts, [you can do it here](#)

If you want to map your accounts to boxes on Form 1099-NEC, [you can do it here](#)

If you want to map your accounts to boxes on Form 1099-MISC, [you can do it here](#)

Calendar  
Checking  
Desktop View  
Finance Charge  
General  
Integrated Applications  
Items & Inventory  
Jobs & Estimates  
Multiple Currencies  
Payments  
Payroll & Employees  
Reminders  
Reports & Graphs  
Sales & Customers  
Sales Tax  
Search  
Send Forms  
Service Connection  
Spelling  
1099 Tax: 1099  
Time & Expenses



File Edit View Lists Favorites Accountant Company Customers Vendors Employees Banking Reports Window Help

DISCOVERY HUB

Search Company or Help

Print/e-file 1099 forms

1 2 3 4 5 6  
Select Vendors Verify Vendors **Map Accounts** Review Payments Confirm Entries Choose Filing

Map vendor payment accounts

You used these QuickBooks accounts to track payments to your 1099 vendors. Now, tell us where the amounts paid from each account should appear on **Form 1099-NEC**.

Show all accounts

**Things to know**

- You can map an account to only one of the 1099 forms. If you have an account with payments that are applicable to both the forms, it's recommended that you create separate accounts for payments made specific to each of these forms. [Read to know more](#)
- If an account is mapped to a filed form, it's recommended that you don't make any changes as it may result in double filing.

Report all payments in Box 1

Accounts used for 1099	Account type	Apply payments to this 1099 box
Owners Draw	Equity	Omit these payments from 1099
GAS	Expense	Omit these payments from 1099
SUPPLIES	Expense	Omit these payments from 1099
STORAGE	Expense	Omit these payments from 1099
SUPPLIES - TO BE CAPITALIZED/1	Expense	Omit these payments from 1099
TRAVEL	Expense	Omit these payments from 1099
TAXES	Expense	Omit these payments from 1099
POSTAGE	Expense	Omit these payments from 1099
MISCELLANEOUS	Expense	Omit these payments from 1099
PROFESSIONAL FEES	Expense	NEC Box 1: Nonemployee Compensa
REPAIRS & MAINTENANCE	Expense	NEC Box 1: Nonemployee Compensa
RENTALS	Expense	Omit these payments from 1099

Show IRS 1099-NEC filing thresholds

- Report Center
- Memorized Reports
- Scheduled Reports
- Commented Reports
- Cash Flow Hub
- Company Snapshot
- Process Multiple Reports
- QuickBooks Desktop Statement Writer

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- Company & Financial
- Customers & Receivables
- Sales
- Jobs, Time & Mileage
- Vendors & Payables**
- Employees & Payroll
- Banking
- Accountant & Taxes
- Budgets & Forecasts
- List
- Industry Specific

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- Contributed Reports
- Custom Reports

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- QuickReport Ctrl+Q
- Transaction History
- Transaction Journal

- A/P Aging Summary
- A/P Aging Detail
- Vendor Balance Summary
- Vendor Balance Detail
- Unpaid Bills Detail
- Accounts Payable Graph
- Transaction List by Vendor

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- 1099 Summary**
- 1099 Detail**

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- Vendor Phone List
- Vendor Contact List



# W-2 VS 1099



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# Independent contractor (self-employed) or employee?

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

1. **Behavioral**: Does the company control or have the right to control what the worker does and how the worker does his or her job?
2. **Financial**: 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. **Type of relationship**: 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?

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# CORRECTING AN ERROR

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## 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.