

Filing Requirements for Forms 1099, 1098, and Other Reporting Situations

We have entered January 2023 and want to provide you with some reminders regarding Form 1099 filing requirements for 2022. The due date for filing these information returns is January 31, 2023 unless stated otherwise.

Form 1099 Reporting Requirements (Information Returns)

There are a number of different 1099 forms that report various types of payments. Below is a list of the 1099 reporting requirements by form.

- **Form 1099-NEC: Nonemployee Compensation** – Form 1099-NEC is the newest addition to the 1099 information filing series and was introduced in 2021 tax year, enabling taxpayers to report non-employee compensations independently. During the 2022 calendar year if your business paid \$600 or more to “non-incorporated vendors” (i.e. individuals, partnerships, LLPs, or LLCs taxed as partnerships) for subcontracted services, freelance services, professional fees, or rent, you are required to issue a 1099-NEC **by January 31, 2023** to BOTH the recipient and IRS.
- Services performed by someone who is not your employee – including parts and materials (Box 1). For reporting non-employee compensation such as income earned as an independent contractor, freelancer, or self-employed individual. *Example: Worked as a rideshare driver, food delivery person, freelance writer, or other gig worker or independent contractor.*
- Payments to an attorney – applicable to corporations (Box 1)
 - The term “attorney” includes a law firm or other provider of legal services. Attorney fees of \$600 or more paid in the course of your trade or business are reportable in box 1 of Form 1099-NEC, under section 6041A(a)(1).
- Direct sales of \$5,000 or more of consumer products to a buyer for resale anywhere other than a permanent retail establishment (Box 2) –**Note this can also be filed in form 1099-MISC.*
- Backup withholding or federal income tax withheld (any amount) (Box 4)
- **Form 1099-MISC: Miscellaneous Information** – Form 1099-MISC is used to report miscellaneous payments of \$600 or more made in the course of business or trade in a tax year. Business taxpayers use this form to report any miscellaneous payments made, such as rent, medical and health care payments, cash payments, and more. The 1099-MISC is due to the recipient **by January 31, 2023** and the IRS **by February 28, 2023** if mailed via paper or **by March 31, 2023** if filed electronically. Note that if you have data in Boxes 8 or 10, the recipient deadline is **February 15, 2023**.
 - Rent paid (\$600 or more) (Box 1)
 - Royalties paid of at least \$10 or more (Box 2)
 - Prizes and awards and certain other payments (\$600 or more, see instructions for Form 1099-MISC, Box 3 for more information)
 - Backup withholding or federal income tax withheld (any amount) (Box 4)
 - Any fishing boat proceeds (Box 5)

- Direct sales of at least \$5,000 of consumer products to a buyer for resale anywhere other than a permanent retail establishment (Box 7) – **Note this can also be filed in form 1099-NEC*
 - Crop insurance proceeds (\$600 or more) (Box 9)
 - Section 409A deferrals (Box 12)
 - Excess golden parachute payments (Box 13)
 - Nonqualified deferred compensation income (Box 14)
 - Reportable Payments Made to Corporations
 - Amounts paid specifically to physicians, physicians' corporations, or other suppliers of health and medical services (\$600 or more) (Box 6)
 - Substitute dividends or tax-exempt interest payments when you are a broker (Box 8)
 - Cash payments for the purchase of fish for resale (Box 11)
 - Gross proceeds paid to an attorney (\$600 or more whether or not incorporated) (Box 10)
Payments made to an attorney in the course of your trade or business in connection with legal services, but not for the attorney's services, for example, as in a settlement agreement
- **Form 1099-K and Threshold Change for 2022** – Form 1099-K is an IRS informational tax form used to report payments received by a business or individual for the sale of goods and services that were paid via a third-party network, often referred to as a Payment Settlement Entity (PSE) or third-party settlement organizations (TPSO) or credit/debit card transaction. The IRS requires TPSOs, such as PayPal, Venmo, Amazon, eBay, Airbnb, Uber, etc., to issue a Form 1099-K, which shows the total amount of payments received from a TPSO in the calendar year. Taxpayers should consider this amount with their tax advisor when calculating gross receipts for their income tax return.
 - The 1099-K change will take effect January 1, 2022 (part of the American Rescue Plan Act of 2021)
 - TPSO will be required to provide payees with a 1099-K form if they **receive \$600 or more** in goods and services transactions during the 2022 tax year.
 - **Note: This new Threshold Change is currently only for payments received for goods and services transactions, so this doesn't include payments between family or friends using PayPal or Venmo for dinner, gifts, shared trips, etc.**
 - For the 2022 tax year, the taxpayer should consider the amounts shown on Form 1099-K when calculating gross receipts for your business income tax return and the IRS shall cross reference the gross amounts.
 - If the payments were for personal use, or a not-for-profit activity, these payments may not be subject to income tax, but may still be reported on your return to avoid IRS or state agency tax notices.
 - *Note: Payee with a Massachusetts address have been receiving 1099-K since 2017, when the gross amount paid in settlement in a calendar year is \$600 or greater (regardless of the number of transactions).*
 - **Changes for 2023**
 - Effective Jan 1st, 2023, the IRS requires all payment card companies and third-party networks to report **all** 1099-K payments made in a tax year with a minimum reportable gross total of \$600. Previously, the payers were required to report with Form 1099-K only if the payment transactions volume exceeded the threshold of 200 AND if the gross total of the reportable transactions amounted to \$20,000. The new update repeals these preconditions, and mandates reporting all 1099-K payment transactions regardless of the transaction count.

- **Form 1099-DIV** – Dividends or other distributions from a current or former C-Corporation to a shareholder
- **Form 1099-INT** – Interest on a business debt to someone, excluding interest on an obligation issued by an individual
- **Form 1099-R** – Distribution from a retirement plan, profit sharing plan, IRA, or insurance contract to a plan beneficiary

Other Possible Reporting Situations

If, as part of your trade or business, you were subject to any of the following situations, the following may also need to be filed:

- **Form 1098** – Payment of mortgage interest, including points, or reimbursements of overpaid interest from individuals
- **Form 1099-A/Form 1099-C** – You released someone from paying a debt secured by property or someone abandoned property that was subject to the debt (1099-A) or otherwise forgave their debt to you (1099-C)
- **Form 1099-B** – You are a broker and you sold a covered security belonging to your customer
- **Form 1099-S** – The sale or exchange of real estate
- **Form 8937** – You are an issuer of a security taking a specified corporate action that affects the cost basis of the securities held by others

State Filing Requirements – Combined Federal/State Filing Program

The Combined Federal/State Filing Program (CF/SF) simplifies 1099 information returns. Through this program, the IRS electronically forwards information returns to [participating states](#). In many cases, there may be nothing else you need to do but the CF/SF program may not completely meet the requirements of the state. Please [verify](#) the requirements directly with the Department of Revenue for the state in question.

Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Indiana, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, Wisconsin.

States with no 1099 filing requirement:

Alaska, Florida, Illinois, Nevada, New Hampshire, New York, South Dakota, Tennessee, Texas, Washington, Wyoming