

1099 FAQs: What You Need to Know for 2021 Filing

November 24, 2021

The IRS makes changes year after year to the 1099 filing process — adding additional stress to accounting teams' year-end tasks during an already chaotic period. Between the introduction of new forms and changes to filing requirements, many organizations are struggling to file their 1099s properly and efficiently.

Here's what you need to know:

1. Who needs to furnish Form 1099s?

Form 1099 is used by businesses to report compensation to non-employee individuals for services provided.

Per the IRS, generally, if the following four conditions are met, you must report a payment as non-employee compensation:

You made the payment to an individual who is not your employee

You made the payment for services provided during the course of your trade or business (including government agencies and nonprofit organizations)

You made the payment to an individual, partnership, estate, or in some cases, a corporation*

You made payments totaling at least \$600 (\$10 for interest or royalties) during the tax year

*Amounts paid to C corps and S corps do not require a 1099 EXCEPT for: (1) amounts paid to an attorney set up as a C corp or S corp for legal services, or (2) amounts paid to a medical professional set up as a C corp or S corp for medical services.

2. What are the different types of 1099s?

As of 2021, there are 20 varieties of 1099 forms. Below is a list of common forms and their most typical applications:

1099-INT: Sent to taxpayers who earned \$10 or more of interest in the tax year

1099-DIV: Typically sent to taxpayers who earned dividend income throughout the tax year

1099-B: Sent to taxpayers for various broker transactions, including sale of stocks, commodities and other securities

1099-NEC: Sent to taxpayers who were paid \$600 or more in the tax year as a non-employee (e.g., independent contractor) of a business. Non-employee income could also include fees, benefits, commissions and royalties.

1099-MISC: Sent to taxpayers who earned \$600 or more in rent, legal settlements and any other income that does not fit on another 1099 form

3. When are 1099s due?

All 1099 forms must be furnished to recipients by January 31, 2022. All 1099 forms are due to the IRS by March 31, 2022, except for the 1099-NEC, which is due to the IRS by January 31, 2022.

4. How do I correct a recipient's info for a 1099 after it's been sent to the IRS?

You'll need to resend the relevant forms to the IRS and resend the corrected form to the recipient.

5. What are the IRS penalties if I file late?

Each form in the 1099 series carries different late-file penalties. Please see the IRS instructions for your specific form to understand more about the [penalties](#).

6. Can I enter all zeros if I don't know the recipient's SSN?

No, do not enter all zeros for the recipient's SSN. To avoid IRS penalties, it is highly recommended that you obtain a valid TIN before e-filing. You may request a TIN from the recipient by having them complete a Form W-9. If they fail to provide one, you'll receive a form [CP2100](#) from the IRS later in the year stating that you'll need to withhold tax on all future payments at 24%.

7. Can we e-file and e-deliver for previous years?

Yes, for 1099-series you may file original IRS returns for previous years. If you need to do a correction, you may only e-correct prior years if you e-filed the original with Armanino that year.

8. What is a 1096 form?

A 1096 is the summary page for all 1099s that were filed. A 1096 is only required if the 1099 forms were paper filed with the IRS. If the 1099 forms are electronically filed, then a 1096 is not needed.

9. If I file 1099s electronically, do I also need to file a 1096?

No, the IRS does not require the filing of a 1096 when all 1099s are filed electronically. If you e-file half of your forms and paper file the rest, then a 1096 will need to be filled out with the information for only the forms that were paper mailed.

10. What is the 1099-NEC?

The IRS has replaced 1099-MISC Box 7 with the new 1099-NEC form, starting in tax year 2020. Any wages formerly reported in Box 7 will now go into the 1099-NEC Box 1. You can also report federal tax withheld in Box 4 of the 1099-NEC. It's due to the IRS by Jan. 31, 2022. (Here are the 1099-NEC instructions.)

11. Does the 1099-MISC still exist?

Yes. The 1099-MISC still has all the boxes other than Box 7. The box numbers after Box 7 have just been shuffled around. Otherwise, the form is the same, it's just missing non-employee compensation. Also, it is due to the IRS by Mar. 31, 2022. (Here are the new [1099-MISC instructions](#).)

12. What about state filings for 1099-NEC? Is it part of the Combined Federal State (CFS) filing program?

The 1099-NEC is NOT part of the CFS. The IRS released this decision in early September 2020, so states are still working on how to adjust to this new information. Your 1099 filer should continue to monitor states' Department of Revenue web sites and incorporate the new requirements as they evolve.

13. Do I need to file a 1096 or W-3 if filing electronically?

No. According to [General 1099 instructions, Part E](#), no 1096 is needed for e-filed 1099s. Neither is a W-3 required when e-filing, according to W-2/W-3 Instructions page 2, column 2 under Business Services Online (BSO).

14. When are 1099-NEC and W-2 forms due?

1099-NEC and W-2 forms must be delivered to recipients by Jan. 31, 2022, and to the IRS by Jan. 31, 2022.

15. When are 1099 forms due?

All 1099 forms, except 1099-NEC, must be delivered to recipients by Jan. 31, 2022, and to the IRS by Mar. 31, 2022. The 1099-NEC is due to recipients by Jan. 31, 2022, and to the IRS by Jan 31, 2022.

16. What is the payment threshold for furnishing a 1099?

If the payment is for anything other than interest or royalty payments, the threshold is \$600. If the payment is for interest or royalties, the threshold is \$10.

17. All my vendors are corporations. Do I need to issue them a 1099?

No, in general, C corps and S corps do not require a 1099. Payments to individuals, LLC-partnerships, partnerships and sole proprietors do need to be reported on your 1099. The only C corps and S corps that do require the 1099 are those set up for attorneys or medical professionals for legal services and medical services, respectively.

18. How do I correct a recipient's info for a 1099, 1095-C or W-2 after it's been sent to the IRS?

If you filed your original form through an outside vendor, you'll need to contact them to figure out the next steps for resending the form to the IRS and resending the email to the recipient. If you filed the form on your own, you'll need to resend the relevant forms to the IRS and re-email the corrected form to the recipient.

19. I paid an attorney this year for legal services. Does that amount get reported on the 1099-MISC?

The amounts paid to an attorney for legal services (evictions, contracts, etc.) must be reported on the 1099-NEC.

20. When does the payment to an attorney go on the 1099-MISC?

Payments to attorneys go on the 1099-MISC when the payment is a settlement payment due to litigation.

21. My attorney is registered as a corporation. I don't have to issue them a 1099, correct?

Incorrect. Attorneys are exempt from the corporation rule. All attorneys must be issued a 1099 if the payments are above the threshold.

22. I pay rent to a property manager. Do I need to issue the owner of the property a 1099?

No, if you pay an intermediary, the intermediary is responsible for sending the owner a 1099. If you pay the owner directly, then you do need to issue them a 1099.

23. When is the 1042-S form due?

Form 1042-S must be e-filed to the IRS and e-delivered or postal mailed to the recipient by Mar. 15, 2022. You may e-deliver if the recipient has a foreign TIN (Box 13i) or U.S. TIN. You can also postal mail to recipients.

24. If we outsource our 1099 filing, can our vendor also file our 1042?

Not necessarily. The IRS requires that the 1042 form be filed on paper and mailed manually. However, the 1042-S form, which includes the 1042-T, can be e-filed. So, you will need to work with your 1099 filing vendor if you want them to file your 1042 as well. If you're filing both forms in-house, be aware that you can e-file your 1099 forms and your 1042-S but will need to submit your 1042 on paper and by mail.

25. What if I need to fill out a tax year 2019 or prior 1099-MISC or NEC?

The 1099-NEC doesn't exist for prior years, so you'll only use the NEC for tax year 2020 and going forward. The IRS now has two versions of the 1099-MISC. You'll use the new version for tax year 2020 and forward, while using the old version for tax years 2019 and prior.

Please visit our [1099 Filing Service page](#) for assistance with filing your 1099 forms.

Hands-On or Hands-Free Approach

We are ready to assist you and your business with the electronic filing of the 1099-NEC which is due on January 31, 2022. It is important to note that all other forms are due to the IRS on March 31, 2022 and all recipient copies must be furnished by January 31, 2022.

Customized Plans to Meet Your Needs

We're thinking outside of the box to create value for our clients in different ways. We know customizability is an important factor during this time, so our goal is to ensure we are meeting your particular need.