



# 1099 Guide

*what, who, when,  
how much & how to file*

# Welcome to your *1099 Guide!*

**One of the scarier aspects of becoming a business owner is filing 1099s. Do you know your *compliance obligations*?**

**Filing (or receiving!) 1099s helps to show proof of your payments and income for the IRS's internal matching system. And if you work with contractors, or are a contractor yourself, you need to understand this form!**

**Keep reading to learn:**

- **The different types of 1099s**
- **Who should send/receive a 1099**
- **When you need to file + mail 1099s**
- **How to file your 1099s**

# Understanding *the different types* of 1099s

**1099-NEC:** Payments to each person, in the course of your business, whom you have paid at least \$600 who either performed services for you (not as an employee) or payments to an attorney

**1099-MISC:** Payments of at least \$10 in royalties, broker payments in lieu of dividends or tax-exempt interest, or at least \$600 for rents, prizes & awards, other income, medical health care payments and more. *(See more at IRS Instructions).*

**1099-B:** Issued by a broker or barter exchanged for stocks, commodities, regulated future contracts, foreign currency contracts, forward contracts, debt instruments, options and more for cash. *(See more at IRS Instructions).*

Other common 1099s include 1099-DIV, INT, G, S, R, and SA.

# Who gets a 1099-NEC?

**As a contractor, you'll most likely be sending and receiving 1099-NECs.**

**NEC stands for non-employee compensation. So, you'll need to have a relationship that the IRS would deem non-employee. There are stiff penalties for misclassifying an employee as a contractor, please consult with your tax accountant for help determining your contractor/employee statuses.**

**If you pay a non-employee at least \$600 in the taxable year for services performed for your business and they aren't:**

- **A corporation, government agency, or tax-exempt organization**
- **Paid by credit card**
- **Your employee**

**You likely need to issue them a 1099-NEC.**

# *When do I need to file a 1099-NEC?*

**1099-NECs are due to be filed and furnished to the recipient by January 31, 2022. This means your forms must be postmarked and mailed by the deadline.**

# *How do I file a 1099-NEC?*

**First, you'll need the Form W-9 of your contractors.**

**The best practice is to request a W-9 prior to payment of any contractors. This form shows the contractor's name, address, and their SSN/EIN which will all be necessary information to file a 1099.**

# *How do I file a 1099-NEC?*

**Once you have your contractor(s) W-9s, you'll need to calculate the amount you paid them in the taxable year.**

**Then, you have multiple options for filing your 1099s:**

**Your bookkeeping software or payroll processor may offer to file these forms for you for a fee.**

**You can file these forms by paper or e-file them on your own.**

**Our recommended method is to have your tax accountant prepare and file your 1099s on your behalf. This helps ensure accuracy and timely filing.**

**Happy 1099 season!**



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