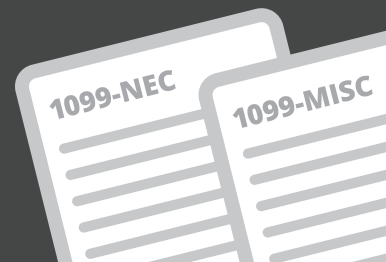


# Clearing the Confusion: 1099-MISC or 1099-NEC?



## Who:

The IRS has released the 2020 Form 1099-NEC (Non-Employee Compensation), in a move that will impact business owners and tax professionals across the nation.

## Why:

Back in 2015, the PATH (Protecting Americans from Tax Hikes) Act changed the due date for 1099-MISC forms with data in box 7 from March 31 to January 31. However, the filing date for non-box 7 forms remained March 31. As a result of the two different deadlines for the same form, late 1099-MISC forms for non-employee compensation sometimes led to the counting of non-box 7 forms as late.

## Conclusion:

The new form replaces Form 1099-MISC for reporting nonemployee compensation (in Box 7), shifting the role of the 1099-MISC for reporting all other types of compensation. You should now use the 1099-MISC for non-box 7 reporting. The type of payments typically required to be reported on this form include royalties, rent, prizes and awards. You must also file Form 1099-MISC for anyone from whom you withheld federal income tax under the backup withholding rules, regardless of the amount. In some cases, you will need to file both a 1099-NEC and a 1099-MISC for the same individual.

## When:

2020 Information Returns			
Form	Recipient Due Date	IRS Due Date (Paper Filing)	IRS Due Date (Electronic Filing)
1099-NEC	February 1, 2021	February 1, 2021	February 1, 2021
1099-MISC (No Data in Box 8 or 10)	February 1, 2021	March 1, 2021	March 31, 2021
1099-MISC (With Data in Box 8 or 10)	February 16, 2021	March 1, 2021	March 31, 2021

## Where:

Both Forms	Box #	1099-NEC	1099-MISC
Payer Information	Box 1	Nonemployee compensation	Rents
Recipient Information	Box 2	Reserved (blank)	Royalties
	Box 3	Reserved (blank)	Other income
	Box 4	Federal income tax withheld	Federal income tax withheld
	Box 5	State tax withheld	Fishing boat proceeds
	Box 6	State/Payer's state no.	Medical and healthcare payments
	Box 7	State income	Payer make direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale
	Box 8	N/A	Substitute payments in lieu of dividends or interest
	Box 9	N/A	Crop insurance proceeds
	Box 10	N/A	Gross proceeds paid to an attorney
	Box 11	N/A	Reserved (blank)
	Box 12	N/A	Section 409A deferrals
	Box 13	N/A	Excess golden parachute payments
	Box 14	N/A	Nonqualified deferred compensation
	Box 15	N/A	State tax withheld
	Box 16	N/A	State/Payer's state no.
	Box 17	N/A	State income