



New Form Required for Tax Year 2020

FORM 1099-NEC

(Nonemployee Compensation)

Do You File Form 1099-MISC (with Box 7 completed)?

If you typically file any 1099-MISC forms (with Box 7 completed), you will need to file Form 1099-NEC for tax year 2020. Data currently reported in Box 7 (Nonemployee compensation) of Form 1099-MISC for tax year 2019, will be required to be reported in Box 1 of Form 1099-NEC for tax year 2020. The Internal Revenue Service (IRS) and various states are requiring this form to be filed by the effective deadline, February 1, 2021.

We encourage you to prepare early. There will be extra work involved with this change. Additional forms may be needed.

See below for more information and Form 1099-NEC requirements.

Understanding the Impact of Form 1099-NEC



The IRS estimates that **70% of all 1099-MISC filings will require Form 1099-NEC.**



Over **99 MILLION** 1099-MISC forms were filed annually according to the latest statistics.



This translates to an estimated **70 MILLION 1099-NEC filings for tax year 2020.**

Form 1099-NEC Requirements



Form 1099-MISC Is Required

For tax year 2020, filing 1099-MISC to the IRS and various states is still mandatory for reporting other types of income.



State Requirements

State reporting requirements vary by state. Approximately 20 states have indicated support for 1099-NEC. It is expected more states will require it.



Required Reprogramming

Contact your software provider to ensure compatibility and updates to support the new 1099-NEC.



Federal Requirements

Federal reporting is required. The IRS has set an effective filing due date of **February 1, 2021** for Form 1099-NEC.