

TAXES PLUS

P.O. Box 1199
Rockport, ME 04856
Phone: 207-230-8624
Fax: 617-963-7147

IRS Reporting Forms

Information Returns, commonly known as Form 1099-Misc or 1099-NEC (Nonemployee Compensation), have requirements for filing if payments for services, rent and other items are made during the year in the amount of \$600 or more. The form 1099-NEC was new for the 2020 tax year and replaces Form 1099-Misc to report all nonemployee compensation. The IRS is continuing to use the NEC for tax year 2021.

Failure to file timely penalties are being aggressively pursued by the Internal Revenue Service.

Additionally, failure to provide a statement by the **due date (by January 31, 2022)** or providing incorrect information on a payee statement is an additional penalty.

Late filing penalties begin 30 days of the filing deadline and fines can be in excess of \$560 per return. There is no de minimis rule applicable to avoid a penalty.

Forms 1099 and W-2 are due to the IRS by January 31, 2022.

You are allowed time to correct information returns where they are incorrect. The earlier the corrections, the less the penalty for failure to file correct information returns.

W-2s are also assessed penalties for late filing.

We are always here to assist you in your filing requirements with the Internal Revenue Service and the Social Security Administration.

We do not provide payroll services but can recommend:

Ballou and Associates

Tammy Swasey-Ballou (207) 706-4907

tsballou@gwi.net

www.ballouandassociates.com

Complete Payroll Services

David S. Broyles, CPA (508) 346 - 3705

dbroyles@completopayrollsolutions.com

www.completopayrollsolutions.com

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Bangor Savings Bank

Bangor Payroll (800)471-3300
www.bangorpayroll.com

To File 1099-NEC forms

1) Request the number of 1099-NEC forms for contractors you have as well as a 1096 form from Taxes Plus - \$50 (includes mailing)

2) Request Taxes Plus prepare the forms, provide a list of all contractor's names, addresses, federal ID number and amount that you paid them

- \$175 for up to 10 contractors prior to January 15
- \$225 for up to 10 contractors prior to January 25
- \$295 for up to 10 contractors between January 25 and January 30
- \$195 for up to 10 contractors after January 30th – you may be subject to penalties for late filing.
 - There will be a charge of \$5.00 per additional contractor after 10

If you don't provide complete information to Taxes Plus by January 20th we make no guarantee that your 1099-misc forms will be timely filed. Penalties for late filing is your responsibility and not that of Taxes Plus.

3) Purchase a package at an office supply store or online – prices vary

4) Go to IRS.gov and order your forms for free, they must be mailed to you. You can't print these from www.IRS.Gov because you need the special red and white forms.

Tips and information for filing 1099-Misc forms

IRS - <https://www.irs.gov/faqs/small-business-self-employed-other-business/form-1099-misc-independent-contractors/form-1099-misc-independent-contractors>

Trade or business reporting only. Report on Form 1099-NEC only when payments are made in the course of your trade or business. Personal payments are not reportable. You are engaged in a trade or business if you operate for gain or profit.

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Recipient's Identification Number

Enter the recipient's identification number using hyphens in the proper format. SSNs, ITINs, and ATINs should be in the XXX-XX-XXXX format. EINs should be in the XX-XXXXXXX format. You should make every effort to ensure that you have the correct type of number reported in the correct format.

If you don't have the recipient's ID number you should give them form W-9 to complete and return to you — <http://www.irs.gov/pub/irs-pdf/fw9.pdf> Ideally you should do this before you pay them.

1099-NEC Box 1. Nonemployee Compensation / Independent Contractors

Enter nonemployee compensation of \$600 or more. Include fees, commissions, prizes and awards for services performed as a nonemployee, other forms of compensation for services performed for your trade or business by an individual who is not your employee.

What is nonemployee compensation? If the following four conditions are met, you must generally report a payment as nonemployee compensation.

- You made the payment to someone who is not your employee;
- You made the payment for services in 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; and
- You made payments to the payee of at least \$600 during the year.

Self-employment tax. Generally, amounts reportable in box 7 are subject to self-employment tax. If payments to individuals are not subject to this tax and are not reportable elsewhere on Form 1099-MISC, report the payments in box 3.

When to file forms 1099 - Misc and 1096? Furnish Copy B to the recipient by January 31, 2022. File Copy A of this form (along with form 1096) with the IRS by January 31, 2022.

Credit card payments. DO NOT include in 1099 NEC amounts you paid by credit card. The credit card processing company is responsible to issue a 1099-K for those transaction.

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Reimbursing for expenses. You do not need to issue a 1099-NEC for non-auto / per diem reimbursements of business expenses you make to employees.

Where to file? <https://www.irs.gov/pub/irs-pdf/i1099qi.pdf> – see page 7

For Maine and Massachusetts (if you live in another state see the link above)

Internal Revenue Service
Austin Submission Processing Center
PO Box 149213
Austin, TX 78741

Note: The red and white copies of the 1099 - misc forms go with the 1096 IRS, do not cut the 1099 - Misc forms in half.

Maine:

W-3ME, Reconciliation of Maine Income Tax Withheld, is for the submission of Forms W-2 and 1099. If filing fewer than 250 forms, paper filing may be sent to:

- Maine Revenue Services
P.O. Box 1064
Augusta, ME 04332-1064

If filing 250 or more forms, e-filing may be done at: www.maine.gov/revenue

Massachusetts:

<https://www.mass.gov/service-details/view-filing-requirements-for-form-1099>

You can file online or if you are submitting fewer than 50 1099 reports in a hard-copy paper format,

The mailing address to submit 50 or less 1099 Reports is:

Massachusetts Department of Revenue
P.O. Box 7045
Boston, MA 02204

When Are 1099 Reports Due? must be provided to payees by January 31 and must be filed with DOR by February 28, or March 31 if filed electronically.