



# 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.



Applied Business Services, Inc.

1-800-451-7447 | [www.appliedbusinessservices.com](http://www.appliedbusinessservices.com)