

1099 NEC instructions- Smart tips to Ensure Correct Tax Reporting

1099 NEC INSTRUCTIONS- SMART TIPS TO ENSURE CORRECT TAX REPORTING



Wichita, Kansas Mar 31, 2022 ([IssueWire.com](https://www.issuewire.com)) - The method for firms to correctly report payments to contractors for their 2020 taxes underwent significant adjustments in 2020. Instead of utilizing Form 1099-MISC, Miscellaneous Information, the IRS reintroduced Form 1099-NEC, Nonemployee Compensation, to record self-employment income from the 2020 tax year. With these five **Form 1099-NEC** preparation suggestions, you can make sure your tax reporting is right for 2022.

Form 1099-NEC is required for all non-corporate service providers

If you paid a contractor at least \$600 for services in 2021, you must provide a 1099-NEC to them before **January 31, 2022**.

If the services were provided by a firm, you are not obliged to provide Form 1099-NEC. Keep in mind that owners must submit [Form 1099 NEC](#) for attorney's fees and payments to corporations for legal services. To report payments to an attorney on Form 1099-NEC, you must get the attorney's taxpayer

identification number (TIN) by having them complete IRS Form W-9.

Don't report Credit card payments

Do not submit Form 1099-NEC if you paid for contractor services using a **credit card, debit card, or gift card**. By mailing the contractor Form 1099-K, the bank or credit card company that issued the actual payment will take care of it for you.

Don't get confused by W-2 Form

Despite the fact that both Form W-2 and Form 1099-NEC are considered **information returns**, they serve quite distinct purposes. The objective of Form 1099-NEC is to report payments made to a nonemployee through trade or company.

For additional tips & information visit [Form1099Online](#) an IRS-approved 1099 E-file provider. It has been trusted by millions of taxpayers in recent years.

Media Contact

Form1099Online

support@form1099online.com

316-869-0948

1749 North Roosevelt Ct, Wichita, KS.

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