



Important 2021 IRS Update

FORM 1099-NEC

(Nonemployee Compensation)

Updates:

- Now 3 forms per page

IRS UPDATE for tax year 2021: 1099-NEC now 3 forms per page.

For tax year 2021, the IRS has redesigned Form 1099-NEC to three forms per page, as compared to the previous year where it was constructed of two forms.

We encourage you to prepare early. See below for more information and requirements.

Form 1099-NEC Information & Requirements

As of tax year 2020, nonemployee compensation typically reported on Form 1099-MISC (Box 7 - nonemployee compensation), is now required to be reported on Form 1099-NEC (Box 1). **The Internal Revenue Service (IRS) and various states are requiring this form to be filed by the effective deadline, January 31, 2022.**



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 2021, filing 1099-MISC to the IRS and various states is still mandatory for reporting other types of income.



State Requirements

Over 30 states have confirmed that they are supporting Form 1099-NEC. Reporting requirements and deadlines vary by state.



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 **January 31, 2022** for Form 1099-NEC.

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