

US Tax Return Form 1099 Guideline Note

The IRS 1099 Form is a collection of tax forms documenting different types of payments made by an individual or a business to individuals who are hired typically not in the capacity as employee. Payroll employees of a company will instead receive a W-2 form.

There are around 20 variants of Form 1099. Forms 1099-NEC and 1099-MISC are the two most commonly used forms. Form 1099-NEC reports nonemployee compensation and Form 1099-MISC is used to report other types of miscellaneous income. The table in Section 2 lists some of the commonly used Form 1099 and the deadlines that the forms should reach it's the recipients of the relevant income and the IRS.

In general, the recipient/payee of business income, fees for services performed not in the capacity as employee amounted to more than USD600, or service fee for independent contract work amounted to more than USD400, depending on the contract or agreement, may receive a Form 1099-MISC or 1099-NEC from the payer.

Form 1099s are used to report payments made to persons for services performed not in the capacity of employee and therefore is the responsibility of the payer. The persons who make the relevant payments are expected to send relevant Form 1099 to the person who receive the income and IRS before the deadlines.

If you haven't received all of your Form 1099s by 31 January or 15 February deadlines, you should contact the person or business who hired your services and request them to send you a Form 1099. In the case you have not received the appropriate forms, you are still responsible for paying the taxes on your own.

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1. IRS Tax Form 1099

The IRS 1099 Form is a collection of tax forms documenting different types of payments made by an individual or a business to individuals who are hired typically not in the capacity as employee. The payer fills out the form with the appropriate details and sends copies to the payee and the IRS, reporting payments made during the tax year.

A taxpayer, recipient, or payee will receive a paper (and sometimes an emailed copy) 1099 form from an issuer or payer by January 31 of the following year of the tax year in which the income was received.

For example, for income generated during Tax Year 2021 that is subject to a Form 1099, the proper form must be submitted from the issuer or payer to the payee by January 31, 2022. Generally, the taxpayer must report this income on the tax year return in which the income occurred, that is, Tax Year 2021. The payer of this income also files a report for a given tax year to the IRS and state the amount paid and social security number of the payee.

The recipient or payee of Form 1099 is not required to submit this form to the IRS and/or state tax agency when e-filing a tax return. That is unless the particular Form 1099 includes a report for federal income tax withheld by the payer on behalf of the payee from the related income payments. However, as with all related tax documents, both the payer and payee should always keep a copy of any tax return related forms and receipts.

2. Common Types of 1099 Forms

There are around 20 variants of Form 1099. The number of Form 1099 consists of two parts, a four digital code and one to four English characters, which designates the type of income that the form is intended for. Take Form 1099-NEC as an example, NEC stands for Non-employee Compensation. That means the form is to report the payment of fee to persons who perform services not in the capacity as an employee.

Amongst all the variants, Form 1099-NEC and Form 1099-MISC are the two most commonly used forms. Form 1099-NEC reports nonemployee compensation and Form 1099-MISC is used to report other types of miscellaneous income. Nonemployee compensation can include any compensation received for any services performed without being treated as an employee. In contrast, as an employee, your compensation is typically reported on a Form W-2.

The table below lists some of the commonly used Form 1099 and the deadlines that the forms should reach it's the recipients of the relevant income and the IRS.

Form	Description	Due Date	
		Recipient	RS
1099-NEC	If you are the sole proprietor of your own business or if you're an LLC and you perform services for clients, you'll receive a Form 1099-NEC. NEC stands for nonemployee compensation.	31 Jan	28 Feb
1099-MISC	If you earned USD600 or more in rent, a prize on a game show, royalties from a song you wrote. This Form, where "MISC" short for "miscellaneous", may arrive in your mailbox.	31 Jan	28 Feb
1099-A	If you had property foreclosed on during the tax year, you may receive this form from your mortgage lender if it canceled some or all of your mortgage, you forfeited ownership or had your property sold in a short sale.	31 Jan	28 Feb
1099-B	This form will include any income you received from the sale of stocks, mutual funds, ETFs and other types of transactions.	15 Feb	28 Feb
1099-C	The C stands for "cancellation of debt." This is issued by a financial institution or a lender to report a debt of USD600 or more that was cancelled or forgiven. The amount cancelled or forgiven is imputed as income and is taxable in many circumstances.	31 Jan	28 Feb
1099-DIV	This form shows income received through dividends and other stock distributions totaling USD10 or more.	31 Jan	28 Feb
1099-INT	If you earned taxable interest income of USD10 or more from your bank, credit union, brokerage or other financial institution, you will receive a 1099-INT.	31 Jan	28 Feb
1099-R	Some retired people receive 1099-Rs, which show distributions from income sources such as pensions, annuities, profit-sharing plans, life insurance contracts and other retirement accounts.	31 Jan	28 Feb
SSA-1099	The Social Security Administration sends SSA-1099s every year to American citizens and residents who received Social Security benefits during the previous year.	31 Jan	28 Feb
1099-G	The "G" is a reference for government. This is where you will normally see state and local tax refunds as well as unemployment compensation,	31 Jan	28 Feb
1099-K	This shows revenue received through a third-party processor like a credit card company.	31 Jan	28 Feb
1099-S	If you sold a house or other real estate last year, you may receive a 1099-S. You may not have to pay tax on it, but you'll need to report the numbers on your tax return.	15 Feb	28 Feb
1099-Q	This form will show any 529 (an education saving plan) payments that you may have received in the previous year.	31 Jan	28 Feb
1099-LTC	If you received any long-term care insurance benefits in the last year, you may get a Form 1099-LTC.	31 Jan	28 Feb
1099-SA	You might receive a 1099-SA if you receive distributions from your health savings account. You may not have to pay taxes on the distributions, but you'll still sometimes receive a tax form.	31 Jan	28 Feb
1099-OID	This tax form shows information similar to interest but usually on bonds.	31 Jan	28 Feb

3. Recipients of Form 1099

As we explained in Section 1, Form 1099 is a type of informational return. The recipients of certain types of income or payments (other than wages, salaries, or tips) during the year will get a 1099 form in the mail from the payers. Generally, the recipients will have to report the information from a Form 1099 on their tax returns.

In general, the recipient/payee of the following business income types may receive a Form 1099-MISC or 1099-NEC, depending on the contract or agreement, issued and sent out by the payers:

- At least USD600 in business rental income
- At least USD600 in services performed by a person or business who is not an employee (including parts and materials)
- At least USD600 in prizes, awards, or other income payments
- Royalty income of at least USD10
- Business attorney fees of at least USD600 or more - regardless of the attorney's incorporation status
- A minimum of USD400 for independent contract work
- At least USD5,000 of direct sales to a buyer for resale other than a permanent established retailer
- At least USD600 in third party transactions for goods and services. This includes platforms like Cash App and PayPal used to pay for any good or service, perhaps as part of a business.

4. Actions needed if No Form 1099 Received

If you received income falling under the scope of reporting requirements of Form 1099, you will be likely to receive a 1099 form either through the mail or electronically from the organization that made the payment to you, such as a company that hired you, a bank or a brokerage.

If you haven't received all of your Form 1099s by 31 January or 15 February deadlines, you should contact the person or business responsible for sending you the Form 1099s and request that them to send you a copy of your 1099 so as enable you to file your tax return on time.

In the case you have not received the appropriate forms, you are still responsible for paying the taxes on your own. If you don't receive a Form 1099 by the due date, you still need to report the income received on your tax return in order to avoid a bill from the IRS for owed taxes.

5. Senders of Form 1099

As listed in Section 2, there are several types of 1099 forms exist to document payments made between an individual or business and another party. Practically, Form 1099s are used to report payment of fees (or income received in the hands of the service providers), the persons who make the payments are expected to send relevant Form 1099 to the recipients of the fee income and IRS. For example, if your business engages an independent contractor or freelancer for certain services, you may be required to send a Form 1099-NEC documenting payments made to the contractor or freelance throughout the year.

Payments below USD600 don't require filing the 1099, though the parties making the payment may still choose to do so.

There are different due dates for different types of 1099 forms, as shown in the table in Section 2 above. For example, Form 1099-NEC, which is used to report payments your business makes to independent contractor or freelance, is due to reach them by 31 January. If January 31st isn't a business day, then the due date moves to the next business day.

More specifically, if you're the one sending 1099 forms:

- The 1099-NEC form is due to the recipient by 31 January.
- If you're mailing a paper form to the IRS, you must send the 1099-NEC by February 28 (postmarked by that date).

If you wish to obtain more information or assistance, please visit our official website at www.kaizencpa.com or contact us through the following:

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