



Reference for completing and filing  
1099s

Parish & School Financial Operations



# What is Form 1099-NEC?

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## Overview

Prior to 2020, if parishes hired contracted work the parish would have issued a 1099-MISC. Most of the parishes' payments to contractors will now be reported on the new 1099-NEC form. The IRS has introduced the new Form 1099-NEC, a new form just for reporting independent contractor income (officially known as “non-employee compensation”).

## What is Form 1099-NEC?

- The 1099-NEC is a new form specifically for reporting non-employee compensation currently defined as payments to individuals not on payroll on a contract basis to complete a project or assignment.
- This would include all independent contractors, or self-employed individuals who previously had their payments reported in box 7 of a 1099-MISC form.
- According to the IRS, a combination of these four conditions distinguishes a reportable payment:
  - o It is made to someone who is not a parish employee.
  - o It is made for services in the course of the parish trade or business.
  - o It was made to an individual, partnership, estate, or, in some cases, a corporation.
  - o Payments were \$600 or more for the calendar year.



# 1099-NEC vs 1099-MISC

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## 1099-NEC vs 1099-MISC

- The 1099-NEC is now used to report independent contractor income.
- But the 1099-MISC form is still around, it's just used to report miscellaneous income such as rent or payments to an attorney.
- The due date for both forms is January 31 in the year following the applicable tax year. If January 31 does not fall on a business day, the due date will be moved to the next business day.
- If a contractor is an LLC that files taxes as a corporation (S Corporation or C Corporation), they are treated as a corporation for tax purposes and this means that they generally do not have to receive a 1099-NEC or 1099-MISC.
- The cases in which you do have to issue 1099s to corporations are listed in the instructions for Form 1099-MISC, which generally do not apply to our parishes and schools.



# Who requires a Form 1099-NEC and 1099-MISC

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## Who requires a Form 1099-NEC?

- If the parish paid a contractor more than \$600 in a tax year, the parish is required to file Form 1099- NEC.
- Report payments to independent contractors on Form 1099-NEC in Box 1. Before tax year 2020, non-employee compensation was being reported on box 7 of form 1099-MISC.
- Do not file a 1099-NEC for employees.

## Who requires a Form 1099-MISC?

- If the parish paid an individual or LLC at least \$600 during the year in rent paid, legal settlements, or prize or award winnings not involving a wager, the parish is required to file a 1099-MISC.
- You no longer report payments to non-employees on form 1099-MISC.

Check the contractor's W-9, the contractor should have checked a box showing how their business is set up for tax purposes: individual/sole proprietor, C Corporation, S Corporation, Partnership or LLC.



# The deadlines for 2022 Form 1099-NEC and 1099-MISC

## What is the due date for Form 1099-NEC?

- Send copies of Form 1099-NEC to workers the parish paid non employee compensation to during the year by January 31.
- If January 31 does not fall on a business day, the due date will be moved to the next business day.
- Also file Copy A with the IRS by January 31 each year.

## What is the due date for Form 1099-MISC?

- January 31: Distribute to recipients
- February 15: Distribute to recipients with data in Boxes 8 or 10
- February 28: Submit forms to the IRS if filing by paper
- March 31: Submit forms to the IRS if filing electronically Form

Form	1099 Due Date to Recipients	Filing to IRS By Mail	E-Filing to IRS
1099 NEC	31-Jan-23	31-Jan-23	31-Jan-23
1099-MISC (No Data in Boxes 8 or 10)	31-Jan-23	28-Feb-23	31-Mar-23
1099-MISC (With Data in Boxes 8 or 10)	15-Feb-23	28-Feb-23	31-Mar-23
1099-B & 1099-S	15-Feb-23	28-Feb-23	31-Mar-23
1099-INT	31-Jan-23	28-Feb-23	31-Mar-23
1099-DIV	31-Jan-23	28-Feb-23	31-Mar-23
1099-R	31-Jan-23	28-Feb-23	31-Mar-23



# Dos and Don'ts with Form 1099-NEC

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- ✓ Do file 1099-NEC Forms for Non-Employee Compensation payments that are made to someone who is not the parish employee, made for services in the course of trade or business dealings, or payments over \$600 for the calendar made to an individual, partnership, estate.
- ✓ Do verify that the recipient's taxpayer ID is correct.
- ✓ Do Mind the Due Dates; remember the due date to distribute 1099-NECs to recipients is January 31
- ✗ Don't use Form 1099-NEC to report personal payments.
- ✗ Don't use Form 1099-NEC to report employee wages; use Form W-2 instead.
- ✗ Don't report gross proceeds to an attorney (not fees) on Form 1099-NEC; use Form 1099-MISC instead.
- ✗ Don't use Form 1099-NEC to report payments of rent to real estate agents or property managers; use Form 1099-MISC instead.



# Dos and Don'ts with Form 1099-MISC

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- ✓ Do report gross proceeds to an attorney (not fees) on Form 1099-MISC.
- ✓ Do complete a 1099-MISC if the parish made royalty payments of at least \$10 during the year.
- ✓ Do file Form 1099-MISC by February 28, 2023, if you file on paper, or March 31, 2023, if you file electronically.
  
- ✗ Don't use Form 1099-MISC to report personal payments.
- ✗ Don't use Form 1099-MISC to report employee wages; use Form W-2 instead.



# Filing 1099s

## 1099/1096 Form Requirements

- 1099- MISC form issued to the vendor may be printed on pre-performed paper in black ink.
- 1099 Copy A form can be printed on red pre-printed form or our IRS approves Blank Paper Form. Two 1099's will print on a single sheet.
- 1096 Summary form must be printed on a red pre-printed form.
- Forms can be obtained from [www.irs.gov](http://www.irs.gov) or [www.parishsoftforms.com](http://www.parishsoftforms.com)
- If you have more than 100 Vendors, you must file your 1099/1096 electronically.

## Where to send Form 1099-NEC?

Like Form 1099-MISC, there are multiple copies of Form 1099-NEC you must distribute. Check out each copy and its recipient below:

- Copy A: The IRS
- Copy 1: State tax department, if applicable
- Copy B: Independent contractor
- Copy 2: Independent contractor
- Copy C: Keep in your parish records

Form 1099-NEC can be file electronically or mail it to the IRS. For tax year 2020, the electronic filing threshold is 100 forms. 8





# How to Verify Parish Information for 1099s

Church Manager | Ledger and Payables | Ledger Report Writer | Consolidation Manager

Accounts | Bills | Checks | Deposits | Journal Entries | Vendors | Credit Cards | Memorized | Process | **Setup** | Reports

Entry Screens | List Screens

**1099 Payer Info.**

Check Layout

Entities

Projects

Project Groups

User Options

Vendor Terms

Vendor Types

Assign Cash Flow Categories

**Click on Box to verify you have correct address & SSN ID for church.**

**Click on Setup to get this screen.**

**1099 Payer Info.**

**General**

Employer Name: Church Name

Address: 123 Smith Rd

Address 2:

City: Hyattsville

State: MD

Zip Code: 20782

Phone Number: 999-867-5309

**ACH Info**

Immediate Destination:

Immediate Origin:

Immediate Destination Name:

Immediate Origin Name:

Originating OFI Identification:

Account Number:

Batch Number: 0

☐ Include debit in file by default

**Contact Info**

Contact Name:

Contact Phone:

Contact Fax:

Contact Email: wilson@adv.org

**Tax IDs**

Kind of Employer: ☐ None apply ☒ 501c non-govt. ☐ State/local non-501c ☐ State/local 501c ☐ Federal govt.

Federal Tax ID: 12-1234567

Tax ID: Unemp. Wage Max: Unemp. Rate:

State: 1: 2: 3:

**Information needed that will appear on the 1096 and 1099**



# How to Review Vendors for 1099-NEC and 1099-MISC

- Reports → Vendors → Custom Date Range Specified → Start & End Date: January 1, 20xx – December 31, 20xx → [Preview Report](#)
- Vendor Audit for the year 1099 vendors with payments ≥\$600 for the year.
- Correct any Vendors that should receive or not receive a 1099-NEC or 1099-MISC form by changing the 1099 selection

## Vendor Audit

January 1, 2020 - December 31, 2020

Do not send 1099, less than \$600

Bill #	Invoice #	Invoice Date	Check Date	Type	Amount	Account	Check No.	1099
Rev. M.								
2938	071919	07/19/19	07/19/19	Paid Bill	50.00	502.000P20 Compensation - Extra Clerg	16967	<input checked="" type="checkbox"/>
Vendor Total:					50.00			

St.

## Vendor Audit

January 1, 2020 - December 31, 2020

1099 Vendor check box

Bill #	Invoice #	Invoice Date	Check Date	Type	Amount	Account	Check No.	1099
C	M					6432 Burwell Street, Springfield, VA, 22150		
3396	1805	02/06/19	02/08/19	Paid Bill	1,200.00	515.096S96 Temp. Help - Non P/R	10268	<input type="checkbox"/>
3790	1902	05/14/19	05/16/19	Paid Bill	1,200.00	515.096S96 Temp. Help - Non P/R	10437	<input type="checkbox"/>
4077	1903	08/06/19	08/09/19	Paid Bill	1,100.00	515.096S96 Temp. Help - Non P/R	10552	<input type="checkbox"/>
Vendor Total:					3,500.00			



# How to Print 1099-NEC or 1099-Misc & 1096 Forms

## Print Vendor 1099NEC and 1099-MISC

Go to Reports → Vendors → 1099-NEC or 1099-Misc Forms → Calendar year → Select Vendors → Select Form Name 1099-NEC or 1099-MISC-1099 4-Up Blank Paper → Preview Report (Verify -names, FEIN, amounts)

**Print IRS 1099-NEC and 1099-MISC** → Go to Reports → Vendors → 1099-NEC or 1099-Misc Forms → Calendar year → Select Vendors → Select Form Name 1099-NEC or 1099-MISC-1099 2-Up Preprinted → Preview Report to print (1099s & 1096 IRS accepted forms & Instructions Free from IRS.gov or order from ParishSOFT)

**Print IRS 1096** Go to Reports → Vendors 1099-NEC or 1099-Misc Forms → Calendar year → Select Vendors → Select Form Name 1096 Preprinted → Preview Report to print

Print State Required Forms

Vendors > 1099-NEC Forms :: Configure Report

Calendar Year  
Calendar Year: 2020

\*\* Vendor  
206 Tours  
206 Tours, Inc  
5-I Fitness & Race Management, LLC  
A & M Glass  
A H Harcher, Inc  
A Reason For

\*\* Vendor Type

\*\* Form Name  
☐ 1099-NEC 4-Up Blank Paper  
☒ 1099-NEC 2-Up Preprinted  
☐ 1096 Preprinted

\*\* Form Adjustments - 1/100 Inch Increments  
Left / Right Up / Down  
0 0

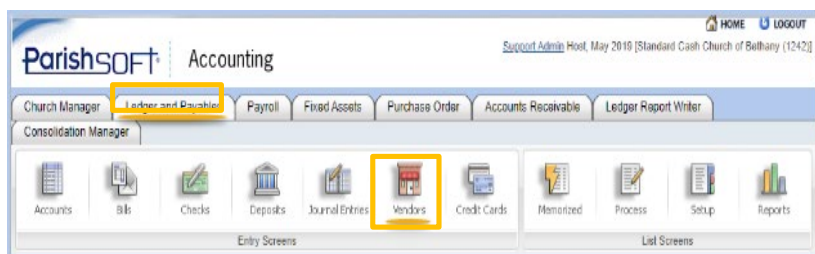
\*\*\* Set Page Scaling to 'None' when printing forms

Preview Report Delete Report Cancel

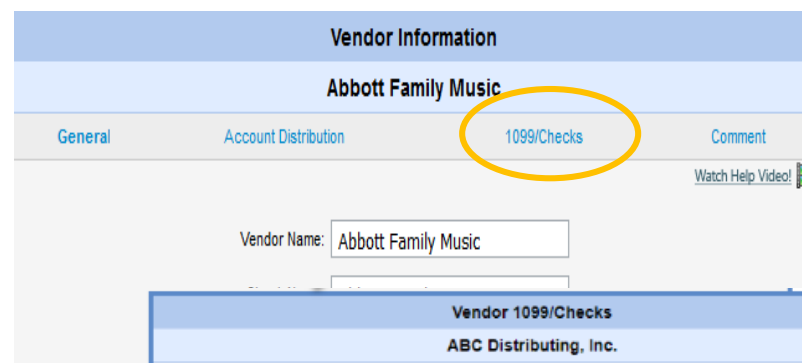


# How to Setup & Adjust Entry for 1099-NEC or 1099-Misc Vendor

This procedure shows you how to set up a vendor to receive a 1099-NEC & 1099-MISC make adjusting entries to correct vendor amount.



- The vendor will print on a 1099-Misc form or on a 1099-NEC form based on how the vendor record is set up.
- Once you determine under which category of 1099 your Vendor belongs, 1099 MISC or 1099 NEC, you will set them up in each vendor record accordingly.
- **Go to Ledger & Payables → Vendors → 1099/Checks.** The category is selected under the field for **Print in 1099 Box.**
- For any Vendor who needs a **1099-NEC form**, select **"Non-Emp Comp."**
- For any Vendor who needs a **1099-Misc form**, select from **any of the other categories.**



**Vendor 1099/Checks**  
**ABC Distributing, Inc.**

General Account Distribution **1099/Checks** Comment

Check Printing Options

☐ Always print a separate check for each bill

☒ Print only one check if there are over 10 bill items

Default Check Memo:

**1099 Information**

☒ Print 1099 for this vendor

1099 Vendor Name:

Tax ID:

Print in 1099 Box: **Non Emp Comp**

**Adjusting Entries**

#	Year	Adjustment Amount	1099 Amount
1	2019	0.00	0.00
2	2020	800.00	800.00

Submit

Choosing **Non Emp Comp** will assign this Vendor to the **1099-NEC Form**.

All others will be assigned to the **1099-Misc Form**.