

Using IRS as a Resource for Addressing 1099-MISC and 1099-NEC Questions

Below are questions SAO received from customers about 1099s. The questions were forwarded to the IRS by email mccirp@irs.gov.

Please note: *“These answers are based on our understanding of the facts you presented in your question. Omission of facts may affect the answer given. To review the Internal Revenue Service policy concerning security and disclosure and to access IRS forms and publications, visit the IRS Website at: <http://www.irs.gov>.”*

To order forms and publications through IRS toll-free forms line, call (1-800-829-3676), To order official IRS forms, call 1-800-TAX-FORM (1-800-829-3676) which is available 24 hours a day, 7 days a week, with 7-10 days delivery time, or Order Information Returns and Employer Returns Online at <https://www.irs.gov/businesses/online-ordering-for-information-returns-and-employer-returns>, IRS will mail you the scannable forms and other products.

IRS Questions & Answers

Q. If there is a change from SSN to a Fed ID that is not for a corporation, payments should be reported as recorded for both.

A: FED received after SSN was provided to payer – allocate payments to SSN between January and the date the vendor provides the federal ID number. After receiving federal ID number, allocate remaining payments to federal ID number.

Q. If there is a change from SSN to a Fed ID for a corporation, the payments under the SSN only will need to be reported (unless medical then both need to be reported).

A: Vendor incorporates and submits Corporation's federal ID number. If payments to vendor are \$600 or more for the year Form 1099-MISC can be filed under corporate ID number even if payments were not for medical or attorney fees. Allocate payments in the same manner as stated in Answer #1

Q. If it is found that a Fed ID or SSN is wrong and corrected via a W-9 form from the vendor, the payments can be moved to the correct Fed ID or SSN for 1099 reporting purposes.

A: If the vendor provides confirmation of a correct Tax Identification Number (TIN) or the agencies received a B-notice from IRS that the TIN is incorrect, move payments to the correct TIN.

Q. How would a State Agency handle a 1099-INT received from a company they regulate (i.e. insurance company). According to the company they paid the Agency interest?

A: According to the Instructions for Form 1099-INT, there is no requirement to report interest income payments to a state. A state is considered to be an exempt recipient. You may contact the insurance company and ask them to file a correction because your agency incorrectly received Form 1099-INT. In addition, please refer the filer to the IRS ECC Customer Service Section at 866-455-7438 for information on filing a corrected return.

Q. Should Board Members that are not employees receive a 1099-NEC form if their services consisted of reviewing documents for a State of Georgia Agency?

A: According to "Instructions for Form 1099 MISC," payments made during the payer's trade or business for services performed by non-employees, which total \$600 or more in a calendar year, are reported in box 1 on Form 1099 NEC, unless the payment is one of the exceptions listed on page MISC-1. Payments to Board Members representing compensation for services are not an exception.

Q. I pay for the Criminal Justice Coordinating Council and for the victims' program of Georgia. Payments to counties are coded as medical payment for people who are victimized. Should this entry be coded with a 1099 code and a 06 code?

A: According to the instructions found in Regulation §1.6041-3. Payments for which no return of information is required under section 6041 the following entities are exempt recipients:

A State, the District of Columbia, a possession of the United States, a political subdivision of any of the foregoing, wholly-owned agency or instrumentality of any one or more of the foregoing... A payor may treat a person as an exempt recipient under this paragraph (c)(1) without requiring a certificate if the name of such person reasonably indicates it is described in this paragraph (c)(1) or if such person is known generally in the community to be a State, the District of Columbia, a possession of the United States or a political subdivision or a wholly-owned agency or instrumentality of any one or more of the foregoing (for example, an account held in the name of "Town of S" or "County of T" may be treated as held by an exempt recipient under this paragraph.

Therefore, counties in the State of Georgia are exempt recipients. You are not required to file Forms 1099- MISC for exempt recipients

If you have more questions you can contact the IRS directly.

Contacting IRS Information Reporting Program Customer Service Section (CSS) The CSS is located at IRS/MCC and operates in conjunction with the Information Reporting Program. The CSS provides service to the payer community (financial institutions, employers, and other transmitters of information returns).

The CSS can be contacted via email at mccirp@irs.gov. The toll-free number to call is **866-455-7438**. The Information Reporting Program CSS answers tax law questions relating to the filing of information returns (Forms 1096, 1098, 1099, 5498, 8027, W-2G, and W-4).