



Important 2021 IRS Update

FORM 1099-NEC

(Nonemployee Compensation)

Updates:

- Now 3 forms per page
- New envelope may be required

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. Due to this change, **a new envelope will be required for distributing recipient copies.**

We encourage you to prepare early. Additional envelopes or forms may be needed. There will be extra work involved with this change.

See below for more information and requirements.

Form 1099-NEC Information & Requirements

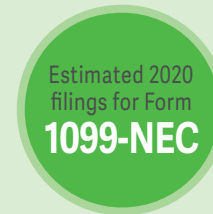
As of tax year 2020, nonemployee compensation typically reported on Form 1099-MISC (Box 7 - nonemployee compensation), is now required to be reported on Form 1099-NEC (Box 1). **The Internal Revenue Service (IRS) and various states are requiring this form to be filed by the effective deadline, January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