

IRS 1099 Reporting Change for Calendar Year 2020

Beginning with the 2020 tax year, the IRS requires use of the Form 1099-NEC (NEC stands for Non-Employee Compensation) as the only way to report Non-Employee Compensation instead of the traditional Form 1099-MISC.

The 1099-NEC replaces the 1099-MISC for reporting nonemployee compensation (previously reported in Box 7 of the 1099-MISC). Form 1099-NEC will capture any payments to nonemployee service providers, such as independent contractors, freelancers, vendors, consultants, and other non-exempt recipients.

During the 2020 calendar year, Research Triangle Institute (RTI) issued non-employee service payments to you. In the coming weeks you will receive your 1099-NEC via mail. Per the terms of your agreement with RTI, your 1099-NEC will report the gross amount of the non-employee compensation paid during the 2020 calendar year. This means that all payments made to you, regardless of their character and including any expenses submitted for repayment, will be included in the Form 1099-NEC.

IRS 1099-NEC Website

The following IRS website provides additional information and examples for your reference:

<https://www.irs.gov/pub/irs-pdf/i1099msc.pdf>

If you have any questions regarding the IRS requirements, you may contact:

Internal Revenue Service Information Reporting Customer Service Site

Telephone: 1-800-829-1040 (Individuals) or 1-800-829-4933 (Businesses)

Hours: Monday to Friday, 7:00 AM to 7:00 PM local time

RTI 1099-NEC Frequently Asked Questions (FAQ)

RTI has also prepared an FAQ to assist with providing guidance regarding this change. The FAQ is located on the following page.

RTI Accounts Payable Help Desk

If you have questions regarding your specific 1099-NEC, you may contact:

RTI Accounts Payable Help Desk

aphelp@rti.org

We make every effort to respond to all inquiries within 3 business days.

Sincerely,

RTI Accounts Payable

aphelp@rti.org

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1099-NEC Frequently Asked Questions

1.) Why am I receiving a Form 1099-NEC this year instead of a Form 1099-MISC?

The Form 1099-NEC is a new information return that was recently issued by the IRS. It is used to report payments of “nonemployee compensation,” or payments to independent contractors. These payments used to be reported in Box 7 of Form 1099-MISC. The IRS is using the Form 1099-NEC because the due date for reporting these types of payments was recently changed from March 31st to January 31st. The new form helps filers accommodate the new deadline.

2.) When is the Form 1099-NEC due to the IRS?

The Form 1099-NEC is due to the IRS by January 31st.

3.) Who is required to receive a Form 1099-NEC?

RTI must file a Form 1099-NEC if it pays \$600 or more of “nonemployee compensation” (i.e., service fees) to U.S. individuals, partnerships, limited liability companies treated as partnerships, sole proprietors, trusts and estates. It is not required to issue a Form 1099-NEC to corporations (except incorporated law firms or for-profit medical care providers), tax-exempt organizations or governmental entities.

4.) What types of payments are subject to reporting on Form 1099-NEC?

RTI must report all types of service payments, including payments for professional services (e.g., legal, accounting, etc.), consulting fees, honorariums, research services, installation fees, cleaning fees, repair fees, landscaping fees, catering expenses, etc.

5.) Are expense reimbursements reported in Box 1 of Form 1099-NEC?

Yes, RTI is required to report any expense reimbursements it makes to you in Box 1 of Form 1099-NEC. You may be entitled to deduct these expenses on your income tax return. However, you should consult your personal tax advisor regarding this matter as RTI cannot provide any tax advice.