



January 2024

Dear Client:

Any person engaged in a trade or business (including partnerships and nonprofit organizations) that meets any of the following requirements needs to file an information return. (Personal payments are not reportable.)

REMINDER: Form 1099-NEC Nonemployee Compensation should be used to report payments made to outside contractors that were previously reported on form 1099-MISC box 7. Form 1099-MISC has not been eliminated, but the “nonemployee compensation” box has been removed.

DUE DATES:

- **Form 1099-NEC:** January 31, 2024 to the recipient AND to the IRS
- Form 1099-MISC: January 31, 2024 to the recipient and February 29, 2024 to the IRS
- Forms 1099-B, 1099-S and select forms 1099-MISC (if amounts are reported in boxes 8 or 14) have an extended due date of February 15, 2024
- All other forms 1099 except as noted below: January 31, 2024 to the recipient and February 29, 2024 to the IRS

WHERE TO FILE: California businesses should mail the pink copy (IRS copy) to:

*Department of the Treasury
IRS Submission Processing Center
1973 North Rulon White Blvd.
Ogden, UT 84201*

A copy should also be provided to the payee. Other state businesses should contact our office for the appropriate mailing address.

WHAT IS INCLUDED: Attached is a “Guide to Information Returns” detailing the various types of forms required by the IRS. Most businesses will need to file form 1099-NEC for non-employee compensation and/or form 1099-MISC for rents paid to a non-corporate landlord.

EXEMPTIONS FROM 1099 REPORTING:

- Owners of rental real estate are generally not required to report payments of \$600 or more to service providers. However, if your rental real estate qualified as a trade or business (for either the Section 199a deduction or for any other tax benefit), we recommend filing forms 1099.
- Corporations continue to remain exempt from information reporting requirements (except if the payments were made to attorneys or health care providers).
- Payments for merchandise (goods and tangible property), telephone, storage, freight, and other similar items are NOT required to be reported on a form 1099.
- Payments not made in the course of a trade or business (any personal services) are exempt.

FORM 1099-K: “Payment settlement entities” (credit card companies, etc.) are required to report credit card and third-party transaction payments on a form 1099-K. In other words, if you run a business that accepts credit cards, debit cards, or other third-party transaction payments, you should receive a form 1099-K for 2023 if you had more than 200 transactions and had more than \$20,000 gross income paid to you. This threshold is scheduled to decrease to \$5,000 for 2024. The IRS does match the amounts reported on Form 1099-K to your tax returns, so include any 1099-K’s received when providing us your tax return information.

MISSING ID NUMBERS: If the payee fails to provide their taxpayer identification number to the payor or if the ID number is obviously incorrect, the payor must begin “back-up withholding” of federal income tax at a rate of 24% on all amounts paid to the payee and remit this amount to the IRS. If you are provided an incorrect ID number, the IRS will notify you of an invalid number and, unless the number is corrected, you will have to commence “back-up withholding”. We recommend that you request any service provider (the “payee”) to complete a form W-9 at the time the services begin and retain the form in your files.

INTEREST: The interest rate at January 1, 2024 is 8% per year for the IRS and 7% per year for California.

PENALTIES: Both the IRS and the State of California will disallow a business deduction for any amount that was not properly reported on an information return. The penalty for not supplying timely information statements to recipients begins at \$50 per statement and raises as the length of delinquency increases.

FRIEDMAN AND PERRY, CPA'S: We are not a corporation. If you paid us \$600 or more in 2023 as a business expense, you will need to prepare and send us a form 1099-NEC. Our ID number is 94-3025265.

ELECTRONIC FILING:

- The current threshold for mandatory electronic filing is 250 information returns. This was scheduled to decrease to a threshold of 10 information returns for 2023, however, (again) this did not take effect as planned. We will notify you in the future if/when the filing threshold changes for mandatory electronic filing.

STATE REPORTING:

- You are no longer required to file forms 1099-NEC separately with the Franchise Tax Board.
- For all form 1099 types, you are only required to file a copy with the California Franchise Tax Board if you withheld state income tax or the state amount is different from the federal amount. Otherwise, the IRS will forward the information to the State of California.
- You must file form DE 542 with the California EDD within 20 days of making payments of \$600 or more or entering into a contract of \$600 or more with an independent contractor, whichever is earlier. This applies to any independent contractor that will require a form 1099-NEC for the calendar year. You are not required to report independent contractors that are corporations, general partnerships, limited liability partnerships, or limited liability companies (individuals or sole proprietorships only). Form DE 542 can be filed electronically through the EDD's e-Services for Business or submitted on paper.
- If you are not a California resident, contact us for the applicable rules of your state.

NEED HELP?

Online 1099 filing software has made it easy and cheap to self-file your information returns. We personally recommend Avalara (formerly Track1099) (www.track1099.com) where prices start as low as \$2.99 per information return.

If you'd prefer to self-file by paper, blank forms can be obtained at your local IRS office for free (find your local office at <https://apps.irs.gov/app/officeLocator/index.jsp>), ordered from the IRS website www.irs.gov or purchased from an office supply store (this can be rather expensive since they sell them in large bundles). We no longer carry the forms in our office.

If you would like our assistance in preparing any of these reports, please send an email to Becky at becky@friedmanperrycpas.com by January 20. Our fee for 1099 preparation is a flat \$60 plus \$15 per each information return. Additional fees may apply if incomplete information is provided and/or if information is received after January 20.

Sincerely,

Friedman & Perry, CPA's

Guide to Information Returns (If any date shown falls on a Saturday, Sunday, or legal holiday in the District of Columbia or where the return is to be filed, the due date is the next business day. Leap years do not impact the due date. See Announcement 91-179, 1991-49 I.R.B. 78, for more information.)

Form	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1042-S	Foreign Person's U.S. Source Income Subject to Withholding	Income such as interest, dividends, royalties, pensions and annuities, etc., and amounts withheld under chapter 3. Also, distributions of effectively connected income by publicly traded partnerships or nominees.	See form instructions	March 15	March 15
1097-BTC	Bond Tax Credit	Tax credit bond credits to bondholders.	All amounts	February 28*	On or before the 15th day of the 2nd calendar month after the close of the calendar month in which the credit is allowed
1098	Mortgage Interest Statement	Mortgage interest (including points) and certain mortgage insurance premiums you received in the course of your trade or business from individuals and reimbursements of overpaid interest.	\$600 or more	February 28*	(To Payer/Borrower) January 31
1098-C	Contributions of Motor Vehicles, Boats, and Airplanes	Information regarding a donated motor vehicle, boat, or airplane.	Gross proceeds of more than \$500	February 28*	(To Donor) 30 days from date of sale or contribution
1098-E	Student Loan Interest Statement	Student loan interest received in the course of your trade or business.	\$600 or more	February 28*	January 31
1098-F	Fines, Penalties, and Other Amounts	Statement furnished by a government or governmental entity regarding payments required by a court order or agreement with respect to a violation or potential violation of law.	\$50,000 or more	N/A	N/A
1098-MA	Mortgage Assistance Payments	Assistance payments paid to homeowners from funds allocated from the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HFA Hardest Hit Fund) or the Emergency Homeowners' Loan Program.	All amounts	February 28	January 31
1098-Q	Qualifying Longevity Annuity Contract Information	Status of a contract that is intended to be a qualifying longevity annuity contract (QLAC), defined in section A-17 of Regulations section 1.401(a)(9)-6, that is purchased or held under any plan, annuity, or account described in section 401(a), 403(a), 403(b), or 408 (other than a Roth IRA) or eligible governmental plan under section 457(b).	All amounts	February 28	January 31
1098-T	Tuition Statement	Qualified tuition and related expenses, reimbursements or refunds, and scholarships or grants (optional).	See instructions	February 28*	January 31
1099-A	Acquisition or Abandonment of Secured Property	Information about the acquisition or abandonment of property that is security for a debt for which you are the lender.	All amounts	February 28*	(To Borrower) January 31
1099-B	Proceeds From Broker and Barter Exchange Transactions	Sales or redemptions of securities, futures transactions, commodities, and barter exchange transactions (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)).	All amounts	February 28*	February 15**
1099-C	Cancellation of Debt	Cancellation of a debt owed to a financial institution, the federal government, a credit union, RTC, FDIC, NCUA, a military department, the U.S. Postal Service, the Postal Rate Commission, or any organization having a significant trade or business of lending money.	\$600 or more	February 28*	January 31
1099-CAP	Changes in Corporate Control and Capital Structure	Information about cash, stock, or other property from an acquisition of control or the substantial change in capital structure of a corporation.	Over \$1,000	February 28*	(To Shareholders) January 31, (To Clearing Organization) January 5
1099-DIV	Dividends and Distributions	Distributions, such as dividends, capital gain distributions, or nontaxable distributions, that were paid on stock and liquidation distributions (including distributions reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)).	\$10 or more, except \$600 or more for liquidations	February 28*	January 31**
1099-G	Certain Government Payments	Unemployment compensation, state and local income tax refunds, agricultural payments, and taxable grants.	\$10 or more for refunds and unemployment	February 28*	January 31
1099-H	Health Coverage Tax Credit (HCTC) Advance Payments	Health insurance premiums paid on behalf of certain individuals.	All amounts	February 28*	January 31

* The due date is March 31 if filed electronically.

** The due date is March 15 for reporting by trustees and middlemen of WHFITs.

Guide to Information Returns (continued)

Form	Title	What To Report	Amounts To Report	Due Date		
				To IRS	To Recipient (unless indicated otherwise)	
1099-INT	Interest Income	Interest income (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)); market discount subject to an election under section 1278(b). Tax-exempt interest and U.S. Savings Bonds and Treasury obligations interest are also reported on this form.	\$10 or more (\$600 or more in some cases)	February 28*	January 31**	
1099-K	Payment Card and Third Party Network Transactions	Payment card transactions.	All amounts	February 28*	January 31	
		Third party network transactions.	more than \$600			
1099-LS	Reportable Life Insurance Sale	Payments made to a payment recipient in a reportable policy sale.	All amounts***	February 28*	For reportable policy sale payment recipient, February 15; For issuer, January 15, or earlier as required by Regulations section 1.6050Y-2(d)(2)(i)(A)	
1099-LTC	Long-Term Care and Accelerated Death Benefits	Payments under a long-term care insurance contract and accelerated death benefits paid under a life insurance contract or by a viatical settlement provider.	All amounts	February 28*	January 31	
1099-MISC	Miscellaneous Information	Rent or royalty payments; prizes and awards that are not for services, such as winnings on TV or radio shows (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)).	\$600 or more, except \$10 or more for royalties	February 28*	January 31**	
		Payments to crew members by owners or operators of fishing boats including payments of proceeds from sale of catch.	All amounts			
		Section 409A income from nonqualified deferred compensation plans (NQDCs).	All amounts			
		Payments to a physician, physicians' corporation, or other supplier of health and medical services. Issued mainly by medical assistance programs or health and accident insurance plans.	\$600 or more			
		Fish purchases paid in cash for resale.	\$600 or more			
		Crop insurance proceeds.	\$600 or more			
		Substitute dividends and tax-exempt interest payments reportable by brokers.	\$10 or more			February 15**
		Gross proceeds paid to attorneys.	\$600 or more			February 15**
		A U.S. account for chapter 4 purposes to which you made no payments during the year that are reportable on any applicable Form 1099 (or a U.S. account to which you made payments during the year that do not reach the applicable reporting threshold for any applicable Form 1099) reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A).	All amounts (including \$0)		January 31**	
	Aggregated direct sales of consumer goods for resale.	\$5,000 or more				
1099-NEC	Nonemployee Compensation	Payments for services performed for a trade or business by people not treated as its employees (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)). Examples: fees to subcontractors or directors and golden parachute payments.	\$600 or more	January 31	January 31	
		Aggregated direct sales of consumer goods for resale.	\$5,000 or more			
1099-OID	Original Issue Discount	Original issue discount (including amounts reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)); market discount subject to an election under section 1278(b). OID on U.S. Treasury obligations and tax-exempt OID are also reported on this form. Stated interest (other than stated interest that is OID) may be reported on this form.	\$10 or more	February 28*	January 31**	
1099-PATR	Taxable Distributions Received From Cooperatives	Distributions from cooperatives passed through to their patrons including any domestic production activities deduction and certain pass-through credits.	\$10 or more	February 28*	January 31	

* The due date is March 31 if filed electronically.

** The due date is March 15 for reporting by trustees and middlemen of WHFITs.

*** See Regulations sections 1.6050Y-1(a)(16)(ii) and 1.6050Y-2(f)(2) for exceptions for amounts paid to persons other than sellers. Also, no amounts are required to be reported on statements furnished to issuers. See Regulations section 1.6050Y-2(d)(2)(i)(A).

Guide to Information Returns (*continued*)

Form	Title	What To Report	Amounts To Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1099-Q	Payments From Qualified Education Programs (Under Sections 529 and 530)	Earnings from qualified tuition programs and Coverdell ESAs.	All amounts	February 28*	January 31
1099-QA	Distributions From ABLE Accounts	Distributions from ABLE accounts.	All amounts	February 28	January 31
1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	Distributions from retirement or profit-sharing plans, any IRA, insurance contracts, and IRA recharacterizations (including payments reported pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(B) or reported as described in Regulations section 1.1471-4(d)(2)(iii)(A)).	\$10 or more	February 28*	January 31
1099-S	Proceeds From Real Estate Transactions	Gross proceeds from the sale or exchange of real estate and certain royalty payments.	Generally, \$600 or more	February 28*	February 15
1099-SA	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA	Distributions from an HSA, Archer MSA, or Medicare Advantage MSA.	All amounts	February 28*	January 31
1099-SB	Seller's Investment in Life Insurance Contract	Seller's investment in a life insurance contract as determined by the issuer.	All amounts	March 1* (except as provided in Regulations section 1.6050Y-3(c))	February 15 (except as provided in Regulations section 1.6050Y-3(d)(2))
3921	Exercise of an Incentive Stock Option Under Section 422(b)	Transfer of stock pursuant to the exercise of an incentive stock option under section 422(b).	All amounts	February 28*	January 31
3922	Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)	Transfer of stock acquired through an employee stock purchase plan under section 423(c).	All amounts	February 28*	January 31
5498	IRA Contribution Information	Contributions (including rollover contributions) to any individual retirement arrangement (IRA), including a SEP, SIMPLE, and Roth IRA; Roth conversions; IRA recharacterizations; and the fair market value (FMV) of the account (including information on hard-to-value assets).	All amounts	May 31	(To Participant) For FMV/RMD/SIMPLE IRA contributions, January 31; For all other contributions, May 31
5498-ESA	Coverdell ESA Contribution Information	Contributions (including rollover contributions) to a Coverdell ESA.	All amounts	May 31	April 30
5498-QA	ABLE Account Contributions Information	Contributions (including rollover contributions) to an ABLE account.	All amounts	May 31	March 15
5498-SA	HSA, Archer MSA, or Medicare Advantage MSA Information	Contributions to an HSA (including transfers and rollovers) or Archer MSA and the FMV of an HSA, Archer MSA, or Medicare Advantage MSA.	All amounts	May 31	(To Participant) May 31
W-2G	Certain Gambling Winnings	Gambling winnings from horse racing, dog racing, jai alai, lotteries, keno, bingo, slot machines, sweepstakes, wagering pools, poker tournaments, etc.	Generally, \$600 or more; \$1,200 or more from bingo or slot machines; \$1,500 or more from keno	February 28*	January 31

* The due date is March 31 if filed electronically.