

What you should know about forms 1099s

The 1099 form is a series of documents used in the United States to report various types of income received by individuals other than wages, salaries, and tips. These forms are issued by payers to the recipients and are also sent to the Internal Revenue Service (IRS) for tax reporting purposes. Here are some common types of 1099 forms:

1. 1099-MISC (Miscellaneous Income):

- Used to report income paid to non-employees, such as independent contractors, freelancers, and service providers.
- It includes payments of \$600 or more for services performed during the tax year.
- Other income categories, such as rent, royalties, and awards, may also be reported on this form.

2. 1099-NEC (Nonemployee Compensation):

- The 1099-NEC specifically reports nonemployee compensation, including payments to independent contractors, freelancers, and other service providers.
- This form is used for reporting payments of \$600 or more made to non-employees during the tax year.

3. 1099-INT (Interest Income):

- Used to report interest income earned on various types of accounts, such as savings accounts, certificates of deposit (CDs), and loans.
- Financial institutions, such as banks, issue this form to account holders.

4. 1099-DIV (Dividend Income):

- Used to report dividends and other distributions from investments in stocks, mutual funds, and other securities.
- Issued by financial institutions and investment companies to shareholders.

5. 1099-R (Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.):

- Used to report distributions from retirement accounts, such as IRAs and 401(k) plans.
- Issued by financial institutions or retirement plan administrators.

6. 1099-G (Certain Government Payments):

- Used to report government payments, such as unemployment compensation and state or local tax refunds.
- Issued by government agencies.

7. 1099-K (Payment Card and Third-Party Network Transactions):

- Used to report income received through payment card transactions and third-party network transactions, such as those facilitated by online platforms.
- Issued by payment processors and third-party networks.

8. 1099-C (Cancellation of Debt):

- Used to report canceled debts that result in taxable income for the debtor.
- Issued by lenders or creditors.

9. SSA-1099 (Social Security Benefits):

- The SSA-1099 is used to report Social Security benefits received during the tax year. This includes retirement, disability, and survivor benefits.
- While some individuals may not have to pay taxes on their Social Security benefits, others may be required to include a portion of their benefits as taxable income. The taxable portion depends on the recipient's total income.

It's important for individuals who receive 1099 forms to include this income when filing their federal income tax returns. The information on the 1099 forms is also reported to the IRS, helping ensure accurate tax reporting. If you receive a 1099 form, make sure to review it carefully, report the income on your tax return, and consult with a tax professional if needed.