



# Instructions for Forms 1099-MISC and 1099-NEC

## Miscellaneous Information and Nonemployee Compensation

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Forms 1099-MISC and 1099-NEC and their instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1099MISC](https://www.irs.gov/Form1099MISC) or [IRS.gov/Form1099NEC](https://www.irs.gov/Form1099NEC).

### What's New

**Form 1099-MISC title change.** The title for Form 1099-MISC has been changed from Miscellaneous Income to Miscellaneous Information.

**Form 1099-MISC, box 11.** Box 11 includes any reporting under section 6050R, regarding cash payments for the purchase of fish for resale purposes, from an individual or corporation who is engaged in catching fish. For further information, see the instructions for [box 11](#), later.

**Form 1099-NEC, box 1.** Box 1 will not be used for reporting under section 6050R, regarding cash payments for the purchase of fish for resale purposes.

**Form 1099-NEC, box 2.** Payers may use either box 2 on Form 1099-NEC or box 7 on Form 1099-MISC to report any sales totaling \$5,000 or more of consumer products for resale, on buy-sell, deposit-commission, or any other basis. For further information, see the instructions later for [box 2](#) (Form 1099-NEC) or [box 7](#) (Form 1099-MISC).

**Form 1099-NEC resized.** We have reduced the height of the form so it can accommodate 3 forms on a page.

**Electronic filing of returns.** The Taxpayer First Act of 2019, enacted July 1, 2019, authorized the Department of the Treasury and the IRS to issue regulations that reduce the 250-return requirement for 2021 tax returns. If those regulations are issued and effective for 2021 tax returns required to be filed in 2022, we will post an article at [IRS.gov](https://www.irs.gov) explaining the change.

### Reminders

**General instructions.** In addition to these specific instructions, you should also use the 2021 General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

- Who must file.
- When and where to file.
- Electronic reporting.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers (TINs).

- Backup withholding.
- Penalties.
- The definitions of terms applicable for the purposes of chapter 4 of the Internal Revenue Code that are referenced in these instructions.
- Other general topics.

You can get the general instructions from [General Instructions for Certain Information Returns at IRS.gov/1099GeneralInstructions](https://www.irs.gov/GeneralInstructions) or go to [IRS.gov/Form1099MISC](https://www.irs.gov/Form1099MISC) or [IRS.gov/Form1099NEC](https://www.irs.gov/Form1099NEC).

**Online fillable copies.** To ease statement furnishing requirements, Copies B, C, 1, and 2 have been made fillable online in a PDF format available at [IRS.gov/Form1099MISC](https://www.irs.gov/Form1099MISC) and [IRS.gov/Form1099NEC](https://www.irs.gov/Form1099NEC). You can complete these copies online for furnishing statements to recipients and for retaining in your own files.

**Filing dates.** Section 6071(c) requires you to file Form 1099-NEC on or before January 31, 2022, using either paper or electronic filing procedures. File Form 1099-MISC by February 28, 2022, if you file on paper, or March 31, 2022, if you file electronically.

## Specific Instructions for Form 1099-MISC

File Form 1099-MISC, Miscellaneous Information, for each person in the course of your business to whom you have paid the following during the year.

- At least \$10 in royalties (see the [instructions for box 2](#)) or broker payments in lieu of dividends or tax-exempt interest (see the [instructions for box 8](#)).
- At least \$600 in:
  1. Rents ([box 1](#));
  2. Prizes and awards ([box 3](#));
  3. Other income payments ([box 3](#));
  4. Generally, the cash paid from a notional principal contract to an individual, partnership, or estate ([box 3](#));
  5. Any fishing boat proceeds ([box 5](#));
  6. Medical and health care payments ([box 6](#));
  7. Crop insurance proceeds ([box 9](#));
  8. Gross proceeds paid to an attorney ([box 10](#)) (see [Payments to attorneys](#), later);
  9. Section 409A deferrals ([box 12](#)); or
  10. Nonqualified deferred compensation ([box 14](#)).

You may either file Form 1099-MISC or Form 1099-NEC to report sales totaling \$5,000 or more of consumer products

to a person on buy-sell, deposit-commission, or other commission basis for resale.



*If you use Form 1099-NEC to report sales totaling \$5,000 or more, then you are required to file Form 1099-NEC with the IRS by January 31.*

You must also file Form 1099-MISC for each person from whom you have withheld any federal income tax (report in [box 4](#)) under the backup withholding rules regardless of the amount of the payment.



*Be sure to report each payment in the proper box because the IRS uses this information to determine whether the recipient has properly reported the payment.*

**Trade or business reporting only.** Report on Form 1099-MISC only when payments are made in the course of your trade or business. Personal payments are not reportable. You are engaged in a trade or business if you operate for gain or profit. However, nonprofit organizations are considered to be engaged in a trade or business and are subject to these reporting requirements. Other organizations subject to these reporting requirements include trusts of qualified pension or profit-sharing plans of employers, certain organizations exempt from tax under section 501(c) or (d), farmers' cooperatives that are exempt from tax under section 521, and widely held fixed investment trusts. Payments by federal, state, or local government agencies are also reportable.

**Reportable payments to corporations.** The following payments made to corporations must generally be reported on Form 1099-MISC.

- Cash payments for the purchase of fish for resale reported in [box 11](#).
- Medical and health care payments reported in [box 6](#).
- Substitute payments in lieu of dividends or tax-exempt interest reported in [box 8](#).
- Gross proceeds paid to an attorney reported in [box 10](#).

**Payments to attorneys.** The term "attorney" includes a law firm or other provider of legal services. Attorneys' fees of \$600 or more paid in the course of your trade or business are reportable in [box 1](#) of Form 1099-NEC, under section 6041A(a)(1).

**Gross proceeds paid to attorneys.** Under section 6045(f), report in [box 10](#) payments that:

- Are made to an attorney in the course of your trade or business in connection with legal services, but not for the attorney's services, for example, as in a settlement agreement;
- Total \$600 or more; and
- Are not reportable by you in [box 1](#) of Form 1099-NEC.

Generally, you are not required to report the claimant's attorney's fees. For example, an insurance company pays a claimant's attorney \$100,000 to settle a claim. The insurance company reports the payment as gross proceeds of \$100,000 in [box 10](#). However, the insurance company does not have a reporting requirement for the claimant's attorney's fees subsequently paid from these funds.

These rules apply whether or not:

- The legal services are provided to the payer;
- The attorney is the exclusive payee (for example, the attorney's and claimant's names are on one check); or

- Other information returns are required for some or all of a payment under another section of the Code, such as section 6041.

For example, a person who, in the course of a trade or business, pays \$600 of taxable damages to a claimant by paying that amount to a claimant's attorney is required to:

- Furnish Form 1099-MISC to the claimant, reporting damages pursuant to section 6041, generally in [box 3](#); and
- Furnish Form 1099-MISC to the claimant's attorney, reporting gross proceeds paid pursuant to section 6045(f) in [box 10](#).

For more examples and exceptions relating to payments to attorneys, see Regulations section 1.6045-5.

However, these rules do not apply to wages paid to attorneys that are reportable on Form W-2 or to profits distributed by a partnership to its partners that are reportable on Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc.

**Payments to corporations for legal services.** The exemption from reporting payments made to corporations does not apply to payments for legal services. Therefore, you must report attorneys' fees (in [box 1](#) of Form 1099-NEC) or gross proceeds (in [box 10](#) of Form 1099-MISC), as described earlier, to corporations that provide legal services.

**Taxpayer identification numbers (TINs).** To report payments to an attorney on Form 1099-MISC, you must obtain the attorney's TIN. You may use Form W-9, Request for Taxpayer Identification Number and Certification, to obtain the attorney's TIN. An attorney is required to promptly supply its TIN whether it is a corporation or other entity, but the attorney is not required to certify its TIN. If the attorney fails to provide its TIN, the attorney may be subject to a penalty under section 6723 and its regulations, and you must backup withhold on the reportable payments.

**Deceased employee's wages.** When an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. If you made the payment in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report them only as social security and Medicare wages on the employee's Form W-2 to ensure that proper social security and Medicare credit is received. On the Form W-2, show the payment as social security wages ([box 3](#)) and Medicare wages and tips ([box 5](#)) and the social security and Medicare taxes withheld in [boxes 4 and 6](#); do not show the payment in [box 1](#) of Form W-2.

If you made the payment after the year of death, do not report it on Form W-2 and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you must also report the payment to the estate or beneficiary on Form 1099-MISC. Report the payment in [box 3](#) (rather than as nonemployee compensation). See the [Example](#) that follows. Enter the name and TIN of the payment recipient on Form 1099-MISC. For example, if the recipient is an individual beneficiary, enter the name and social security number of the individual; if the recipient is the estate, enter the name and employer identification number of the estate. The general backup withholding rules apply to this payment.

Death benefits from nonqualified deferred compensation plans or section 457 plans paid to the estate or beneficiary of a deceased employee are reportable on Form 1099-MISC. Do not report these death benefits on Form 1099-R.

However, if the benefits are from a qualified plan, report them on Form 1099-R. See the Instructions for Forms 1099-R and 5498.

**Example.** Before Employee A's death on June 15, 2021, A was employed by Employer X and received \$10,000 in wages on which federal income tax of \$1,500 was withheld. When A died, X owed A \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 (less the social security and Medicare taxes withheld) was paid to A's estate on July 20, 2021. Because X made the payment during the year of death, X must withhold social security and Medicare taxes on the \$3,000 payment and must complete Form W-2 as follows.

- Box 1—10000.00 (does not include the \$3,000 accrued wages and vacation pay).
- Box 2—1500.00.
- Box 3—13000.00 (includes the \$3,000 accrued wages and vacation pay).
- Box 4—806.00 (social security tax withheld).
- Box 5—13000.00 (includes the \$3,000 accrued wages and vacation pay).
- Box 6—188.50 (Medicare tax withheld).

Employer X must also complete Form 1099-MISC as follows.

- Boxes for recipient's name, address, and TIN—The estate's or beneficiary's name, address, and TIN.
- Box 3—3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount is reported here.)

If Employer X made the payment after the year of death, the \$3,000 would not be subject to social security and Medicare taxes and would not be shown on Form W-2. However, the employer would still file Form 1099-MISC.

**Payments made on behalf of another person.** For payments reportable under section 6041, if you make a payment on behalf of another person, who is the source of the funds, you may be responsible for filing Form 1099-MISC. You are the payor for information reporting purposes if you perform management or oversight functions in connection with the payment, or have a significant economic interest in the payment (such as a lien). For example, a bank that provides financing to a real estate developer for a construction project maintains an account from which it makes payments for services in connection with the project. The bank performs management and oversight functions over the payments and is responsible for filing information returns for payments of \$600 or more paid to contractors. For more information, see Regulations section 1.6041-1(e).

**Indian gaming profits, payments to tribal members.** If you make payments to members of Indian tribes from the net revenues of class II or class III gaming activities conducted or licensed by the tribes, you must withhold federal income tax on such payments. File Form 1099-MISC to report the payments and withholding to tribal members. Report the payments in [box 3](#) and the federal income tax withheld in [box 4](#). Pub. 15-A contains the necessary Tables for Withholding on Distributions of Indian Gaming Profits to Tribal Members.

**State or local sales taxes.** If state or local sales taxes are imposed on the service provider and you (as the buyer) pay them to the service provider, report them on Form 1099-MISC as part of the reportable payment. However, if sales taxes are imposed on you (as the buyer) and collected

from you by the service provider, do not report the sales taxes on Form 1099-MISC.

## Exceptions

Some payments do not have to be reported on Form 1099-MISC, although they may be taxable to the recipient. Payments for which a Form 1099-MISC is not required include all of the following.

- Generally, payments to a corporation (including a limited liability company (LLC) that is treated as a C or S corporation). However, see [Reportable payments to corporations](#), earlier.
- Payments for merchandise, telegrams, telephone, freight, storage, and similar items.
- Payments of rent to real estate agents or property managers. However, the real estate agent or property manager must use Form 1099-MISC to report the rent paid over to the property owner. See Regulations section 1.6041-3(d); Regulations section 1.6041-1(e)(5), Example 5; and the instructions for [box 1](#).
- Wages paid to employees (report on Form W-2, Wage and Tax Statement).
- Military differential wage payments made to employees while they are on active duty in the U.S. Armed Forces or other uniformed services (report on Form W-2).
- Business travel allowances paid to employees (may be reportable on Form W-2).
- Cost of current life insurance protection (report on Form W-2 or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.).
- Payments to a tax-exempt organization including tax-exempt trusts (IRAs, HSAs, Archer MSAs, Coverdell ESAs, and ABLE (529A) accounts), the United States, a state, the District of Columbia, a U.S. possession or territory, or a foreign government.
- Payments made to or for homeowners from the HFA Hardest Hit Fund or similar state program (report on Form 1098-MA).
- Compensation for injuries or sickness by the Department of Justice as a public safety officer disability or survivor's benefit, or under a state program that provides benefits for surviving dependents of a public safety officer who has died as the direct and proximate result of a personal injury sustained in the line of duty.
- Compensation for wrongful incarceration for any criminal offense for which there was a conviction under federal or state law. See section 139F, Certain amounts received by wrongfully incarcerated individuals.

**Form 1099-K.** Payments made with a credit card or payment card and certain other types of payments, including third-party network transactions, must be reported on Form 1099-K by the payment settlement entity under section 6050W and are not subject to reporting on Form 1099-MISC. See the separate Instructions for Form 1099-K.

**Fees paid to informers.** A payment to an informer as an award, fee, or reward for information about criminal activity does not have to be reported if the payment is made by a federal, state, or local government agency, or by a nonprofit organization exempt from tax under section 501(c)(3) that makes the payment to further the charitable purpose of lessening the burdens of government. For more information, see Regulations section 1.6041-3(l).

**Scholarships.** Do not use Form 1099-MISC to report scholarship or fellowship grants. Scholarship or fellowship

grants that are taxable to the recipient because they are paid for teaching, research, or other services as a condition for receiving the grant are considered wages and must be reported on Form W-2. Other taxable scholarship or fellowship payments (to a degree or nondegree candidate) do not have to be reported to the IRS on any form, unless section 6050S requires reporting of such amounts by an educational institution on Form 1098-T, Tuition Statement. See section 117(b)–(d) and Regulations section 1.6041-3(n) for more information.

**Canceled debt.** A canceled debt is not reportable on Form 1099-MISC. Canceled debts reportable under section 6050P must be reported on Form 1099-C. See the Instructions for Forms 1099-A and 1099-C.

**Employee business expense reimbursements.** Do not use Form 1099-MISC to report employee business expense reimbursements. Report payments made to employees under a nonaccountable plan as wages on Form W-2. Generally, payments made to employees under an accountable plan are not reportable on Form W-2, except in certain cases when you pay a per diem or mileage allowance. For more information, see the Instructions for Forms W-2 and W-3, and Pub. 463. For information on reporting employee moving expense reimbursements on Form W-2, see the Instructions for Forms W-2 and W-3.

**Widely held fixed investment trusts (WHFITs).** Trustees and middlemen of WHFITs must report items of gross income attributable to a trust income holder (TIH) on the appropriate Form 1099. A tax information statement that includes the information provided to the IRS on Forms 1099, as well as additional information identified in Regulations section 1.671-5(e), must be furnished to TIHs. For details, see the 2021 General Instructions for Certain Information Returns.

## Statements to Recipients

If you are required to file Form 1099-MISC, you must furnish a statement to the recipient. For more information about the requirement to furnish a statement to each recipient, and truncation, see part M in the 2021 General Instructions for Certain Information Returns.

You can furnish each recipient with a single payee statement reporting all Form 1099-MISC payment types. You are required to furnish the payee statements by January 31 and file with the IRS by February 28 (March 31, if filing electronically).

### Truncating recipient's TIN on payee statements.

Pursuant to Regulations section 301.6109-4, all filers of this form may truncate a recipient's TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's TIN may not be truncated on any form. See part J in the 2021 General Instructions for Certain Information Returns.

## Foreign Account Tax Compliance Act (FATCA) Filing Requirement Checkbox

Check the box if you are a U.S. payer that is reporting on Form(s) 1099 (including reporting payments on this Form 1099-MISC) as part of satisfying your requirement to report with respect to a U.S. account for the purposes of chapter 4 of the Internal Revenue Code, as described in Regulations

section 1.1471-4(d)(2)(iii)(A). In addition, check the box if you are a foreign financial institution (FFI) reporting payments to a U.S. account pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A). Finally, check the box if you are an FFI making the election described in Regulations section 1.1471-4(d)(5)(i)(A) and are reporting 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 are reporting 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).

## 2nd TIN Not.

You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect TIN. If you mark this box, the IRS will not send you any further notices about this account.

However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two-notices-in-3-years rule, you are considered to have received one notice and you are not required to send a second "B" notice to the taxpayer on receipt of the second notice. See part N in the 2021 General Instructions for Certain Information Returns for more information.



*For information on the TIN Matching System offered by the IRS, see the 2021 General Instructions for Certain Information Returns.*

## Corrections to Form 1099-MISC

If you need to correct a Form 1099-MISC that you have already sent to the IRS:

- For paper forms, see the 2021 General Instructions for Certain Information Returns, part H; or
- For electronic corrections, see Pub. 1220.



*If you are filing a correction on a paper form, do not check the VOID box on the form. A checked VOID box alerts IRS scanning equipment to ignore the form and proceed to the next one. Your correction will not be entered into IRS records if you check the VOID box.*

## Recipient's TIN

Enter the recipient's TIN using hyphens in the proper format. SSNs, ITINs, and ATINs should be in the XXX-XX-XXXX format. EINs should be in the XX-XXXXXXX format. You should make every effort to ensure that you have the correct type of number reported in the correct format.

## Account Number

The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-MISC. The account number is also required if you check the "FATCA filing requirement" box. See [Foreign Account Tax Compliance Act \(FATCA\) Filing Requirement Checkbox](#), earlier. Additionally, the IRS encourages you to designate an account number for all Forms 1099-MISC that you file. See part L in the 2021 General Instructions for Certain Information Returns.

## Box 1. Rents

Enter amounts of \$600 or more for all types of rents, such as any of the following.

- Real estate rentals paid for office space. However, you do not have to report these payments on Form 1099-MISC if you paid them to a real estate agent or property manager. But the real estate agent or property manager must use Form 1099-MISC to report the rent paid over to the property owner. See Regulations section 1.6041-3(d) and Regulations section 1.6041-1(e)(5), Example 5.
- Machine rentals (for example, renting a bulldozer to level your parking lot). If the machine rental is part of a contract that includes both the use of the machine and the operator, prorate the rental between the rent of the machine (report that in box 1) and the operator's charge (report that on Form 1099-NEC in [box 1](#)).
- Pasture rentals (for example, farmers paying for the use of grazing land).

Public housing agencies must report in box 1 rental assistance payments made to owners of housing projects. See Rev. Rul. 88-53, 1988-1 C.B. 384.

**Coin-operated amusements.** If an arrangement between an owner of coin-operated amusements and an owner of a business establishment where the amusements are placed is a lease of the amusements or the amusement space, the owner of the amusements or the owner of the space, whoever makes the payments, must report the lease payments in box 1 of Form 1099-MISC if the payments total at least \$600. However, if the arrangement is a joint venture, the joint venture must file a Form 1065, U.S. Return of Partnership Income, and provide each partner with the information necessary to report the partner's share of the taxable income. Coin-operated amusements include video games, pinball machines, jukeboxes, pool tables, slot machines, and other machines and gaming devices operated by coins or tokens inserted into the machines by individual users. For more information, see Rev. Rul. 92-49, 1992-1 C.B. 433.

## Box 2. Royalties

Enter gross royalty payments (or similar amounts) of \$10 or more. Report royalties from oil, gas, or other mineral properties before reduction for severance and other taxes that may have been withheld and paid. Do not include surface royalties. They should be reported in [box 1](#). Do not report oil or gas payments for a working interest in box 2; report payments for working interests in [box 1](#) of Form 1099-NEC. Do not report timber royalties made under a pay-as-cut contract; report these timber royalties on Form 1099-S, Proceeds From Real Estate Transactions.

Use box 2 to report royalty payments from intangible property such as patents, copyrights, trade names, and trademarks. Report the gross royalties (before reduction for fees, commissions, or expenses) paid by a publisher directly to an author or literary agent, unless the agent is a corporation. The literary agent (whether or not a corporation) that receives the royalty payment on behalf of the author must report the gross amount of royalty payments to the author on Form 1099-MISC whether or not the publisher reported the payment to the agent on its Form 1099-MISC.

## Box 3. Other Income

Enter other income of \$600 or more required to be reported on Form 1099-MISC that is not reportable in one of the other boxes on the form.

Also enter in box 3 prizes and awards that are not for services performed. Include the fair market value (FMV) of merchandise won on game shows. Also include amounts paid to a winner of a sweepstakes not involving a wager. If a wager is made, report the winnings on Form W-2G.



*If, not later than 60 days after the winner becomes entitled to the prize, the winner can choose the option of a lump sum or an annuity payable over at least 10 years, the payment of winnings is considered made when actually paid. If the winner chooses an annuity, file Form 1099-MISC each year to report the annuity paid during that year.*

Do not include prizes and awards paid to your employees. Report these on Form W-2. Do not include in box 3 prizes and awards for services performed by nonemployees, such as an award for the top commission salesperson. Report them in [box 1](#) of Form 1099-NEC.

Prizes and awards received in recognition of past accomplishments in religious, charitable, scientific, artistic, educational, literary, or civic fields are not reportable if:

- The winners are chosen without action on their part,
- The winners are not expected to perform future services, and
- The payer transfers the prize or award to a charitable organization or governmental unit under a designation made by the recipient. See Rev. Proc. 87-54, 1987-2 C.B. 669.

Other items required to be reported in box 3 include the following.

1. Payments as explained earlier under [Deceased employee's wages](#).
2. Payments as explained earlier under [Indian gaming profits, payments to tribal members](#).
3. A payment or series of payments made to individuals for participating in a medical research study or studies.
4. Termination payments to former self-employed insurance salespeople. These payments are not subject to self-employment tax and are reportable in box 3 (rather than [box 1](#) of Form 1099-NEC) if all the following apply.
  - a. The payments are received from an insurance company because of services performed as an insurance salesperson for the company.
  - b. The payments are received after termination of the salesperson's agreement to perform services for the company.
  - c. The salesperson did not perform any services for the company after termination and before the end of the year.
  - d. The salesperson enters into a covenant not to compete against the company for at least 1 year after the date of termination.
  - e. The amount of the payments depends primarily on policies sold by the salesperson or credited to the salesperson's account during the last year of the service agreement or to the extent those policies remain in force for some period after termination, or both.
  - f. The amount of the payments does not depend at all on length of service or overall earnings from the company (regardless of whether eligibility for payment depends on length of service).

If the termination payments do not meet all these requirements, report them in [box 1](#) of Form 1099-NEC.

5. Generally, all punitive damages, any damages for nonphysical injuries or sickness, and any other taxable damages. Report punitive damages even if they relate to physical injury or physical sickness. Generally, report all compensatory damages for nonphysical injuries or sickness, such as employment discrimination or defamation. However, do not report damages (other than punitive damages):

- a. Received on account of personal physical injuries or physical sickness;
- b. That do not exceed the amount paid for medical care for emotional distress;
- c. Received on account of nonphysical injuries (for example, emotional distress) under a written binding agreement, court decree, or mediation award in effect on or issued by September 13, 1995; or
- d. That are for a replacement of capital, such as damages paid to a buyer by a contractor who failed to complete construction of a building.

Damages received on account of emotional distress, including physical symptoms such as insomnia, headaches, and stomach disorders, are not considered received for a physical injury or physical sickness and are reportable unless described in item 5b or 5c above. However, damages received on account of emotional distress due to physical injuries or physical sickness are not reportable.

Also report liquidated damages received under the Age Discrimination in Employment Act of 1967.



*Taxable back pay damages may be wages and reportable on Form W-2. See Pub. 957.*

**Foreign agricultural workers.** Report in box 3 compensation of \$600 or more paid in a calendar year to an H-2A visa agricultural worker who did not give you a valid TIN. You must also withhold federal income tax under the backup withholding rules. For more information, go to IRS.gov and enter “foreign agricultural workers” in the search box.

**Account reported under FATCA.** If you are an FFI reporting pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) a U.S. account required to be reported under chapter 4 to which during the year you made no payments reportable on an applicable Form 1099, enter zero in box 3. In addition, if you are an FFI described in the preceding sentence and, during the year, you made payments to the account required to be reported under chapter 4, but those payments are not reportable on an applicable Form 1099 (for example, because the payment is under the applicable reporting threshold), you must report the account on this Form 1099-MISC and enter zero in box 3.

#### Box 4. Federal Income Tax Withheld

Enter backup withholding. For example, persons who have not furnished their TINs to you are subject to withholding on payments required to be reported in boxes 1, 2 (net of severance taxes), 3, 5 (only with respect to cash payments to crew members for their share of proceeds from the catch), 6, 8, 9, and 10. For more information on backup withholding, including the rate, see part N in the 2021 General Instructions for Certain Information Returns.

Also enter any income tax withheld from payments to members of Indian tribes from the net revenues of class II or class III gaming activities conducted or licensed by the tribes.

#### Box 5. Fishing Boat Proceeds

If you are the operator of a fishing boat, enter the individual's share of all proceeds from the sale of a catch or the FMV of a distribution in kind to each crew member of fishing boats with normally fewer than 10 crew members. A fishing boat has normally fewer than 10 crew members if the average size of the operating crew was fewer than 10 on trips during the preceding 4 calendar quarters.

In addition, report cash payments of up to \$100 per trip that are contingent on a minimum catch and are paid solely for additional duties (such as mate, engineer, or cook) for which additional cash payments are traditional in the industry. However, do not report on Form 1099-MISC any wages reportable on Form W-2.

#### Box 6. Medical and Health Care Payments

Enter payments of \$600 or more made in the course of your trade or business to each physician or other supplier or provider of medical or health care services. Include payments made by medical and health care insurers under health, accident, and sickness insurance programs. If payment is made to a corporation, list the corporation as the recipient rather than the individual providing the services. Payments to persons providing health care services often include charges for injections, drugs, dentures, and similar items. In these cases, the entire payment is subject to information reporting. You are not required to report payments to pharmacies for prescription drugs.

The exemption from issuing Form 1099-MISC to a corporation does not apply to payments for medical or health care services provided by corporations, including professional corporations. However, you are not required to report payments made to a tax-exempt hospital or extended care facility or to a hospital or extended care facility owned and operated by the United States (or its possessions or territories), a state, the District of Columbia, or any of their political subdivisions, agencies, or instrumentalities.



*Generally, payments made under a flexible spending arrangement (as defined in section 106(c)(2)) or a health reimbursement arrangement which is treated as employer-provided coverage under an accident or health plan for purposes of section 106 are exempt from the reporting requirements of section 6041.*

#### Box 7. Payer Made Direct Sales Totaling \$5,000 or More

Enter an “X” in the checkbox for sales by you totaling \$5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other commission basis for resale (by the buyer or any other person) anywhere other than in a permanent retail establishment. Do not enter a dollar amount in this box.

You may either use box 7 on Form 1099-MISC or [box 2](#) on Form 1099-NEC to report the direct sales totaling \$5,000 or more. If you use Form 1099-NEC to report these sales, then you are required to file the Form 1099-NEC with the IRS by January 31.

The report you must give to the recipient for these direct sales need not be made on the official form. It may be in the form of a letter showing this information along with commissions, prizes, awards, etc.

## Box 8. Substitute Payments in Lieu of Dividends or Interest

Enter aggregate payments of at least \$10 of substitute payments received by a broker for a customer in lieu of dividends or tax-exempt interest as a result of a loan of a customer's securities. Substitute payment means a payment in lieu of (a) a dividend, or (b) tax-exempt interest to the extent that interest (including original issue discount) has accrued while the securities were on loan. For this purpose, a customer includes an individual, trust, estate, partnership, association, company, or corporation. See Notice 2003-67, which is on page 752 of Internal Revenue Bulletin 2003-40 at [IRS.gov/irb/2003-40\\_IRB#NOT-2003-67](https://www.irs.gov/irb/2003-40_IRB#NOT-2003-67). It does not include a tax-exempt organization, the United States, any state, the District of Columbia, a U.S. possession or territory, or a foreign government. File Form 1099-MISC with the IRS and furnish a copy to the customer for whom you received the substitute payment.

## Box 9. Crop Insurance Proceeds

Enter crop insurance proceeds of \$600 or more paid to farmers by insurance companies unless the farmer has informed the insurance company that expenses have been capitalized under section 278, 263A, or 447.

## Box 10. Gross Proceeds Paid to an Attorney

Enter gross proceeds of \$600 or more paid to an attorney in connection with legal services (regardless of whether the services are performed for the payer). See [Payments to attorneys](#), earlier.

## Box 11. Fish Purchased for Resale

If you are in the trade or business of purchasing fish for resale, you must report total cash payments of \$600 or more paid during the year to any person who is engaged in the trade or business of catching fish. You are required to keep records showing the date and amount of each cash payment made during the year, but you must report only the total amount paid for the year on Form 1099-MISC.

"Fish" means all fish and other forms of aquatic life. "Cash" means U.S. and foreign coin and currency and a cashier's check, bank draft, traveler's check, or money order. Cash does not include a check drawn on your personal or business account.

## Box 12. Section 409A Deferrals

You do not have to complete this box. For details, see Notice 2008-115, available at [IRS.gov/irb/2008-52\\_IRB#NOT-2008-115](https://www.irs.gov/irb/2008-52_IRB#NOT-2008-115).

If you complete this box, enter the total amount deferred during the year of at least \$600 for the nonemployee under all nonqualified plans. The deferrals during the year include earnings on the current year and prior year deferrals. For additional information, see Regulations sections 1.409A-1 through 1.409A-6. See the instructions for [box 14](#), later.

For deferrals and earnings under NQDC plans for employees, see the Instructions for Forms W-2 and W-3.

## Box 13. Excess Golden Parachute Payments

Enter any excess golden parachute payments. An excess parachute payment is the amount over the base amount (the average annual compensation for services includible in the individual's gross income over the most recent 5 tax years).

See Q/A-38 through Q/A-44 of Regulations section 1.280G-1 for how to compute the excess amount.

See [Golden parachute payments](#), later, for more information.

## Box 14. Nonqualified Deferred Compensation

Enter all amounts deferred (including earnings on amounts deferred) that are includible in income under section 409A because the nonqualified deferred compensation (NQDC) plan fails to satisfy the requirements of section 409A. Do not include amounts properly reported on a Form 1099-MISC, corrected Form 1099-MISC, Form W-2, or Form W-2c for a prior year. Also, do not include amounts that are considered to be subject to a substantial risk of forfeiture for purposes of section 409A. For additional information, see Regulations sections 1.409A-1 through 1.409A-6; Notice 2008-113, available at [IRS.gov/irb/2008-51\\_IRB#NOT-2008-113](https://www.irs.gov/irb/2008-51_IRB#NOT-2008-113); Notice 2008-115; Notice 2010-6, available at [IRS.gov/irb/2010-03\\_IRB#NOT-2010-6](https://www.irs.gov/irb/2010-03_IRB#NOT-2010-6); and Notice 2010-80, available at [IRS.gov/irb/2010-51\\_IRB#NOT-2010-80](https://www.irs.gov/irb/2010-51_IRB#NOT-2010-80).

## Boxes 15–17. State Information

These boxes may be used by payers who participate in the Combined Federal/State Filing Program and/or who are required to file paper copies of this form with a state tax department. See Pub. 1220 for more information regarding the Combined Federal/State Filing Program. They are provided for your convenience only and need not be completed for the IRS. Use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dash line. If you withheld state income tax on this payment, you may enter it in box 15. In box 16, enter the abbreviated name of the state and the payer's state identification number. The state number is the payer's identification number assigned by the individual state. In box 17, you may enter the amount of the state payment.

If a state tax department requires that you send them a paper copy of this form, use Copy 1 to provide information to the state tax department. Give Copy 2 to the recipient for use in filing the recipient's state income tax return.

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## Specific Instructions for Form 1099-NEC

File Form 1099-NEC, Nonemployee Compensation, for each person in the course of your business to whom you have paid the following during the year.

- At least \$600 in:
  1. Services performed by someone who is not your employee (including parts and materials) ([box 1](#)); or
  2. Payments to an attorney ([box 1](#)). (See [Payments to attorneys](#), later.)

File Form 1099-NEC or Form 1099-MISC to report sales totaling \$5,000 or more of consumer products to a person on buy-sell, deposit-commission, or other commission basis for resale.



*If you use Form 1099-NEC to report sales totaling \$5,000 or more, then you are required to file Form 1099-NEC with the IRS by January 31.*

You must also file Form 1099-NEC for each person from whom you have withheld any federal income tax (report in