**Jordan Elbridge Tax Services**

**NEW CHANGES TO FORM 1099 FILING DEADLINES & PENALTIES**

**Effective for the 2020 tax filing year, the due date, and the penalties regarding filing of forms 1099 have been changed**. Please take note of these changes as the penalties for noncompliance has increased from previous years. If you have any questions, please call or email. Jordantax@centralny.twcbc.com

1. New filing date: Forms 1099 for 2020 need to be filed with the IRS and the recipient, on or before February 1, 2021. \*Note, the IRS deadline is one month earlier than previous years. If we filed 1099s for you in 2019, you will also be receiving a year end letter with instructions for 2020 completion and new deadlines.
2. Failure to file penalties: The penalty due to intentional disregard of the requirements to furnish a correct payee statement has increased. The revised penalty is at least $500 per payee statement with no maximum penalty.
3. Increase in late filing penalties: Penalties regarding information returns (e.g., form 1099) filed after December 31, 2020 are revised as follows.

* $50 per information return if you correctly file within 30 days; maximum penalty $500,000 per year ($175,000 for small businesses)
* $100 per information return if you correctly file more than 30 days after the due date, but by August 1: maximum penalty $1,500,000 per year ($500,000 for small businesses)
* 250 per information return if you file after August 1 or you do not file required information returns; maximum penalty $3,000,000 per year ($1,000,000 for small businesses)
* If during the calendar year your business made payments of the following types, you are most likely required to file an information return (Forms 1099) to the IRS by February 1, 2021.

**Payments made for (not all inclusive):**

1. Services performed by independent contractors or others (1099-NEC)
2. Rent (1099-MISC)
3. Payments of $600 or more paid to an attorney (1099-MISC)
4. Interest on a business debt to someone (1099-INT)
5. Dividends or other distributions to a C – Corporation shareholder (1099-DIV)
6. Crewmembers of your fishing boat (1099-MISC)
7. Prizes and awards and certain other payments (1099-MISC)
8. Backup withholding or federal income tax withheld (1099-MISC or 1099-NEC)

**You are not required to file information return(s) if any of the following situations apply:**

1. You are not engaged in a trade or business.
2. You are engaged in a trade or business and
3. the payment was made to another business that is incorporated, or
4. the sum of all payments made to the person or unincorporated business is less than $600 in one tax year (unless the recipient is an attorney or law firm).
5. We will only prepare these forms at your request. Our minimum charge for preparing 1099 forms is $25 for each form required.

***If you have any questions in regards to the new changes, or the requirements for filing forms 1099, please contact us or visit the IRS website at*** [***https://www.irs.gov/businesses/small-businesses-self-employed/am-i-required-to-file-a-form-1099-or-other-information-return?\_ga=1.99695767.889001222.1472510926***](https://www.irs.gov/businesses/small-businesses-self-employed/am-i-required-to-file-a-form-1099-or-other-information-return?_ga=1.99695767.889001222.1472510926) ***for additional resources.***