

Instructions for Form 1099-NEC Nonemployee Compensation (Rev. April 2025)

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Instructions for Form 1099-NEC Nonemployee Compensation

(Rev. April 2025)

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

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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).

You can get the General Instructions for Certain Information Returns at [IRS.gov/1099GeneralInstructions](https://www.irs.gov/1099GeneralInstructions).

What's New [Return to top](#)

Excess golden parachute payments. Excess golden parachute payments are no longer reported on Form 1099-MISC. You can now report these payments on Form 1099-NEC, box 3. See [Form 1099-NEC](#), later, for more information.

E-filing returns. The Taxpayer First Act of 2019 authorized the Department of the Treasury and the IRS to issue regulations that reduce the 250-return e-file threshold. TD 9972, published February 23, 2023, lowered the e-file threshold to 10 (calculated by aggregating all information returns), effective for information returns required to be filed on or after January 1, 2024. Go to [IRS.gov/InfoReturn](https://www.irs.gov/InfoReturn) for e-file options.

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General Instructions. In addition to these specific instructions, you should also use the current year [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.

Continuous-use revision. Use these instructions for tax year 2025 and subsequent years until a superseding revision is issued.

Corrections to forms. If you need to correct a Form 1099-MISC or Form 1099-NEC that you have already sent to the IRS:

- For paper forms, see [part H](#) in the current year General Instructions for Certain Information Returns; or
- For electronic corrections in the FIRE system, see Pub. 1220. For electronic corrections in the IRIS Application to Application system, see Pub. 5718. For electronic corrections in the IRS Portal system, see Pub. 5717.

Caution! *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.*

Form 1099-K. [top](#) 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 or Form 1099-NEC. See the separate Instructions for [Form 1099-K](#).

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 a buy-sell, a 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).

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

Information Reporting Intake System (IRIS). The IRS has developed IRIS, an online portal for e-filing information returns. Go to [IRS.gov/IRS](https://www.irs.gov/irs) for more information.

Online fillable copies. To ease statement furnishing requirements, Copies 1, B, 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.

Trade or business reporting only. Report on Form 1099-MISC or Form 1099-NEC 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.

Specific Instructions [Return to top](#)

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

Caution! *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 [box 4](#)) under the backup withholding rules regardless of the amount of the payment.

Caution! *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.

Reportable payments to corporations. [top](#) The following payments made to corporations must generally be reported on Form 1099-NEC.

- Attorneys' fees reported in [box 1](#).
- Payments by a federal executive agency for services (vendors) reported in [box 1](#).

Caution! Federal executive agencies may also have to file Form 8596, *Information Return for Federal Contracts*, and Form 8596-A, *Quarterly Transmittal of Information Returns for Federal Contracts*, if a contracted amount for personal services is more than \$25,000. See Rev. Rul. 2003-66, which is on page 1115 of Internal Revenue Bulletin 2003-26 at [IRS.gov/pub/irs-irbs/irb03-26.pdf](https://www.irs.gov/pub/irs-irbs/irb03-26.pdf) for details.

Payments to attorneys. [top](#) 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. [top](#) Gross proceeds are not reportable by you in [box 1](#) of Form 1099-NEC. See the Form 1099-MISC, [box 10](#), instructions, earlier.

Payments to corporations for legal services. [top](#) 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). [top](#) To report payments to an attorney on Form 1099-NEC, you must obtain the attorney's TIN. You may use Form W-9 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.

Independent contractor or employee. [top](#) Generally, you must report payments to independent contractors on Form 1099-NEC in [box 1](#). See the [instructions for box 1](#).

TIP. [top](#) Section 530 of the Revenue Act of 1978, as extended by section 269(c) of P.L. 97-248, deals with the employment tax status of independent contractors and employees. To qualify for relief under section 530, employers must file Form 1099-NEC. Additional requirements for relief are discussed in Rev. Proc. 85-18, 1985-1 C.B. 518. Also see [Pub. 15-A](#) for special rules that may apply to technical service specialists and test proctors and room supervisors.

Transit passes and parking for independent contractors. [top](#) Although you cannot provide qualified transportation fringes to independent contractors, the working condition and de minimis fringe rules for transit passes and parking apply to independent contractors. Tokens or farecards that enable an independent contractor to commute on a public transit system (not including privately operated van pools) are excludable from the independent contractor's gross income and are not reportable on Form 1099-NEC if their value in any month is \$21 or less. However, if the value of a pass provided in a month is greater than \$21, the full value is part of the gross income and must be reported on Form 1099-NEC. The value of parking may be excludable from an independent contractor's gross income, and, therefore, not reportable on Form 1099-NEC if certain requirements are met. See Regulations section 1.132-9(b), Q/A-24.

Directors' fees. [top](#) You must report directors' fees and other remuneration, including payments made after retirement,

on Form 1099-NEC in the year paid. Report them in [box 1](#).

Commissions paid to lottery ticket sales agents. [top](#) A state that has control over and responsibility for online and instant lottery games must file Form 1099-NEC to report commissions paid, whether directly or indirectly, to licensed sales agents. For example, State X retains control over and liability for online and instant lottery games. For online ticket sales, State X pays commissions by allowing an agent to retain 5% of the ticket proceeds the agent remits to State X. For instant ticket sales, State X pays commissions by providing tickets to the agent for 5% less than the proceeds to be obtained by the agent from the sale of those tickets. If the commissions for the year total \$600 or more, they must be reported in [box 1](#) of Form 1099-NEC. See Rev. Rul. 92-96, 1992-2 C.B. 281.

Payments made on behalf of another person. [top](#) 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-NEC. 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).

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Some payments do not have to be reported on Form 1099-NEC, although they may be taxable to the recipient. Payments for which a Form 1099-NEC 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, any bonuses, prizes, and awards paid to employees (report these on Form W-2).
- 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).
- 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. 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 PSO disability or survivor's benefit, or under a state program that provides benefits for surviving dependents of a PSO 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.

State or local sales taxes. [top](#) 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-NEC 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-NEC.

Fees paid to informers. [top](#) 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. [top](#) Do not use Form 1099-NEC 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. See section 117(b)-(d) and Regulations section 1.6041-3(n) for more information.

Difficulty-of-care payments. [top](#) Do not use Form 1099-NEC to report difficulty-of-care payments that are excludable from the recipient's gross income. Difficulty-of-care payments to foster care providers are not reportable if paid for fewer than 11 children under age 19 and fewer than six individuals age 19 or older. See section 131(c). Amounts paid for more than 10 children or more than five other individuals are reportable on Form 1099-NEC.

Certain Medicaid waiver payments may be excludable from income as difficulty-of-care payments. For more information, see Notice 2014-7, available at [IRS.gov/irb/2014-4_IRB#NOT-2014-7](https://www.irs.gov/irb/2014-4_IRB#NOT-2014-7); and Medicaid waiver payments frequently asked questions (FAQs), available at [IRS.gov/Individuals/Certain-Medicaid-Payments-May-Be-Excludable-From-Income](https://www.irs.gov/Individuals/Certain-Medicaid-Payments-May-Be-Excludable-From-Income).

Canceled debt. [top](#) A canceled debt is not reportable on Form 1099-NEC. 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. [top](#) Do not use Form 1099-NEC 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 [General 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 [General Instructions for Forms W-2 and W-3](#).

Statements to Recipients [Return to top](#)

If you are required to file Form 1099-NEC, 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 current year General Instructions for Certain Information Returns.

You can furnish each recipient with a single payee statement reporting all Form 1099-NEC payment types. You are required to furnish the payee statements and file with the IRS by January 31.

Truncating recipient's TIN on payee statements. [top](#) 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 current year General Instructions for Certain Information Returns.

2nd TIN Not. [Return to top](#)

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-notice-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 current year General Instructions for Certain Information Returns for more information.

TIP. For information on the TIN Matching System offered by the IRS, see the current year [General Instructions for Certain Information Returns](#).

Recipient's TIN [Return to top](#)

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.

Caution! You should make every effort to ensure that you have the correct type of number reported in the correct format.

Account Number [Return to top](#)

The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-NEC. See [part L](#) in the current year General Instructions for Certain Information Returns.

Box 1. Nonemployee Compensation [Return to top](#)

Enter nonemployee compensation (NEC) of \$600 or more. Include fees, commissions, prizes and awards for services performed as a nonemployee, and other forms of compensation for services performed for your trade or business by an individual who is not your employee. Include oil and gas payments for a working interest, whether or not services are performed. Also include expenses incurred for the use of an entertainment facility that you treat as compensation to a nonemployee. Federal executive agencies that make payments to vendors for services, including payments to corporations, must report the payments in this box. See Rev. Rul. 2003-66.

What is NEC? If the following four conditions are met, you must generally report a payment as NEC.

- You made the payment to someone who is not your employee.
- You made the payment for services in the course of your trade or business (including government agencies and nonprofit organizations).
- You made the payment to an individual, partnership, estate, or, in some cases, a corporation.
- You made payments to the payee of at least \$600 during the year.

Self-employment tax. Generally, amounts paid to individuals that are reportable in [box 1](#) are subject to self-employment tax. If payments to individuals are not subject to this tax, report the payments in [box 3](#) of Form 1099-MISC. However, report section 530 (of the Revenue Act of 1978) worker payments in [box 1](#) of Form 1099-NEC.

Examples. The following are some examples of payments to be reported in [box 1](#).

- Professional service fees, such as fees to attorneys (including corporations), accountants, architects, contractors, engineers, etc.
- Fees paid by one professional to another, such as fee-splitting or referral fees.
- Payments by attorneys to witnesses or experts in legal adjudication.
- Payment for services, including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service. For example, report the total insurance company payments to an auto repair shop under a repair contract showing an amount for labor and another amount for parts, if furnishing parts was incidental to repairing the auto.
- Commissions paid to nonemployee salespersons that are subject to repayment but not repaid during the calendar year.
- A fee paid to a nonemployee, including an independent contractor, or travel reimbursement for which the nonemployee did not account to the payer, if the fee and reimbursement total at least \$600. To help you determine whether someone is an independent contractor or an employee, see [Pub. 15-A](#).
- Payments to nonemployee entertainers for services. Use Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, for payments to nonresident aliens.
- Exchanges of services between individuals in the course of their trades or businesses. For example, an attorney represents a painter for nonpayment of business debts in exchange for the painting of the attorney's law offices. The amount reportable by each on Form 1099-NEC is the FMV of their own services performed. However, if the attorney represents the painter in a divorce proceeding, this is an activity that is unrelated to the painter's trade or business. The attorney must report on Form 1099-NEC the value of their services. But the painter need not report on Form 1099-NEC the value of painting the law offices because the work is in exchange for legal services that are separate from the painter's business.
- Taxable fringe benefits for nonemployees. For information on the valuation of fringe benefits, see [Pub. 15-B](#).
- Taxable fringe benefits for nonemployees, including those related to personal use of company assets (for example, business aircraft, yacht, auto) by a nonemployee or their guest under Regulations section 1.61-21(a)(4). For more information on the valuation of fringe benefits, see [Pub. 15-B](#).
- Gross oil and gas payments for a working interest.
- Payments to an insurance salesperson who is not your common law or statutory employee. See [Pub. 15-A](#) for the definition of employee. However, for termination payments to former insurance salespeople, see the instructions for [box 3](#) of Form 1099-MISC.
- Directors' fees as explained under [Directors' fees](#), earlier.
- Commissions paid to licensed lottery ticket sales agents as explained under [Commissions paid to lottery ticket sales agents](#), earlier.
- Payments to section 530 (of the Revenue Act of 1978) workers. See the *TIP* under [Independent contractor or employee](#), earlier.

Golden parachute payments. A parachute payment is any payment that meets all of the following conditions.

1. The payment is in the nature of compensation.
2. The payment is to, or for the benefit of, a disqualified individual. A disqualified individual is one who at any time during the 12-month period prior to and ending on the date of the change in ownership or control of the corporation (the disqualified individual determination period) was an employee or independent contractor and was, in regard to that corporation, a shareholder, an officer, or a highly compensated individual.

3. The payment is contingent on a change in the ownership of a corporation, the effective control of a corporation, or the ownership of a substantial portion of the assets of a corporation (a change in ownership or control).
4. The payment has (together with other payments described in (1), (2), and (3), above, made to the same individual) an aggregate present value of at least three times the individual's base amount.

For more details, see Regulations section 1.280G-1. Also, see Rev. Proc. 2003-68, which is on page 398 of Internal Revenue Bulletin 2003-34 at [IRS.gov/irb/2003-34_IRB#RP-2003-68](https://www.irs.gov/irb/2003-34_IRB#RP-2003-68), concerning the valuation of stock options for purposes of golden parachute payment rules. For the treatment of unvested shares of restricted stock, see Rev. Rul. 2005-39, available at [IRS.gov/irb/2005-27_IRB#RR-2005-39](https://www.irs.gov/irb/2005-27_IRB#RR-2005-39).

Independent contractor. Enter in box 1 the total compensation, including any golden parachute payment. For employee reporting of these payments, see [Pub. 15-A](#).

Payments not reported in box 1. Do not report in box 1:

- Expense reimbursements paid to volunteers of nonprofit organizations;
- Deceased employee wages paid in the year after death (report in [box 3](#) of Form 1099-MISC) (see [Deceased employee's wages](#), earlier);
- Payments more appropriately described as rent (report in [box 1](#) of Form 1099-MISC), royalties (report in [box 2](#) of Form 1099-MISC), not subject to self-employment tax (report in [box 3](#) of Form 1099-MISC), and interest (use Form 1099-INT);
- The cost of current life insurance protection (report on Form W-2 or Form 1099-R);
- An employee's wages, travel or auto allowance, or bonuses and prizes (report on Form W-2); and
- The cost of group-term life insurance paid on behalf of a former employee (report on Form W-2).

Box 2. Payer Made Direct Sales Totaling \$5,000 or More [Return to top](#)

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 2 on Form 1099-NEC or [box 7](#) on Form 1099-MISC 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.

Caution! *Report these sales on only one form.*

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 3. Excess Golden Parachute Payments [Return to top](#)

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.

Box 4. Federal Income Tax Withheld [Return to top](#)

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 [box 1](#). For more information on backup withholding, including the rate, see [part N](#) in the current year General Instructions for Certain Information Returns.

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These boxes 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 5. In box 6, enter the abbreviated name of the state and the payer's state identification number. In box 7, 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.

Process Date. This is the last date a Copy A was printed for the Participant.

Distribution Date. This is the date(s) that the Participant was paid.

State 1. This is the most recent date that one or more Copy 1s for the state was printed.

State 2. This is the most recent date that one or more Copy 1s for the state was printed.

Office Code. Used in electronic filing only. Enter the office code of the Payer (may be blank). For payers with multiple locations, this field may be used to identify the location of the office submitting the information return.

H. Corrected Returns on Paper Forms [Return to top](#)

Caution! *To file corrections for electronically filed forms, see [part F](#) and [Pub. 1220](#).*

If you filed a return with the IRS and later discover you made an error on it, you must:

- Correct it as soon as possible and file Copy A and Form 1096 with your IRS Submission Processing Center (see [part D](#)), and
- Furnish statements to recipients showing the correction.

When making a correction, complete all information (see [Filing corrected returns on paper forms](#), later).

- Do not cut or separate forms that are two or three to a page. Submit the entire page even if only one of the forms on the page is completed.
- Do not staple the forms to Form 1096.
- Do not send corrected returns to the IRS if you are correcting state or local information only. Contact the state or local tax department for help with this type of correction.

To correct payer information, see [Reporting incorrect payer name and/or TIN](#), earlier.

Form 1096. [top](#) Use a separate Form 1096 for each type of return you are correcting. For the same type of return, you may use one Form 1096 for both originals and corrections. You do not need to correct a previously filed Form 1096.

CORRECTED checkbox. [top](#) Enter an "X" in the "CORRECTED" checkbox only when correcting a form previously filed with the IRS or furnished to the recipient. Certain errors require two returns to make the correction. See [Filing corrected returns on paper forms](#), later, to determine when to mark the "CORRECTED" checkbox.

Account number. [top](#) If the account number was provided on the original return, the same account number must be included on both the original and corrected returns to properly identify and process the correction. If the account number was not provided on the original return, do not include it on the corrected return. See [part L](#).

Recipient's statement. [top](#) You may enter a date next to the "CORRECTED" checkbox. This will help the recipient in the case of multiple corrections.

Filing corrected returns on paper forms. [top](#) The [Error Charts for Filing Corrected Returns on Paper Forms](#), later, give step-by-step instructions for filing corrected returns for the most frequently made errors. They are grouped under Error Type 1 or 2. Correction of errors may require the submission of more than one return. Be sure to read and follow the steps given.

Caution! *If you fail to file correct information returns or furnish a correct payee statement, you may be subject to a penalty. See [part O](#). Regulations section 301.6724-1 (relating to information return penalties) does not require you to file corrected returns for missing or incorrect TINs if you meet the reasonable-cause criteria. You are merely required to include the correct TIN on the next original return you are required to file.*

However, even if you meet the reasonable-cause criteria, the IRS encourages you to file corrections for incorrect or missing TINs so that the IRS can update the payees' records.

Error Charts for Filing Corrected Returns on Paper Forms [top](#) Identify the correction needed based on **Error Type 1 or 2**; then follow the steps to make the corrections and file the form(s). Also see [part H](#), earlier.

| Error Type 1 | Correction |
|--------------|------------|
|--------------|------------|

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| <p>Incorrect money amount(s), code, or checkbox</p> <p>A return was filed when one should not have been filed.</p> <p>These errors require only one return to make the correction.</p> <p>Caution: If you must correct a TIN or a payee name, follow the instructions under Error Type 2.</p> | <p>A. Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G</p> <ol style="list-style-type: none"> 1. Prepare a new information return. 2. Enter an "X" in the "CORRECTED" box (and date (optional)) at the top of the form. 3. Correct any recipient information such as money amounts. Report other information as per the original return. <p>B. Form 1096</p> <ol style="list-style-type: none"> 1. Prepare a new transmittal Form 1096. 2. Provide all requested information on the form as it applies to Part A, 1 and 2. 3. File Form 1096 and Copy A of the return with the appropriate IRS Submission Processing Center. 4. Do not include a copy of the original return that was filed incorrectly. |
|--|---|

| Error Type 2 | Correction | |
|--|--|---|
| <p>No payee TIN (SSN, EIN, QI-EIN, or ITIN), or</p> <p>Incorrect payee TIN, or</p> <p>Incorrect payee name, or</p> <p>Original return filed using wrong type of return (for example, a Form 1099-DIV was filed when a Form 1099-INT should have been filed).</p> <p>Two separate returns are required to</p> | <p>Step 1. Identify incorrect return submitted.</p> | <ol style="list-style-type: none"> 1. Prepare a new information return. 2. Enter an "X" in the "CORRECTED" box (and date (optional)) at the top of the form. 3. Enter the payer, recipient, and account number information exactly as it appeared on the original incorrect return; however, enter -0- (zero) for all money amounts. |

| | | |
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| make the correction properly. Follow all instructions for both Steps 1 and 2. | Step 2. Report correct information. | <p>A. Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G</p> <ol style="list-style-type: none"> 1. Prepare a new information return. 2. Do not enter an "X" in the "CORRECTED" box at the top of the form. Prepare the new return as though it is an original. 3. Include all the correct information on the form including the correct TIN and name. <p>B. Form 1096</p> <ol style="list-style-type: none"> 1. Prepare a new transmittal Form 1096. 2. Enter one of the following phrases in the bottom margin of the form. <ul style="list-style-type: none"> • Filed To Correct TIN. • Filed To Correct Name. • Filed To Correct Return. • Provide all requested information on the form as it applies to the returns prepared in Steps 1 and 2. • File Form 1096 and Copy A of the return with the appropriate IRS Submission Processing Center. • Do not include a copy of the original return that was filed incorrectly. |
|---|--|---|

J. Recipient Names and Taxpayer Identification Numbers (TINs) [Return to top](#)

Recipient names. [top](#) Show the full name and address in the section provided on the information return. If payments have been made to more than one recipient or the account is in more than one name, show on the first name line the name of the recipient whose TIN is first shown on the return. You may show the names of any other individual recipients in the area below the first line, if desired. Form W-2G filers, see the Instructions for Forms W-2G and 5754.

Sole proprietors. [top](#) You must show the individual's name on the first name line; on the second name line, you may enter the "doing business as (DBA)" name. You may not enter only the DBA name. For the TIN, enter either the individual's social security number (SSN) or the EIN of the business (sole proprietorship). The IRS prefers that you enter the SSN.

Limited liability company (LLC). [top](#) For a single-member LLC (including a foreign LLC with a U.S. owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name only on the first name line and the LLC's name on the second name line. For the TIN, enter the owner's SSN (or EIN, if

applicable). If the LLC is taxed as a corporation, partnership, etc., enter the entity's EIN.

Bankruptcy estate. [top](#) If an individual (the debtor) for whom you are required to file an information return is in chapter 11 bankruptcy, and the debtor notified you of the bankruptcy estate's EIN, report post-petition gross income, gross proceeds, or other reportable payments on the applicable information return using the estate's name and EIN. The debtor should notify you when the bankruptcy is closed, dismissed, or converted, so that any subsequent information returns will be filed with the correct name and EIN. Different rules apply if the bankruptcy is converted to chapter 7, 12, or 13 of the Bankruptcy Code. For additional guidance, see Notice 2006-83, 2006-40 I.R.B. 596, available at [IRS.gov/irb/2006-40_IRB#NOT-2006-83](https://www.irs.gov/irb/2006-40_IRB#NOT-2006-83).

TINs. [top](#) TINs are used to associate and verify amounts you report to the IRS with corresponding amounts on tax returns. Therefore, it is important that you report correct names, SSNs, individual taxpayer identification numbers (ITINs), EINs, or adoption taxpayer identification numbers (ATINs) for recipients on the forms sent to the IRS.

TIP Only one recipient TIN can be entered on the form.

Requesting a recipient's TIN. [top](#) If the recipient is a U.S. person (including a U.S. resident alien), the IRS suggests that you request the recipient complete Form W-9, Request for Taxpayer Identification Number and Certification, or Form W-9S, Request for Student's or Borrower's Taxpayer Identification Number and Certification, as appropriate. Form W-9 is required to be completed by recipients of certain types of payments (as provided in Regulations section 31.3406(d)-1). See the Instructions for the Requester of Form W-9 for more information on how to request a TIN.

If the recipient is a foreign person, the IRS suggests that you request the recipient complete the appropriate Form W-8. See the Instructions for the Requester of Forms W-8BEN, W-8BEN-E, W-8ECI, W-8EXP, and W-8IMY.

Caution! U.S. resident aliens who rely on a "saving clause" of a tax treaty are to complete Form W-9, not Form W-8BEN. See [Pub. 515](#) and [Pub. 519](#).

You may be subject to a penalty for an incorrect or missing TIN on an information return. See [part O](#) for more information. You are required to maintain the confidentiality of information obtained on a Form W-9/W-9S relating to the taxpayer's identity (including SSNs, EINs, ITINs, and ATINs), and you may use such information only to comply with the tax laws.

TIP. If the recipient does not provide a TIN, leave the box for the recipient's TIN blank on the Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G. Backup withholding may apply; see [part N](#).

Caution! If the recipient does not provide a TIN, you may not make the election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B) or report as described in Regulations section 1.1471-4(d)(2)(iii)(A).

The TIN for individual recipients of information returns is the SSN, ITIN, or ATIN. See [Sole proprietors](#), earlier. For other recipients, including corporations, partnerships, and estates, the TIN is the EIN. Income reportable after the death of an individual must reflect the TIN of the payee, that is, of the estate or of the surviving joint owner. For more information, see [Personal Representative](#) in [Pub. 559](#). For LLCs, see [Limited liability company \(LLC\)](#), earlier.

SSNs, ITINs, and ATINs have nine digits separated by two hyphens (000-00-0000), and EINs have nine digits separated by only one hyphen (00-0000000). **Note.** Make sure you include the hyphen(s) in the correct place(s) when completing the paper form(s).

Caution! *Expired ITINs may continue to be used for information return purposes regardless of whether they have expired for individual income tax return filing purposes. Additionally, the third parties who file and furnish information returns with an expired payee ITIN will not be subject to information return penalties under section 6721 or 6722 solely because the ITIN is expired. See Notice 2016-48, 2016-33 I.R.B. 235, available at [IRS.gov/irb/2016-33_IRB#NOT-2016-48](https://www.irs.gov/irb/2016-33_IRB#NOT-2016-48).*

Truncating payee's TIN on payee statements. [top](#) Filers of information returns are permitted to truncate a payee's TIN (SSN, ITIN, ATIN, or EIN) on most payee statements. The payee's TIN may not be truncated on Form W2-G. Where permitted, filers may truncate a payee's TIN on the payee statement (including substitute and composite substitute statements) furnished to the payee in paper form or electronically. Generally, the payee statement is that copy of an information return designated "Copy B" on the form. If a filer truncates a TIN on Copy B, other copies of the form furnished to the payee may also include a truncated number. A filer may not truncate a payee's TIN on any forms the filer files with the IRS. A filer's TIN may not be truncated on any form. To truncate where allowed, replace the first five digits of the nine-digit number with asterisks (*) or Xs (for example, an SSN xxx-xx-xxxx would appear on the paper payee statement as ***-**-xxxx or XXX-XX-xxxx). See T.D. 9675, 2014-31 I.R.B. 242, available at [IRS.gov/irb/2014-31_IRB#TD-9675](https://www.irs.gov/irb/2014-31_IRB#TD-9675).

Electronic submission of Forms W-9. [top](#) Requesters may establish a system for payees and payees' agents to submit Forms W-9 electronically, including by fax. A requester is anyone required to file an information return. A payee is anyone required to provide a TIN to the requester.

Payee's agent. [top](#) A payee's agent can be an investment adviser (corporation, partnership, or individual) or an introducing broker. An investment adviser must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. The introducing broker is a broker-dealer that is regulated by the SEC and the National Association of Securities Dealers, Inc., and that is not a payer. Except for a broker who acts as a payee's agent for "readily tradable instruments," the adviser or broker must show in writing to the payer that the payee authorized the adviser or broker to transmit the Form W-9 to the payer.

Generally, the electronic system must do the following.

1. Ensure the information received is the information sent and document all occasions of user access that result in the submission.
2. Make reasonably certain the person accessing the system and submitting the form is the person identified on Form W-9.
3. Provide the same information as the paper Form W-9.
4. Be able to supply a hard copy of the electronic Form W-9 if the IRS requests it.
5. Require as the final entry in the submission an electronic signature by the payee whose name is on Form W-9 that authenticates and verifies the submission. The electronic signature must be under penalties of perjury and the perjury statement must contain the language of the paper Form W-9.

TIP. *For Forms W-9 that are not required to be signed, the electronic system need not provide for an electronic signature or a perjury statement.*

Additional requirements may apply. See Announcement 98-27, available on page 30 of Internal Revenue Bulletin 1998-15 at [IRS.gov/pub/irs-irbs/irb98-15.pdf](https://www.irs.gov/pub/irs-irbs/irb98-15.pdf), and Announcement 2001-91, available on page 221 of Internal Revenue Bulletin 2001-36 at [IRS.gov/pub/irs-irbs/irb01-36.pdf](https://www.irs.gov/pub/irs-irbs/irb01-36.pdf).

Electronic submission of Forms W-9S. [top](#) See the [Instructions](#) for Forms 1098-E and 1098-T.

L. Account Number Box on Forms [Return to top](#)

Use the account number or policy number box on Forms 1097, 1098, 1099, 3921, 3922, and 5498 for an account number designation. The account number is required if you have multiple accounts for a recipient for whom you are filing more than one information return of the same type. The account number is also required if you are an FFI making the election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B) or are a U.S. payer reporting as described in Regulations section 1.1471-4(d)(2)(iii)(A). Additionally, the IRS encourages you to include the recipient's account number on paper forms if your system of records uses the account number rather than the name or TIN for identification purposes. Also, the IRS will include the account number in future notices to you about backup withholding. See [Pub. 1220](#) if you are filing electronically.

The account number may be a checking account number, savings account number, brokerage account number, serial number, loan number, or policy number, or any other number you assign to the payee that is unique and will distinguish the specific account. This number must not appear anywhere else on the form, and this box may not be used for any other item unless the separate instructions indicate otherwise. Using unique account numbers ensures that corrected information returns will be processed accurately.

If you are using window envelopes to mail statements to recipients and using reduced rate mail, be sure the account number does not appear in the window. The U.S. Postal Service may not accept these for reduced rate mail.
