

UNDERSTANDING THE 1099 FORM



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What is a 1099?

A 1099 form reports income from self-employment, freelance work, investments, or other non-employee sources.

Do I need to file a 1099 form?

Based on the broad range of situations requiring forms, it's quite possible you'll need to file a 1099 at some point. Businesses, contractors, freelancers, and self-employed workers are more likely to have annual 1099 filing obligations.

The IRS lists 21 different 1099 forms.

Here's an overview of each form, as of January 2025.

01 - Form 1099-A - Acquisition or Abandonment of Secured Property

⇒ File a Form for each borrower if you lend money in connection with your trade or business and acquire property or an interest in property in lieu of an unpaid debt.

02 - Form 1099-B - Proceeds from Broker and Barter Exchange Transactions

⇒ A broker or barter exchange must file a Form 1099-B for each person: For whom they sold stocks, commodities, securities future contracts, etc., for cash

⇒ Who received cash, stock, or other property from a corporation that had its stock acquired or had a substantial change in capital structure

⇒ Who exchanged property or services through a barter exchange

03 - Form 1099-C - Cancellation of Debt

⇒ File a Form 1099-C if you're an applicable financial entity, you canceled \$600 or more of a debt for a debtor, and an identifiable event has occurred.

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04 - Form 1099-CAP - Changes in Corporate Control and Capital Structure

⇒ File a Form 1099-CAP for shareholders who receive cash, stock, or other property from an acquisition of control of a company or a substantial change in capital structure.

05 - Form 1099-DIV - Dividends and Distributions

⇒ Banks and other financial institutions file Form 1099-DIV to report dividends or other investment distributions to taxpayers and the IRS.

06 - Form 1099-G - Certain Government Payments

⇒ Federal, state, and local governments file a Form 1099-G if they made payments on a Commodity Credit Corporation (CCC) loan, or payments of:

- ⇒ Unemployment compensation
- ⇒ State or local income tax refunds, credits, or offsets
- ⇒ Reemployment trade adjustment assistance (RTAA)
- ⇒ Taxable grants
- ⇒ Agricultural payments

07 - Form 1099-H - Health Coverage Tax Credit (HCTC) Advance Payments

⇒ File Form 1099-H if you received advance payments during the calendar year on qualified health insurance payments for the benefit of eligible trade adjustment assistance (TAA), Reemployment TAA, or Pension Benefit Guaranty Corporation (PBGC) pension recipients and their qualifying family members.

08 - Form 1099-INT - Interest Income

⇒ A bank or other financial institution should file a Form 1099-INT for each person you paid at least \$10 in interest, or from whom:

- ⇒ You withheld and paid any foreign tax on interest

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⇒ You withheld (and did not refund) any federal income tax under the backup withholding rules

09 - Form 1099-K - Payment Card and Third-Party Network Transactions

⇒ A third-party settlement organization (TPSO) like PayPal, Apple Pay, Venmo, or Zelle must file a Form 1099-K for payments made to settle reportable payment transactions. For calendar year 2024, a 1099-K form must be filed for anyone who received more than \$5,000 in payments from the TPSO.

⇒ The reporting threshold was previously \$20,000 and 200 transactions. It will drop to more than \$2,500 for 2025 and more than \$600 for calendar year 2026 and beyond.

10 - Form 1099-LS - Reportable Life Insurance Sale

⇒ File Form 1099-LS if you acquire a life insurance policy, or interest in a life insurance contract, in a reportable policy sale.

11 - Form 1099-LTC - Long-Term Care and Accelerated Death Benefits

⇒ File Form 1099-LTC if you pay long-term care or accelerated death benefits.

12 - Form 1099-MISC - Miscellaneous Information

⇒ Form 1099-MISC applies to payments not covered by other 1099 forms.

⇒ File Form 1099-MISC for each person you paid:

- i. At least \$10 in royalties or broker payments instead of dividends or tax-exempt interest
- ii. At least \$5,000 in direct sales of goods to be resold anywhere besides a permanent retail establishment
- iii. At least \$600 in: Rent, Prizes and awards, Medical and health care payments, Crop insurance proceeds, Cash payments for aquatic life, Notional principal contract payments to an individual, partnership, or

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estate, Attorney payments, Fishing boat proceeds, Other income payments

13 - Form 1099-NEC - Nonemployee Compensation

⇒ File Form 1099-NEC to report nonemployee compensation (i.e., wages paid to a contractor, freelancer, or consultant).

14 - Form 1099-OID - Original Issue Discount

⇒ If the original issue discount (OID) that can be included in gross income is at least \$10, file Form 1099-OID for any person:

- i. For whom you withheld and paid any foreign tax on OID
- ii. From whom you withheld (and did not refund) any federal income tax under the backup withholding rules

15 - Form 1099-PATR - Taxable Distributions Received from Cooperatives

⇒ If you're a cooperative, file a Form 1099-PATR for each person:

- i. To whom you paid at least \$10 in patronage dividends or other distributions described in section 6044(b)
- ii. From whom you withheld any amount of federal income tax under the backup withholding rules regardless of the amount of the payment

16 - Form 1099-Q - Payments from Qualified Education Programs (Under Sections 529 and 530)

⇒ File a Form 1099-Q if you:

- i. Are an officer or an employee, or the designee of an officer or employee, having control of a program established by a state or eligible educational institution
- ii. Made a distribution from a qualified tuition program (including a 529 plan and Coverdell education savings account, or ESA)

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17 - Form 1099-QA - Distributions from ABLE Accounts (a savings program to benefit eligible people with disabilities)

⇒ A state (or its agency) that establishes and maintains a qualified ABLE program must file Form 1099-QA with the IRS for each ABLE account that received any distribution or was terminated.

18 - Form 1099-R - Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

⇒ File Form 1099-R for each person to whom you made (or are treated as having made) a designated distribution of \$10 or more from:

- i. Profit-sharing or retirement plans
- ii. Individual retirement arrangements (IRAs)
- iii. Annuities, pensions, insurance contracts, survivor income benefit plans
- iv. Qualified disability payments under life insurance contracts
- v. Charitable gift annuities, etc.

19 - Form 1099-S - Proceeds from Real Estate Transactions

⇒ File Form 1099-S to report the sale or exchange of real estate.

20 - Form 1099-SA - Distributions from an HSA, Archer MSA, or Medicare Advantage MSA

⇒ File Form 1099-SA to report distributions from a:

- i. Health savings account (HSA)
- ii. Archer Medical Savings Account (Archer MSA)
- iii. Medicare Advantage Medical Savings Account (MA MSA)

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21 - Form 1099-SB - Seller's Investment in Life Insurance Contract

⇒ File Form 1099-SB if you're the issuer of a life insurance contract and:

- i. You receive a statement from an acquirer in a reportable policy sale;
or
- ii. You receive notice of a transfer of the life insurance policy to a foreign person

All 1099 forms are IRS documents and can be obtained and filed through the agency.

