

2026 Update: IRS Form 1099

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Topics of Discussion

- Significance
- Common situations
- Filing requirements
- Practically applied
- Correcting an error

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Disclaimer

- None of what is presented should be considered formal legal or tax advice
- This presentation is for educational purposes
- Consult with trusted professionals on your individual situation

History

- The US Treasury has been tracking business payments for nearly 110 years.
- War Revenue Act of 1917



Significance For Agriculture

- Reports farm income
- Reports farm expense
- Failure to file can lead to substantial penalties



IRS Publication 1099 (2026)

IRS

Publication 1099

General Instructions for Certain Information Returns

(Forms 1096, 1097, 1098, 1099, 3921, 3922, 5498, and W-2G)

For use in preparing

2026 Returns

Future Developments

For the latest information about developments related to Pub. 1099, such as legislation enacted after it was published, go to *IRS.gov/Pub1099*.

What's New

Address fields on forms. For forms revised in 2026, we separated the address fields into individual entry boxes.

Cash tips and overtime compensation. Forms 1099-MISC and 1099-NEC have been updated to allow reporting of cash tips, Treasury Tipped Occupation Code, and overtime compensation.

Form 1099-K has been updated to allow for the reporting of cash tips and the applicable Treasury Tipped Occupation Code.

Continuous-use forms and instructions. Forms 5498-ESA, 5498-QA, and 5498-SA and their separate instructions are now continuous use. As a result, they will no longer be issued annually and will only be revised when changes are required.

E-file/Retirement of the Filing Information Returns Electronically (FIRE) system. Beginning tax year 2026/ filing season 2027, the Information Returns Intake System (IRIS) **will be the only** intake system for information returns. You are strongly encouraged to complete your IRIS

Informational Return

- Notifies recipient of the payment(s)
- Notifies the IRS of the payment(s) to recipients



Parts of an Informational Return

- Generally, 4 copies of the same form
  - Personal / business copy
  - Recipient copy
  - IRS copy
  - State (if required)

General Filing Requirements

- Payments of **$2,000** or more for rent or services (1099-MISC & -NEC), indexed for inflation (OBBB)
  - Up from $600
- $10 for 1099-INT & PATR from banks/CO-OPs, $600 otherwise

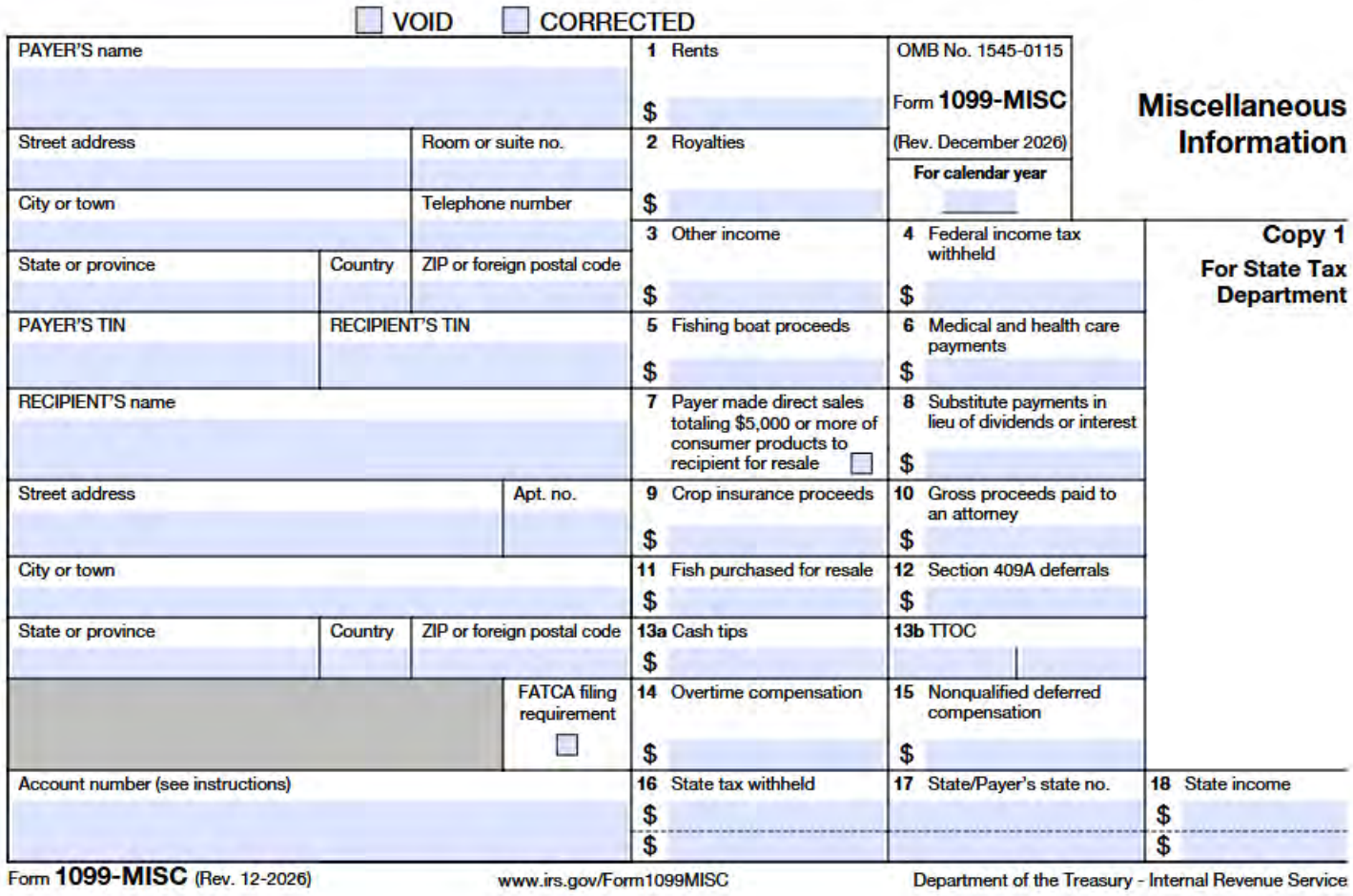


Filing Requirements

- Payments of < $2,000 are supposed to be recorded but do not require that the form be filed
- Generally, forms are NOT required for payments to corporations, government agencies, or tax-exempt organizations

Informational Return

- Form itself does not remit any money to the IRS or recipient
- Indicates aggregated transaction(s) occurred during the year
- 1099 MISC (2026)



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PAYER'S name			1 Rents $	OMB No. 1545-0115 Form 1099-MISC (Rev. December 2026) For calendar year	Miscellaneous Information
Street address		Room or suite no.	2 Royalties $		
City or town		Telephone number			
State or province	Country	ZIP or foreign postal code	3 Other income $	4 Federal income tax withheld $	Copy 1 For State Tax Department
PAYER'S TIN	RECIPIENT'S TIN		5 Fishing boat proceeds $	6 Medical and health care payments $	
RECIPIENT'S name			7 Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale ☐	8 Substitute payments in lieu of dividends or interest $	
Street address		Apt. no.	9 Crop insurance proceeds $	10 Gross proceeds paid to an attorney $	
City or town			11 Fish purchased for resale $	12 Section 409A deferrals $	
State or province	Country	ZIP or foreign postal code	13a Cash tips $	13b TTOC	
		FATCA filing requirement ☐	14 Overtime compensation $	15 Nonqualified deferred compensation $	
Account number (see instructions)			16 State tax withheld $ $	17 State/Payer's state no.	18 State income $ $

Form 1099-MISC (Rev. 12-2026) www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service

Common Situations

- **Two sides to Form 1099: Issued/Received**
  - Crop insurance proceeds (1099–MISC, Box 9)
  - Gov't payments (1099-G)
  - Rents (1099-MISC, Box 1)
  - Non-employee compensation (custom work) (1099-NEC)
  - Consulting (1099-MISC, Box 3)
  - Co-op Distributions (1099-PATR)

Common Situations

- Generally, for farmers and ranchers, these will be reported on Form1040 Schedule F
- *Rents*, *non-employee compensation*, & *consulting* could be reported on other forms (Schedule E or C)

Nominee Reporting

- You may receive a 1099 and have to remit to others
- It becomes the responsibility of whoever receives the 1099

Nominee Reporting

- *Example:* You received a USDA program payment that actually goes to the landowner
- A spouse is not required to file a nominee return for the other spouse

Common Situations

- **Issued:**
  - *Rents (land, equipment, etc.) (1099-MISC, Box 1)*
  - *Non-employee compensation (custom work, 1099-NEC, Box 1a)*
  - *Veterinarian (1099-MISC, Box 6)*
  - *Accounting / legal (1099-NEC, Box 1a)*

Payments to Veterinarians

- Form 1099-MISC must be issued to a Veterinarian even if the Veterinarian is incorporated.
- The total payment to the Veterinarian includes both services and products.
- Report the amount in Box 6 (medical and health care payments) on Form 1099-MISC.

1099-MISC

- Sometimes fail to issue
- Handshake agreement with landowner
- Should look to the intent of payment



1099-NEC

- Relatively new form, 2020
- Threshold is $2,000, per OBBB.
- Services (including incidental parts & materials on same invoice)



1099-NEC

- Nonemployee Compensation, Box 1a
- Important to determine employee (W-2) v. nonemployee (1099)



Employee or Contractor

- Generally, easier for businesses to issue 1099s
- No withholding, insurance, etc. for contractor
- Commonly in error!!



Employee or Contractor

- IRS has information on making determination
  - **Independent Contractor (Self-Employed) or Employee?**
- Form SS-8

Employee or Contractor

Employer Control is key to the determination

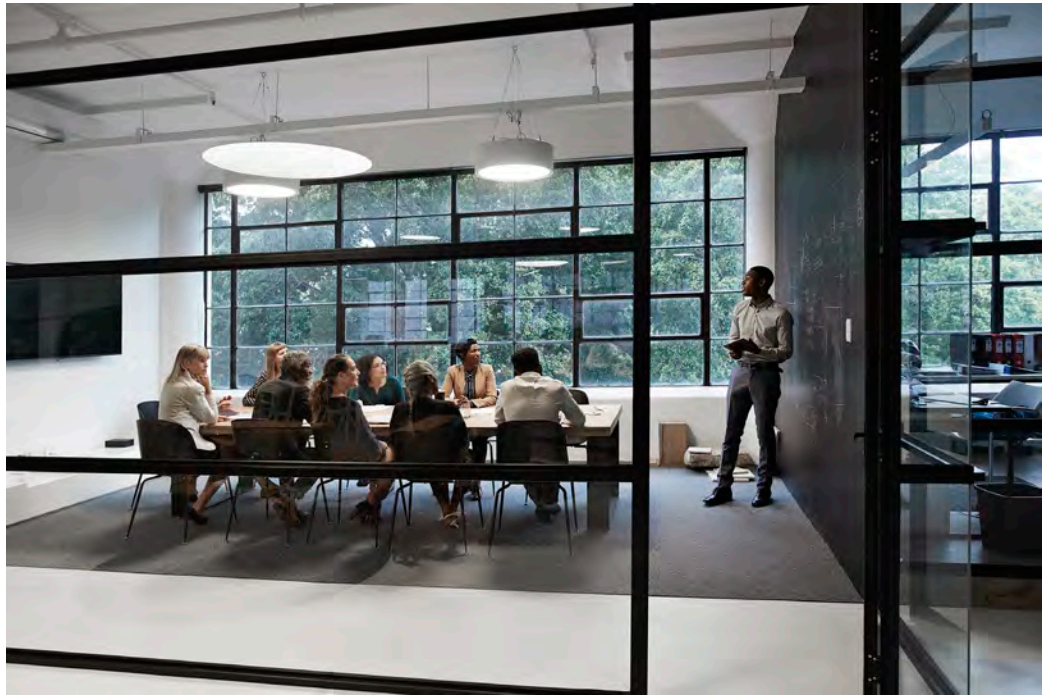
IRS Guidelines

- Behavior Control
- Financial Control
- Relationship of the Parties

Employee or Contractor

Behavior Control

- Instructions
- Training



Employee or Contractor

Financial Control

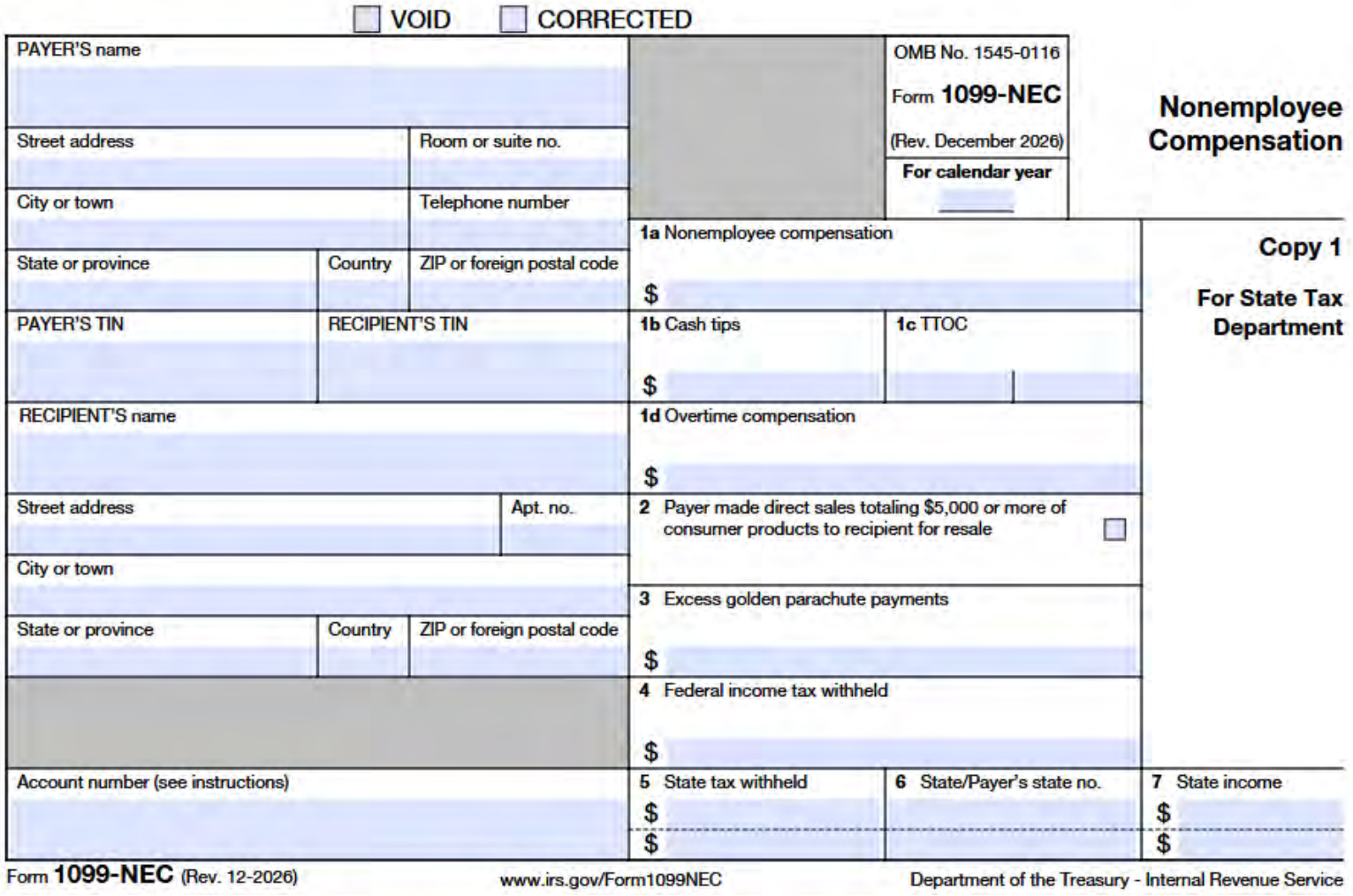
- Significant Investment
- Unreimbursed Expenses
- Services Available to the Open Market
- Method of Payment
- Opportunity for Profit or Loss

Employee or Contractor

Relationship of the Parties

- The intent of the Parties/Written Contracts
- Employee Benefits
- Discharge/Termination
- Regular Business Activity

1099-NEC (2026)



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PAYER'S name			OMB No. 1545-0116 Form **1099-NEC** (Rev. December 2026) **For calendar year**	**Nonemployee Compensation**
Street address	Room or suite no.			
City or town	Telephone number		**1a** Nonemployee compensation $	**Copy 1** **For State Tax Department**
State or province / Country / ZIP or foreign postal code				
PAYER'S TIN	RECIPIENT'S TIN		**1b** Cash tips $	**1c** TTOC
RECIPIENT'S name			**1d** Overtime compensation $	
Street address	Apt. no.		**2** Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale ☐	
City or town			**3** Excess golden parachute payments $	
State or province / Country / ZIP or foreign postal code				
			4 Federal income tax withheld $	
Account number (see instructions)			**5** State tax withheld $ $	**6** State/Payer's state no. / **7** State income $ $

Form **1099-NEC** (Rev. 12-2026) www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

Tax Identification Number (TIN)

- Taxpayer Identification Number
  - Social Security Number (SSN)
  - Individual Taxpayer Identification Number (ITIN)
  - Employer Identification Number (EIN)

Tax Identification Number (TIN)

- Payer must have a TIN for the recipient
- Payee reports TIN through form W-9

Tax Identification Number (TIN)

- If not, must collect withholding and remit to IRS
- Backup withholding = 24%
  - Form 945

Practical Tip

- Get W-9 before any payments are made
- Helps minimize issues with getting the form

Deadline for Recipients

- Jan. 31 – All other 1099s
- Feb. 15 – 1099-MISC, 1099-B, 1099-S

Penalties/Failure to File

- Must provide 1099 to recipient
- Penalty is the same as if it was not filed timely with the IRS

Deadline for the IRS

- Jan. 31 – 1099-NEC
- Feb. 28 (paper) – All other 1099s
- Mar. 31 (electronic) – All others 1099s

Penalties/Failure to File

- $60 per information return if you correctly file within 30 days.

Penalties/Failure to File

- $120 per information return if you correctly file more than 30 days after the due date but by August 1.

Penalties/Failure to File

- $340 per information return if you file after August 1 or do not file required information returns.

Intentional Disregard

- Additional penalties - $680 per return
- "Intentional disregard"
  - You were required to file
  - You know or should have known a 1099 had to be filed
  - You ignored filing the 1099 both correctly and timely

Example:

5 Form 1099s filed in June for recipient and IRS

5 x $120 = $600 for recipient

5 x $120 = $600 for IRS

Total penalty: $1,200

Reporting 1099 Payments Correctly

Why It Is Important to Correctly Report

The recipient (payee) could have one of the following results:

1. Not paying SE Tax when the recipient should
2. Paying SE Tax when the recipient should not
3. Receiving a letter from the IRS seeking to determine if the payment was reported on the tax return
4. Receiving a letter from the IRS seeking to determine where the payment was reported on the tax return

Correcting Form 1099 errors

- Oil and gas companies may issue Form 1099 with the correct amounts
  - but either on the wrong Form 1099, or
  - in the wrong box of the correct Form 1099
- When this occurs, the IRS instructs the recipient to contact the payor and request a corrected Form 1099
- Payor may not respond and correct the error
- Now what?

Correcting Form 1099 errors

- Payee must include the reported amount in the tax return in accordance with the issued Form 1099, so the payment is properly matched from the 1099 to the recipient's tax return
- Then payee will make an adjusting entry in the tax return, and
- Place the amount on the correct form or schedule in the tax return for correct reporting of the amounts paid
- The payee may want to included documentation such as the easement contract, custom work agreement, etc. for proof for the reporting on the tax return

Correcting Form 1099 errors

Improper Form 1099 for Easement Payment

- Jose received a pipeline easement on land he has owned for 10 years
- The easement was 50 foot permanent and 50 foot temporary
- He should receive a Form 1099-MISC reporting $35,000 for the temporary easement, and
- He should also receive a Form 1099-S reporting $35,000 for the permanent easement
- Actually, he received a Form 1099-MISC reporting $70,000 in box 1 (rents)
- Jose contacts the company reporting the error but nothing is corrected

Correcting Form 1099 errors

Improper Reporting on Form 1099-NEC

- Lisa hires Joe and John to pour a concrete floor in her barn
- She pays each of them $3,000 for the work
- Lisa reports the total of $6,000 on Joe's 1099 NEC, Box 1a
- Joe reports the error to Lisa
- Lisa corrects the problem by providing each (Joe and John) a 1099-NEC, Box 1a, with the corrected box checked on Joe's form

Correcting Errors may prevent other issues

- Be sure to check the accuracy of the Form 1099s when received to make sure they are correct
- If they contain errors, be sure to seek corrected forms as quickly as possible
- Work closely with your tax advisor to make sure all items are accurately reported
- Do not expect the tax software to correctly report the payments on the tax return

Software

- Recordkeeping software can help you keep track
- May help file the forms
- Make a note on the calendar for due dates

Time Extension

- Prior to deadlines:
  - Recipient 1099: send a letter to the IRS
  - IRS 1099: use Form 8809

Use Information Returns Intake System (IRIS)

- Information returns can be filed electronically via the IRIS through the IRS.
- Any business that in aggregate files 10 or more information returns **must** file electronically.
- Those who have less than 10 can still file electronically and may be required to do so in the future.

Information Return Intake System (IRIS)

- Preferred method by the IRS
- No special software
- Could be for more small volume taxpayers

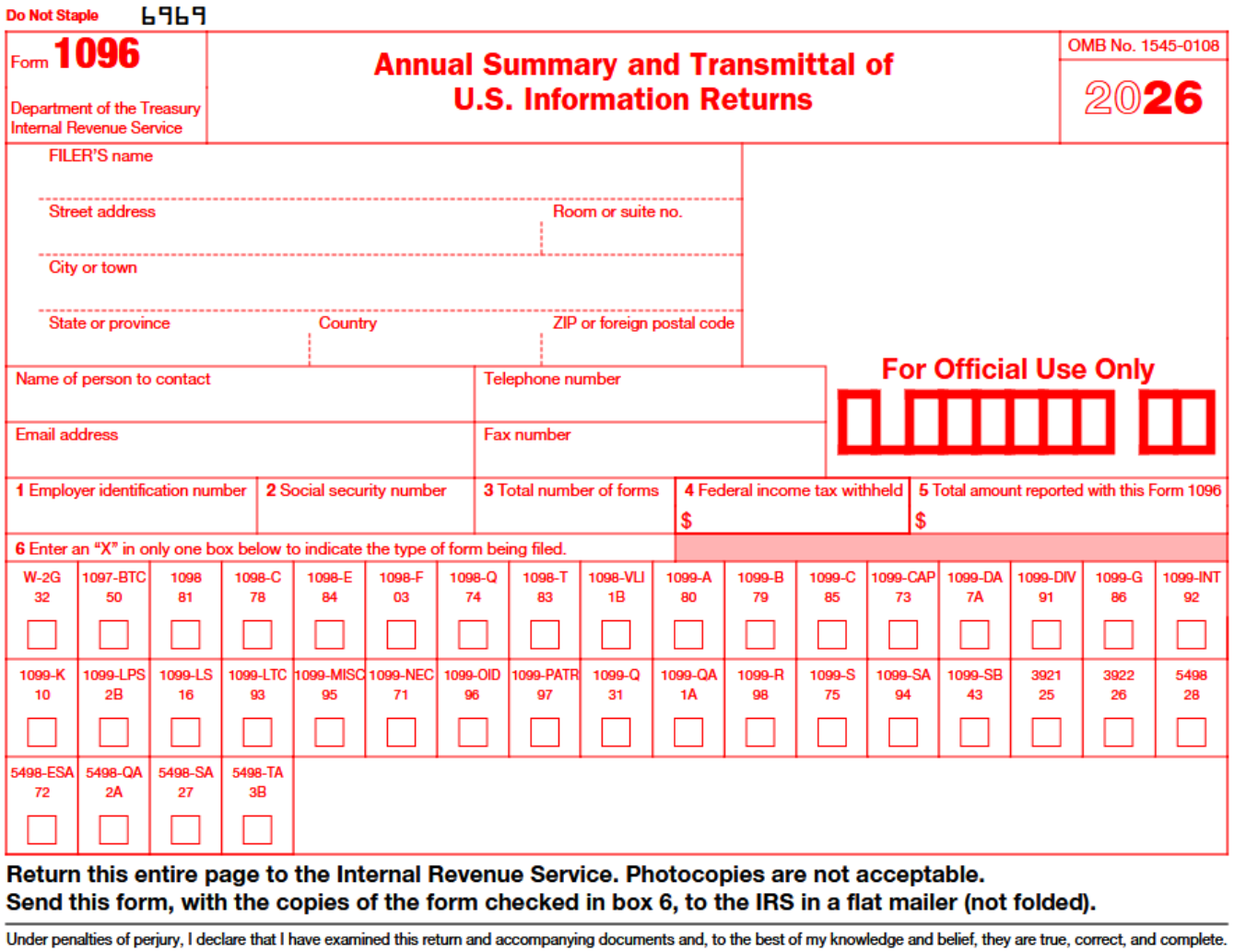


Electronic Filing

- If you are required to file electronically but fail to do so, you may be subject to a penalty for failure to file electronically unless you establish reasonable cause.
- Penalties are the same as previously mentioned (up to $340 per return)

Form 1096

- Annual Summary and Transmittal of Information Returns
- *If filed by paper



Do Not Staple 6969

Form **1096**

Department of the Treasury
Internal Revenue Service

Annual Summary and Transmittal of U.S. Information Returns

OMB No. 1545-0108

2026

FILER'S name

Street address | Room or suite no.

City or town

State or province | Country | ZIP or foreign postal code

For Official Use Only

Name of person to contact | Telephone number

Email address | Fax number

1 Employer identification number	2 Social security number	3 Total number of forms	4 Federal income tax withheld	5 Total amount reported with this Form 1096
			$	$

6 Enter an "X" in only one box below to indicate the type of form being filed.

W-2G 32	1097-BTC 50	1098 81	1098-C 78	1098-E 84	1098-F 03	1098-Q 74	1098-T 83	1098-VLI 1B	1099-A 80	1099-B 79	1099-C 85	1099-CAP 73	1099-DA 7A	1099-DIV 91	1099-G 86	1099-INT 92
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

1099-K 10	1099-LPS 2B	1099-LS 16	1099-LTC 93	1099-MISC 95	1099-NEC 71	1099-OID 96	1099-PATR 97	1099-Q 31	1099-QA 1A	1099-R 98	1099-S 75	1099-SA 94	1099-SB 43	3921 25	3922 26	5498 28
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

5498-ESA 72	5498-QA 2A	5498-SA 27	5498-TA 3B
☐	☐	☐	☐

Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.
Send this form, with the copies of the form checked in box 6, to the IRS in a flat mailer (not folded).

Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

State Filings/CFSF

- Through the Combined Federal/State Filing Program, the IRS electronically sends information returns (original and corrected) to participating states.

- State copy would be sent to wherever the contractor is located

Summary

- Generally, an unincorporated business will be an issuer and/or recipient of various 1099s
- Generally, an incorporated business will be an issuer of various 1099s to unincorporated businesses
- It is important for farmers/business owners to understand the requirements

Summary

- Having accurate business records
- Either:
  - Willingness to learn / file

    - or -

  - Trusted professional

Helpful Resources

- www.IRS.gov
  - Form 1099 & Instructions (various forms)
  - IRS Publication 1099
  - IRS Pub. 225 (The Farmer's Tax Guide)
- RuralTax.org – Form 1099 Information Returns

Questions

