

MEMORANDUM

DATE: January 12, 2024
TO: All clients
FROM: Wendy J. Manson, CPA and William J. Palazzolo, Esq.
RE: Internal Revenue Service Form 1099-NEC preparation

In early January 2024, the Internal Revenue Service (“IRS”) changed the filing due date for Form 1099-NEC from February 28, 2024 to January 31, 2024. In the past, this form has always been due to the recipients by January 31st, and then due February 28th to the IRS. Effective for the 2023 forms filed now in 2024, the due date to file with the IRS is now January 31st as well.

Extension Request

Form 8809 can be prepared to obtain a 30 day extension of the time to file Form 1099-NEC. This extension must be approved by the IRS and must meet one of the following criteria:

1. The filer suffered a catastrophic event in a federally declared disaster area that did not allow the filer to resume operations or make available the necessary records to prepare the forms.
2. Fire, casualty, or natural disaster affected the operation of the filer.
3. Death, serious illness, or unavoidable absence of the individual responsible for the filing of the forms affected the operation of the filer.
4. The filer is in the first year of establishment.
5. The filer did not receive data on a payee statement for sick pay required under Section 31.6051-3(a)(1) in time to meet the deadline.

This criteria is required to be attested to when filing the extension.

Disclosure on Income Tax Returns

In addition, the IRS is now cracking down on the requirements for filing Forms 1099 and the answers to the following questions on your individual or business tax returns:

Did you make any payments that would require you to file Form(s) 1099?

If “Yes”, did you or will you file required Form(s) 1099?

These questions have been included on returns for the last several years but the IRS is now following up on the answers in audits of taxpayers.

The penalties imposed for failure to file an information return is as follows:

\$60 for each payee statement filed up to 30 days late

\$120 for each payee statement filed 31 days late through August 1st

\$310 for each payee statement filed after August 1st or not filed

\$630 for each payee statement not filed due to intentional disregard

We recommend that all required 1099’s are filed by every entity in order to abide by these regulations.