PAYROLL4FREE.COM

1099 Form Guide

Updated January 11, 2021

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Introduction

Contractor payments that were previously reported in Box 7 of Form 1099-MISC are now reported on Form 1099-NEC. The Payroll4Free.com software can be used to generate 1099-NEC forms that are prefilled by the system with relevant data for the appropriate reporting period. You will also be able to add amounts for box 4, and check box 2 manually (see **Employee Supplemental Info Setup** beginning on page 14). If you need to generate 1099 forms other than 1099-NEC, you will need to use another means to do that.

If you have any questions about any forms that you need to file, please contact your accountant or tax advisor.

1099 forms are not considered to be payroll tax forms and will not be completed or submitted on your behalf regardless if you are a tax client or not. You are responsible for printing your own 1099 forms. If you use the Payroll4Free.com software to print your 1099 forms, you must verify that the information contained on the forms is accurate.

Payroll4Free.com does not provide legal or tax advice and will not be held accountable for any tax related fines and/or penalties that you or your company may be subject to as a result of erroneous form filing or lack of filing, incorrect tax payments, and/or late deposits that were your responsibility and that may have been completed based on any advice or assistance from any Payroll4Free.com employee.

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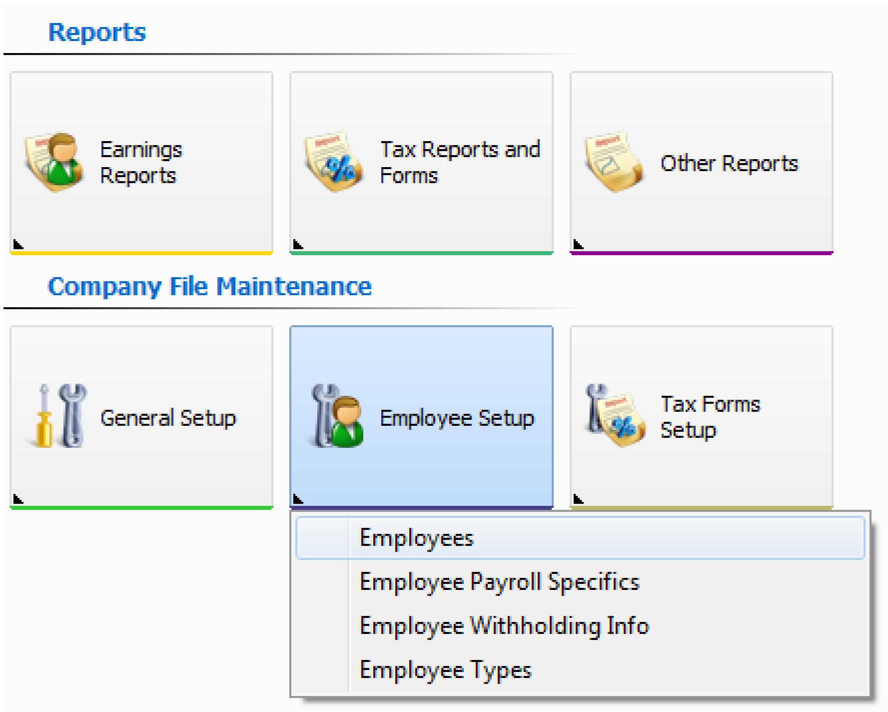
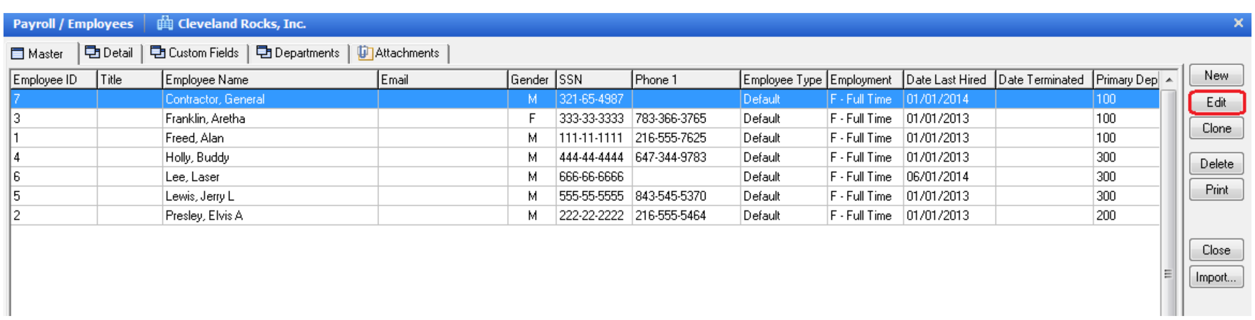
Verifying 1099 Recipient Settings

In order to be able to generate a 1099 form for an individual using the Payroll4Free.com software, you must make sure that their information is set up correctly in the Employee setup section.

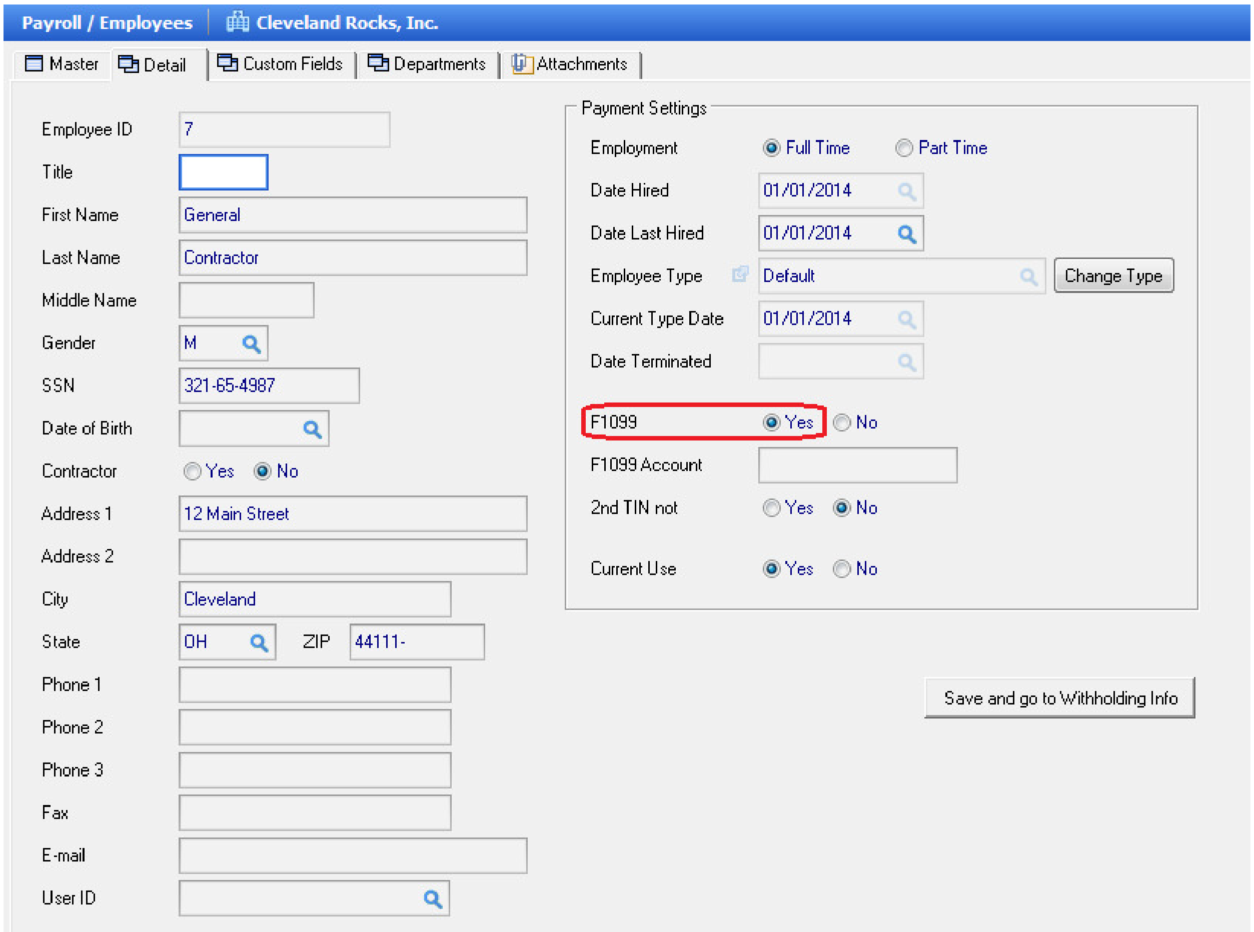
1. To do that you will need to Select **Employee Setup**, then **Employees** from the **Company File Maintenance** section of the main menu.



2. Once you are on the main **Employee** screen you will need to find and highlight each person who should be marked as a 1099 recipient. Next, you will need to click on the Edit button to the right of the screen.



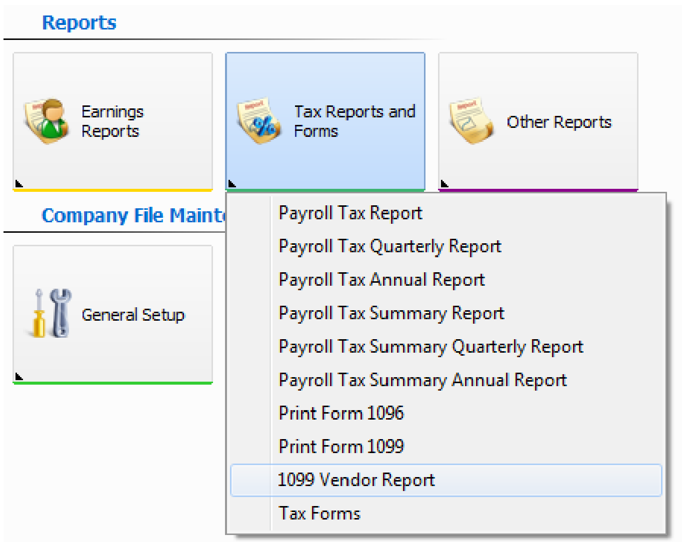
3. Once you are in Edit mode, please verify that this individual is set up to be a form 1099 recipient. This is identified by marking field **F1099** with **Yes**. There are other 1099 form related fields available to be completed once this field is active (**F1099 Account** and **2nd TIN not**). If they apply to your situation, please complete them as well. Once you are done, please click the **Accept** button on the right of the screen.



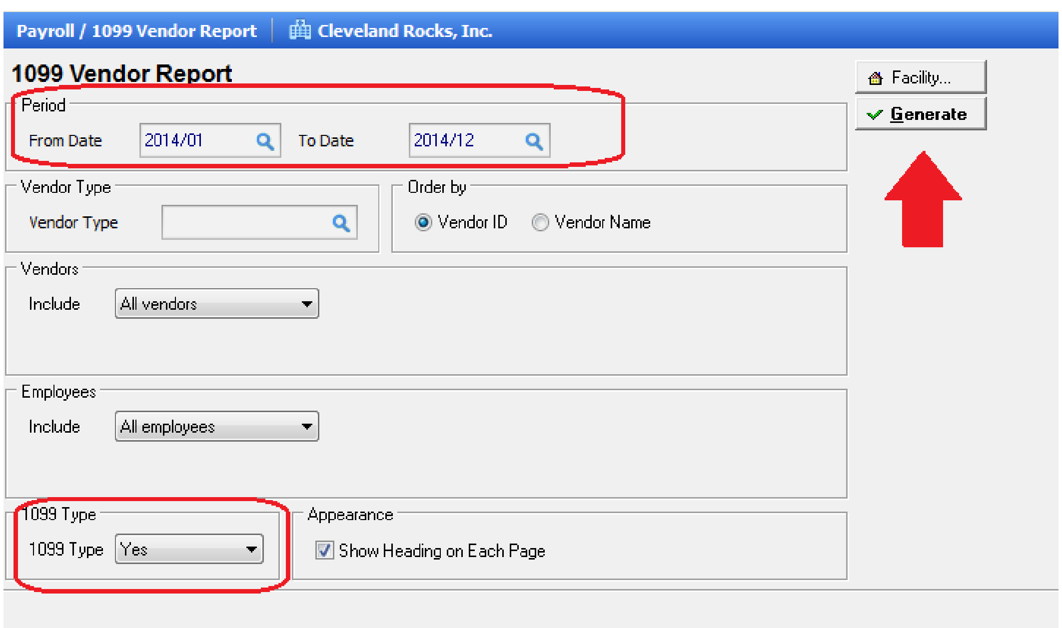
Verifying 1099 Payment Amounts

Before you try to print 1099 forms using the Payroll4Free.com software, please check the payment amounts that the system shows for each of your 1099 recipients.

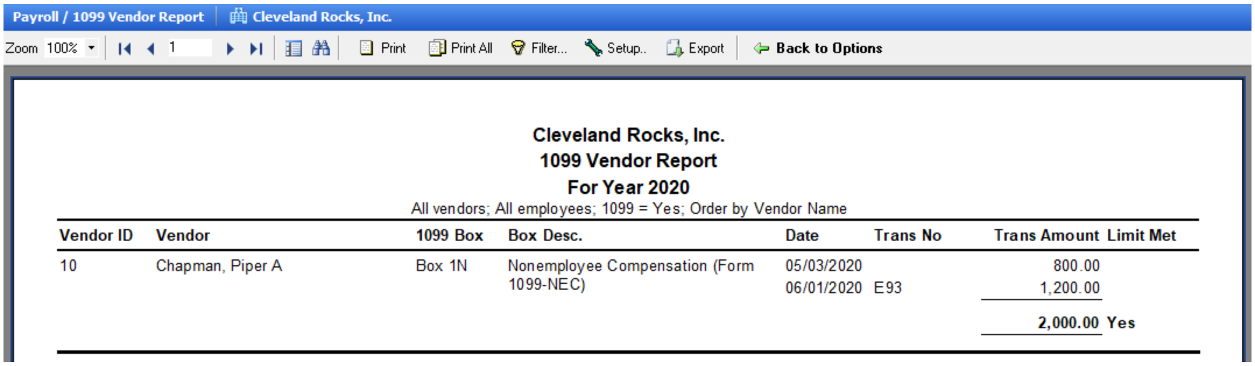
1. To do so, you will need to go to the **Reports** section of the main menu, click on **Tax Reports and Forms**, and then select **1099 Vendor Report** from the list.



2. On the report options screen you will need to select the year for which you would like to verify data in the **Period** section (**From Date** of 20xx/01, **To Date** of 20xx/12). Then, in the **1099 Type** section you should select **Yes**. Once you have those options selected, click **Generate** on the top right.



3. The resulting report will show you all individuals set up as 1099 recipients who have had any 1099 payments for the selected period, with the dates and amounts of each of these payments, as well as the 1099 Box where these payments will be reflected.


Payroll / 1099 Vendor Report | Cleveland Rocks, Inc.

Zoom 100% | 1 | Print | Print All | Filter... | Setup.. | Export | Back to Options

Cleveland Rocks, Inc.
1099 Vendor Report
For Year 2020
All vendors; All employees; 1099 = Yes; Order by Vendor Name

Vendor ID	Vendor	1099 Box	Box Desc.	Date	Trans No	Trans Amount	Limit Met
10	Chapman, Piper A	Box 1N	Nonemployee Compensation (Form 1099-NEC)	05/03/2020		800.00	
				06/01/2020	E93	1,200.00	
						2,000.00	**Yes**

You will notice on the right side of the report a column labeled **Limit Met**. This column will have the word **Yes** for every individual whose annual payments exceed the minimum required amount for that box, and **No** for those who have not exceeded it for the year. The Payroll4Free.com software will generate 1099 forms ONLY for individuals with **Yes** marked in this column. **The amounts that you see on this report are the same amounts that the system will include on the 1099 form for each individual listed.**

If the limit for the year has not been met, but you wish to issue a 1099 form to an individual anyway, you will need to make a change in the 1099 Box Limits setup item (please see **Checking 1099 Box Limits** on the next page for more information).

If you believe that this report is not showing accurate information, please contact Payroll4Free.com customer support for help. Setup issues may exist that prevent the appropriate data from appearing on this report. A representative will be able to verify that and make any necessary corrections.

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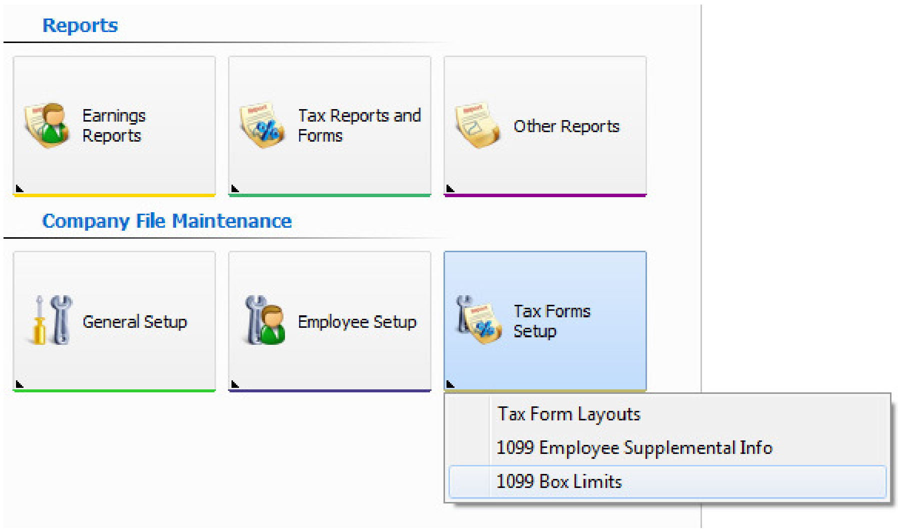
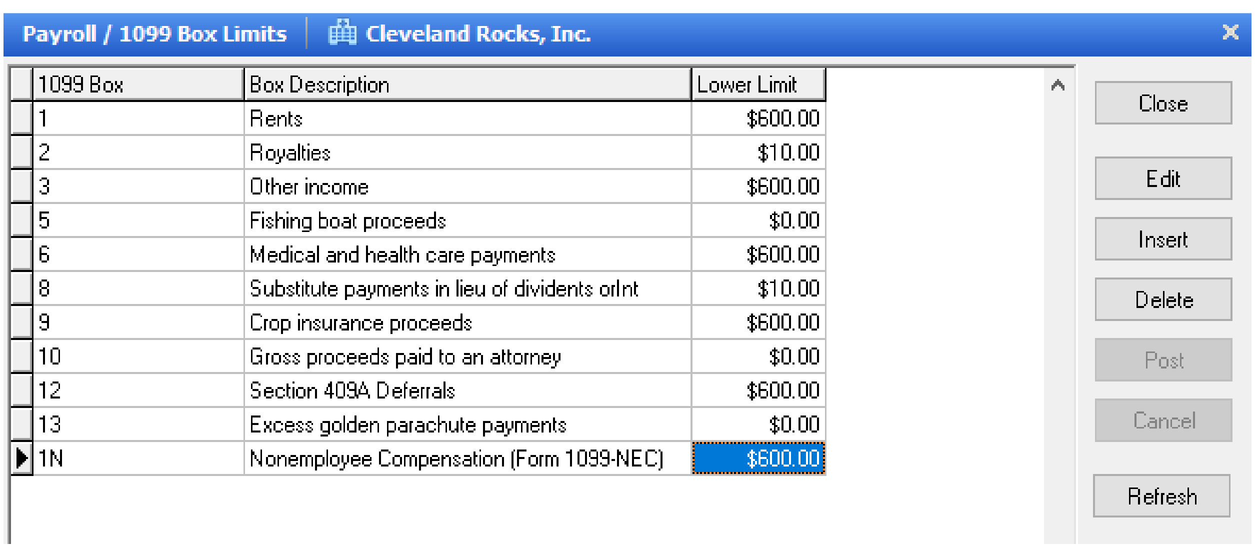
Checking 1099 Box Limits

The 1099 minimum payment amounts required to generate a 1099-MISC that are set by the IRS are defaulted in the Payroll4Free.com software. Those amounts can be accessed by clicking **Tax Forms Setup** in the **Company File Maintenance** section of the main menu and selecting **1099 Box Limits**.



Once you have the list of limits displayed, you can review them and make changes if you so desire. If you would like to lower a limit in order to show amounts on the 1099 form that would normally not be required to be reported, you may do so. Simply click on the dollar amount in the **Lower Limit** column of the line that you wish to adjust. You will be able to overtype the amount there. Once you have made a change, please make sure that you click on another line on the list to save your change (the **Post** button on the right side of the screen will become inactive).

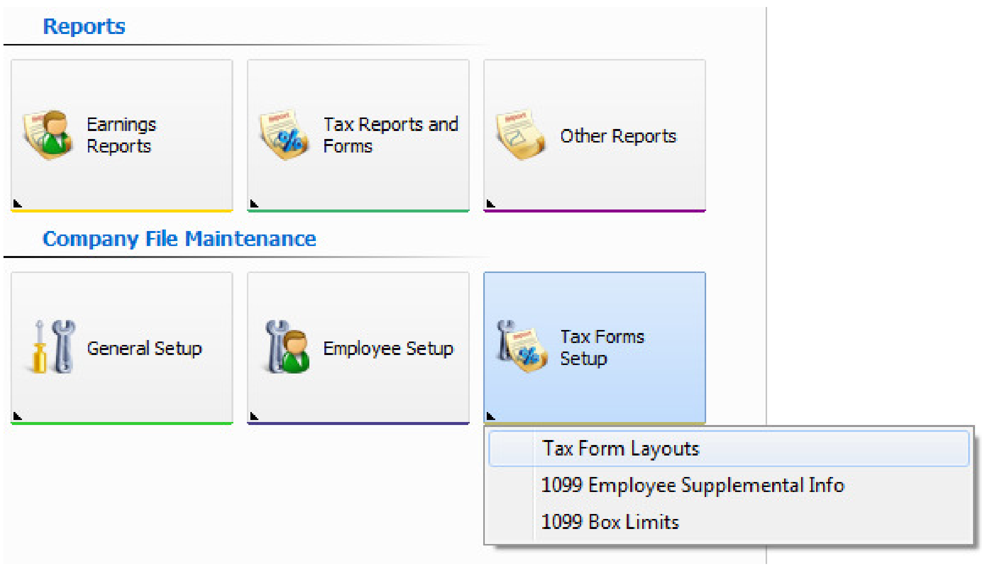


1099 Box	Box Description	Lower Limit
1	Rents	$600.00
2	Royalties	$10.00
3	Other income	$600.00
5	Fishing boat proceeds	$0.00
6	Medical and health care payments	$600.00
8	Substitute payments in lieu of dividents orInt	$10.00
9	Crop insurance proceeds	$600.00
10	Gross proceeds paid to an attorney	$0.00
12	Section 409A Deferrals	$600.00
13	Excess golden parachute payments	$0.00
1N	Nonemployee Compensation (Form 1099-NEC)	$600.00

Setting Up 1099/1096 Form Layouts

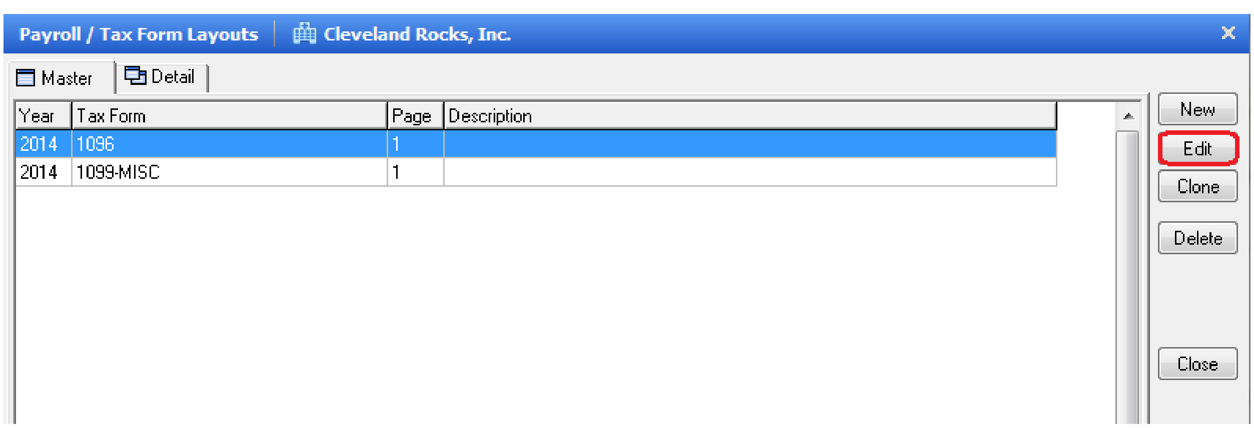
Since all 1099 and 1096 summary forms must be printed on official red copy for IRS purposes, it is necessary to acquire those forms from either IRS or an alternate vendor. Many office supply stores, including Staples and Office Max, as well as various online stores, carry the forms. Since the layout of these forms varies depending on where they come from, the Payroll4Free.com software gives you the ability to make adjustments to the form layout to match your version of the form.

Those adjustments can be made by clicking **Tax Forms Setup** in the **Company File Maintenance** section of the main menu and selecting **Tax Form Layouts**.

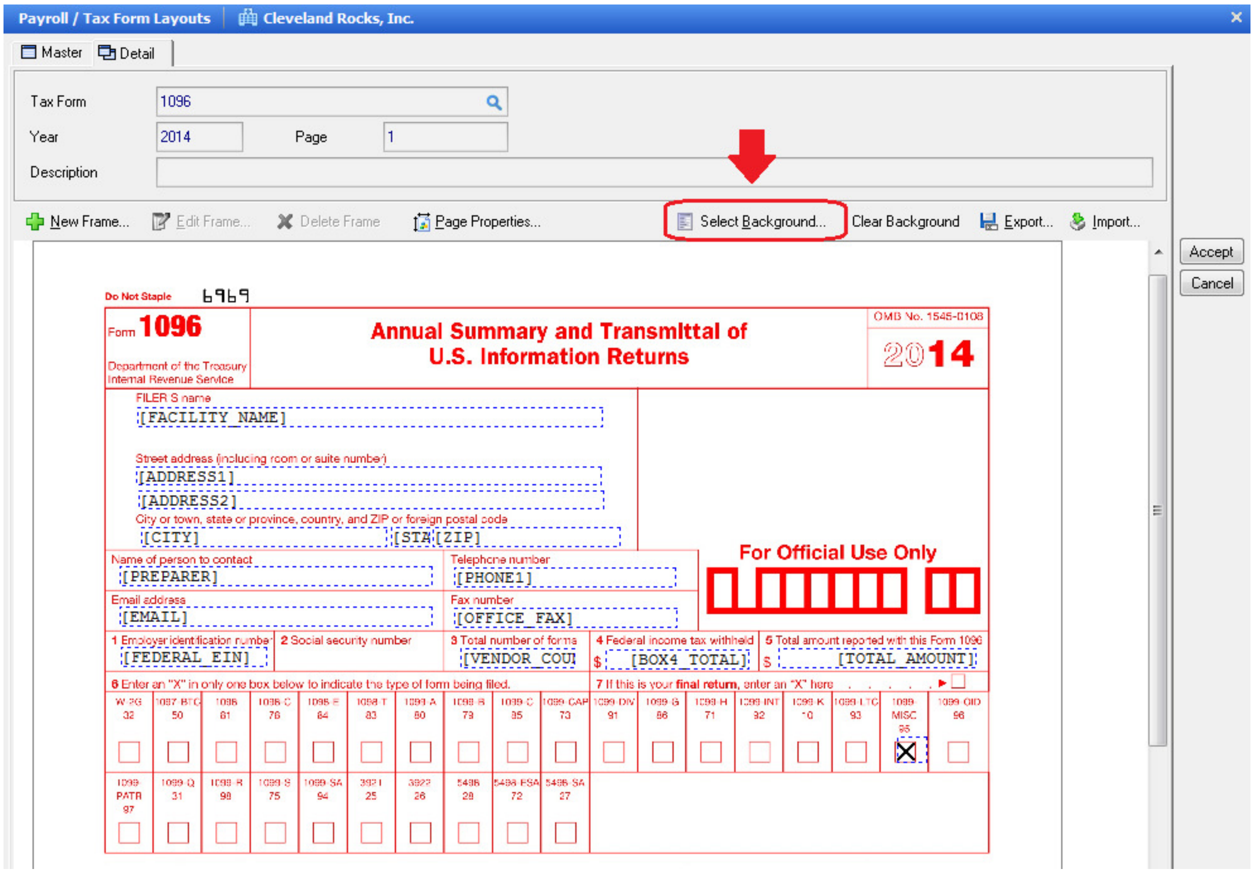


The currently set up layouts will be displayed. Payroll4Free.com provides each client with a general layout of the form that most closely matched the IRS version.

1. Select one of the forms and click the **Edit** button on the right to view the currently selected layout and make adjustments.



2. In edit mode you will see a generic background image of the selected form and the system fields with a dashed blue outline. You will need to have a scanned in .jpg image of the form that you will be using available. Click on the **Select Background** button at the top of the form and select your form's .jpg image file. Your version of the form should now be displayed on the screen in the background.

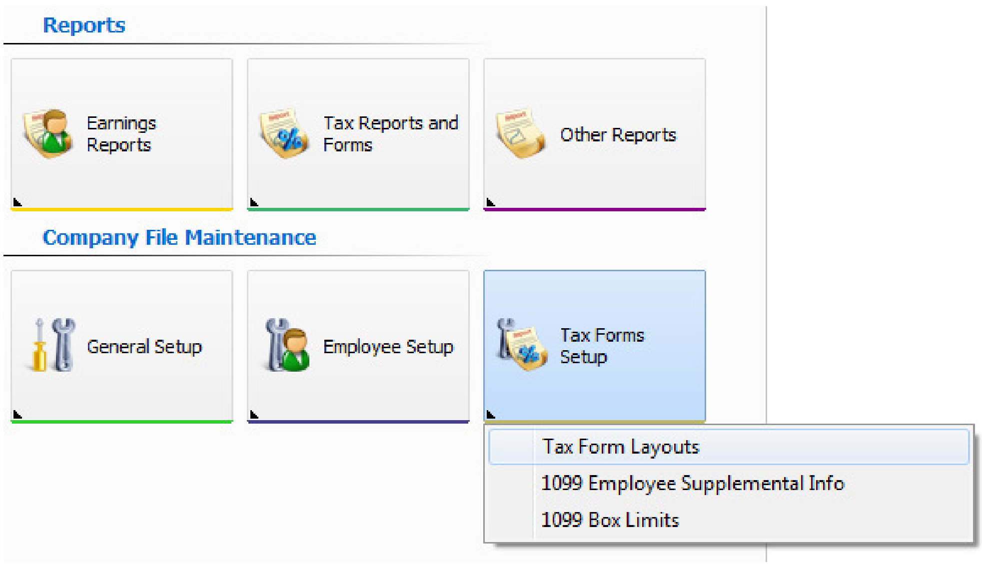


3. Next you will need to place your cursor on each system field (one with a dashed blue outline) and drag it to the appropriate place where it should print on your form. Each field shows a description in brackets, so you should have no problem identifying it. You can also make each field longer or shorter by setting your cursor on the edge of the item and dragging it left or right (your cursor will show as a double-sided arrow to let you know that dragging will adjust the field size, versus adjusting position on the screen).
4. Once all of your fields line up correctly in the appropriate boxes on the image of your form, click **Accept** on the right.
5. Repeat **Steps 1.-4.** for the other form.

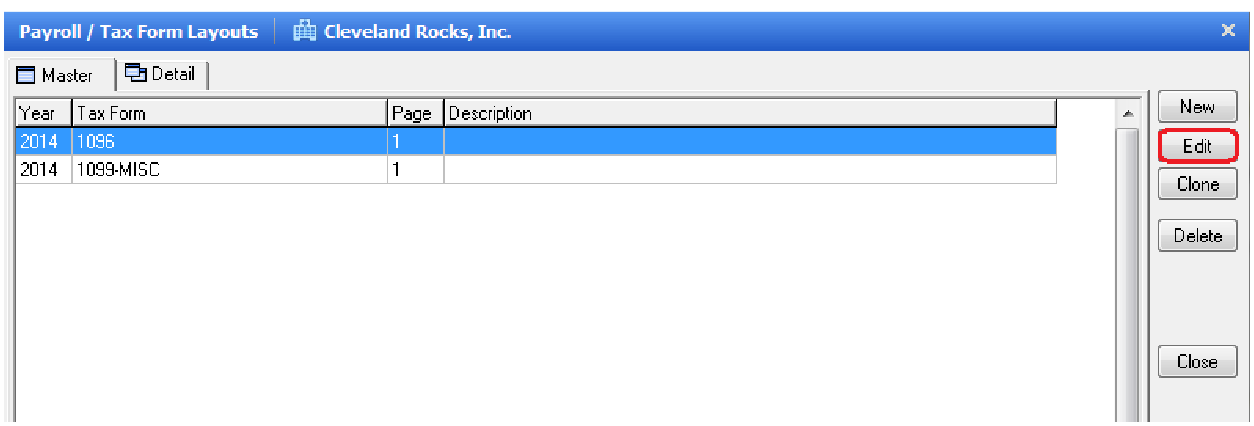
Adding New Tax Form Layouts

In each subsequent year that you use the Payroll4Free.com software and need to print 1099 forms, you will need to add a new layout of each form for the new year.

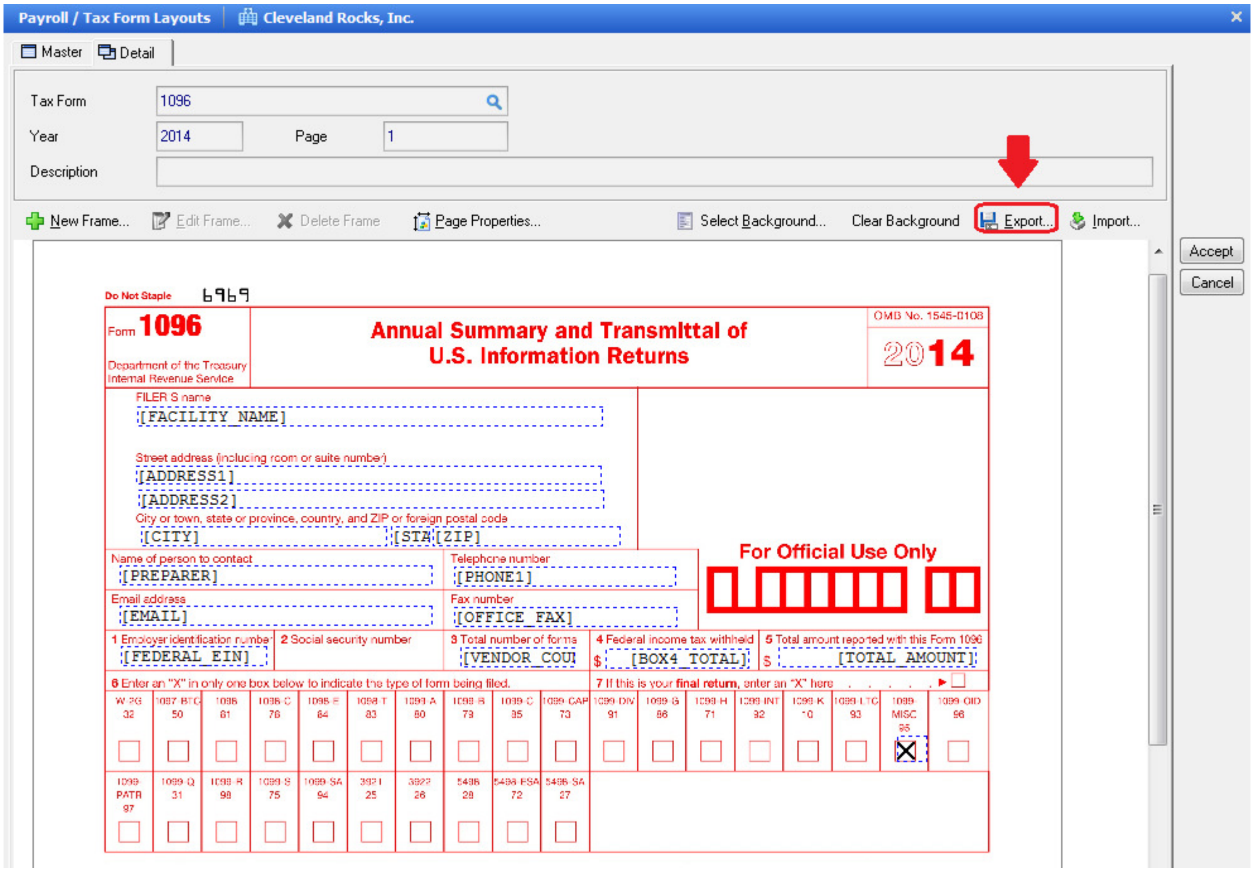
1. Click **Tax Forms Setup** in the **Company File Maintenance** section of the main menu and select **Tax Form Layouts**.



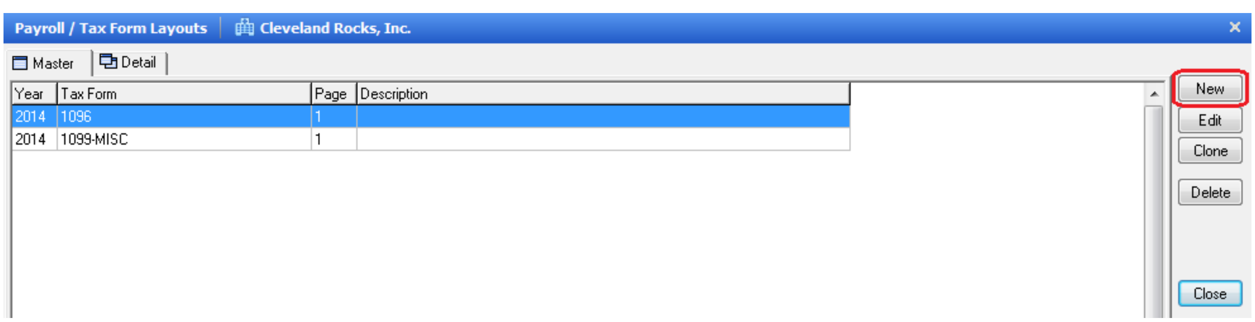
2. The currently set up layouts will be displayed. Select one of the forms and click the **Edit** button on the right to view the currently selected layout.



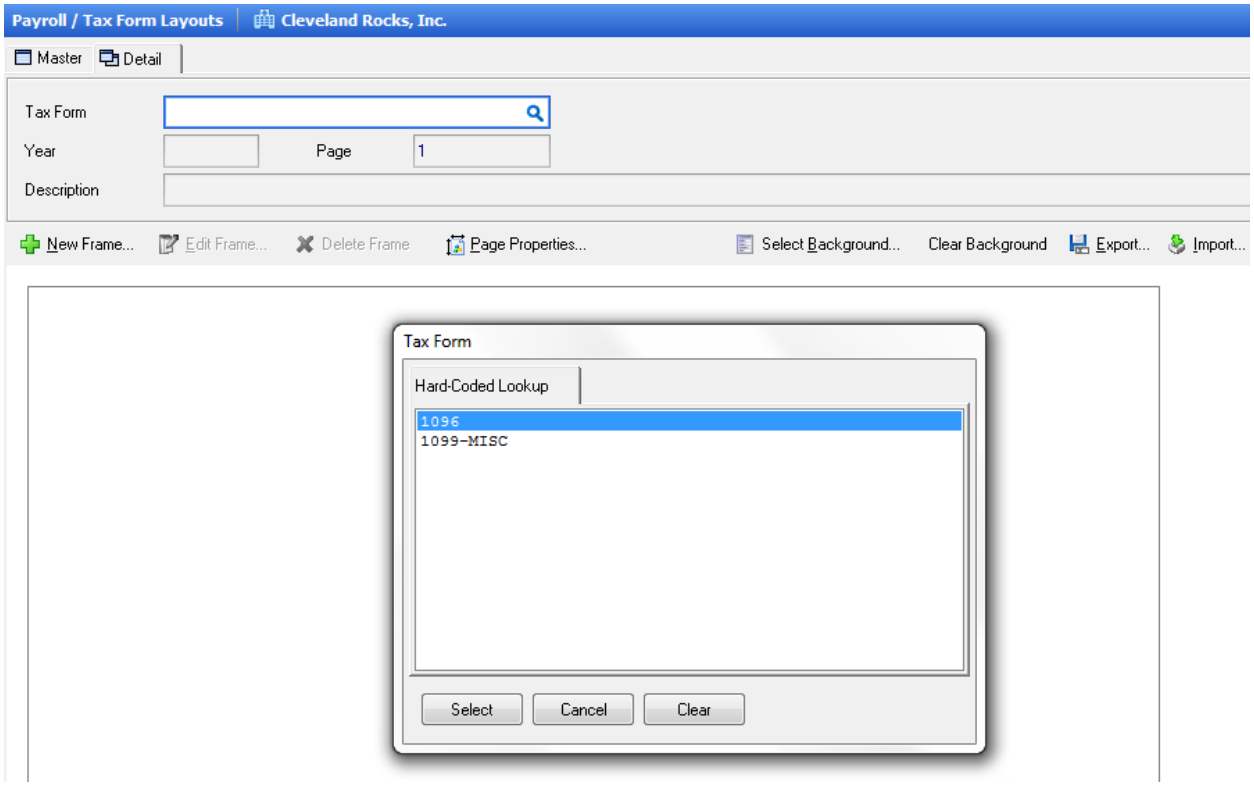
3. In edit mode you will see the current form layout. Click **Export** at the top of the screen. You will be asked to save the layout. Please keep in mind the name and location of the saved file and click **Cancel** on the right to return to the list of layouts.



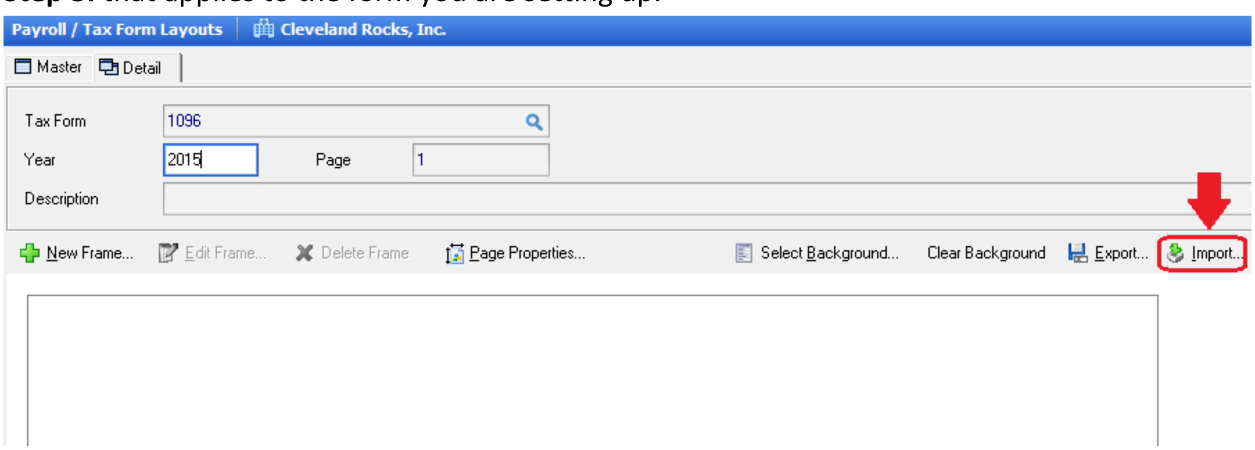
4. Repeat **Steps 2. and 3**. for each form that you need to set up.
5. Click New on the right of the screen.



6. You will see a blank layout page. Click the magnifying glass icon next to the **Tax Form** field to get a form selection box. In the box select the form you would like to set up and click **Select**.



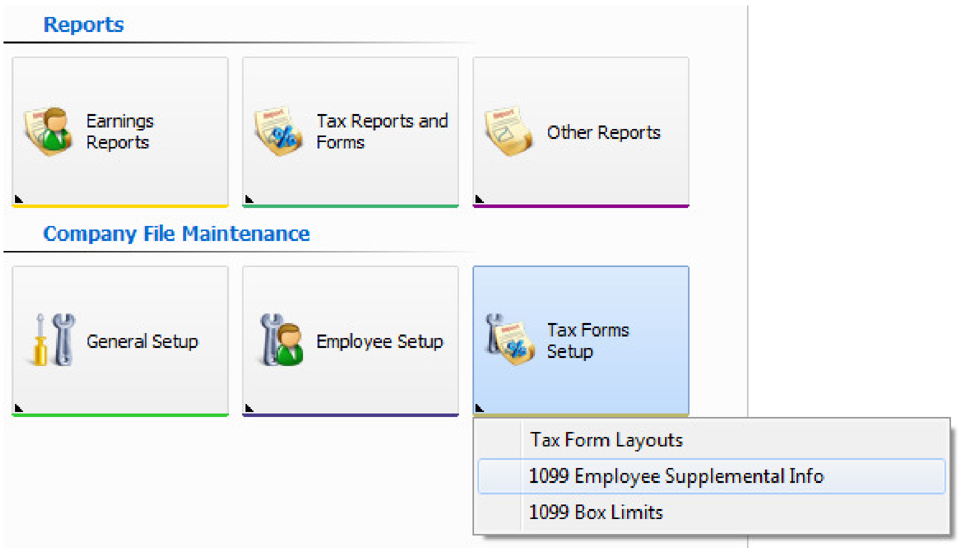
7. Next, click in the **Year** field box and type in the year to which the form applies.
8. Then, click the **Import** button on the top of the form, and select the file that you exported in **Step 3.** that applies to the form you are setting up.



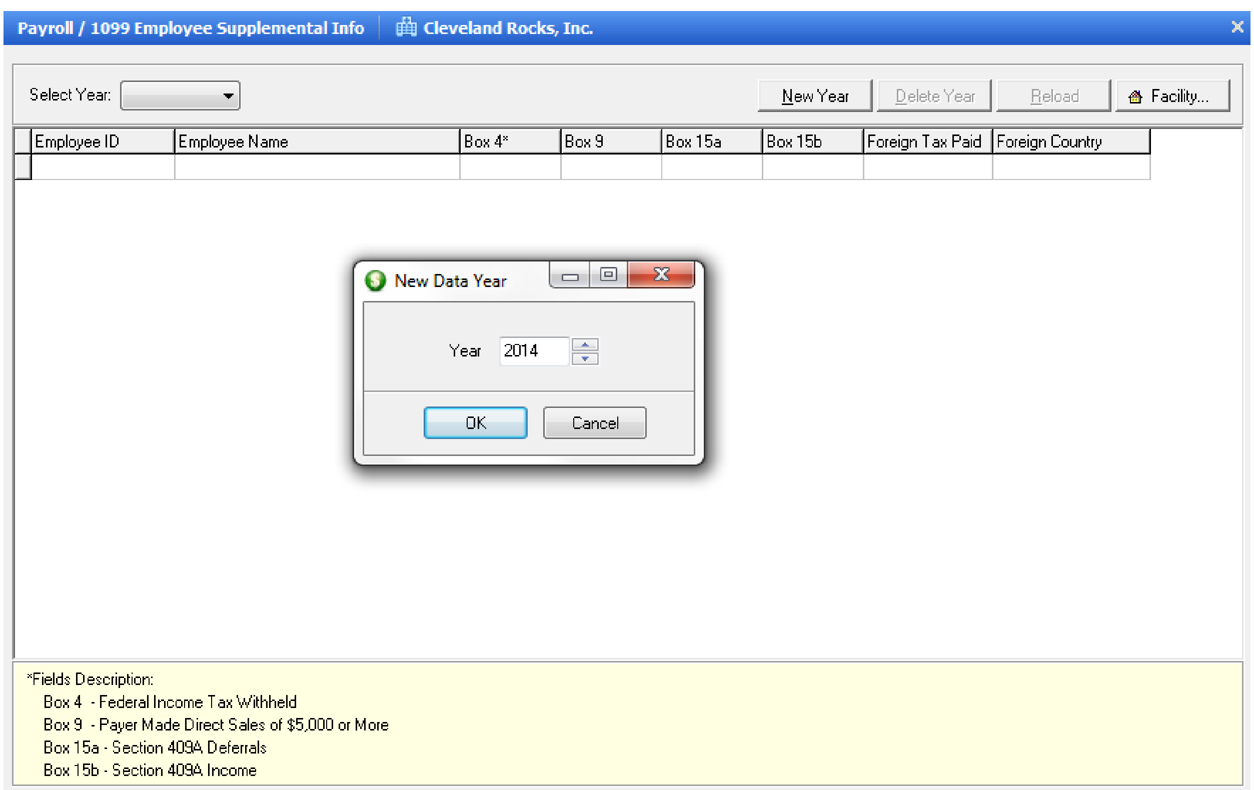
9. Once you see your imported form displayed, click **Accept** on the right.
10. Repeat **Steps 5.-9.** for all other forms you need to add.

Employee Supplemental Info Setup

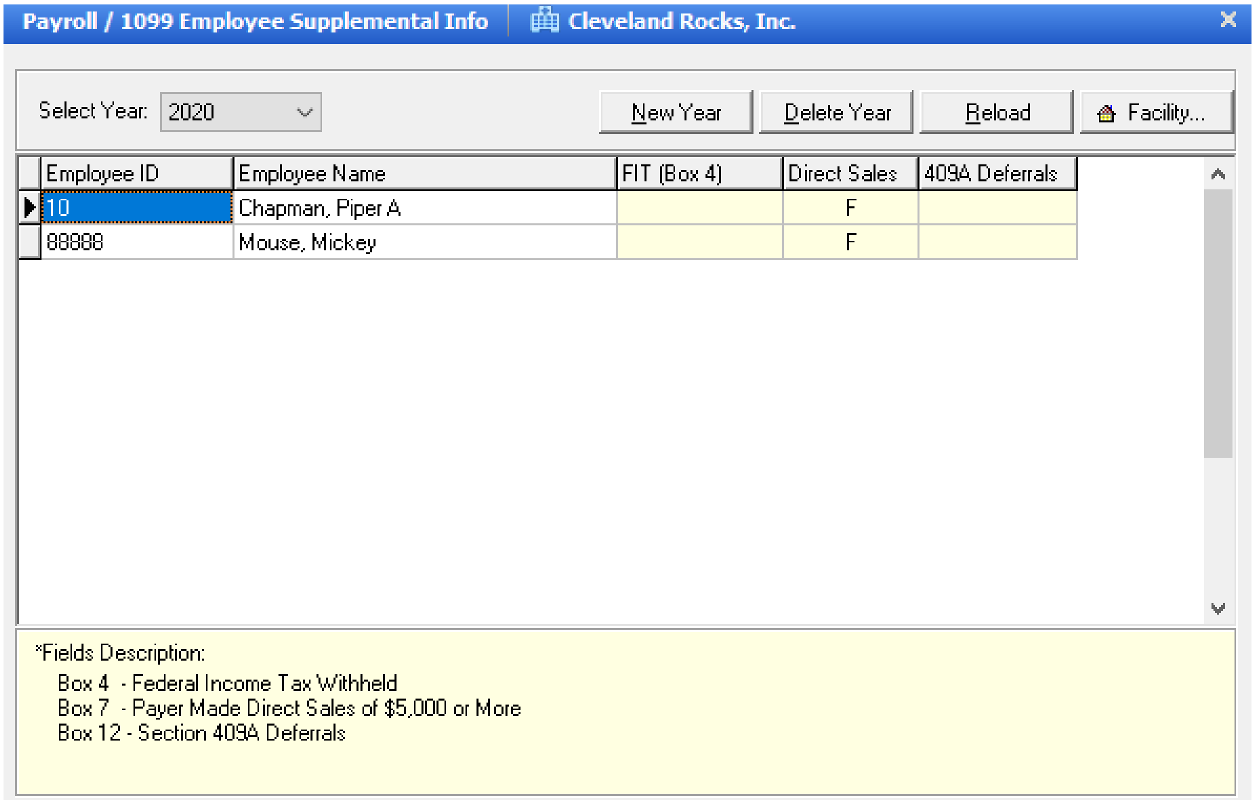
1. This setup will enable you to manually add an amount to box 4 and check box 2. To access this setup click **Tax Forms Setup** in the **Company File Maintenance** section of the main menu and select **1099 Employee Supplemental Info.**



2. On the detail screen you will then click **New Year** at the top and select the year for which you need to add this info in the box, then click **OK.**

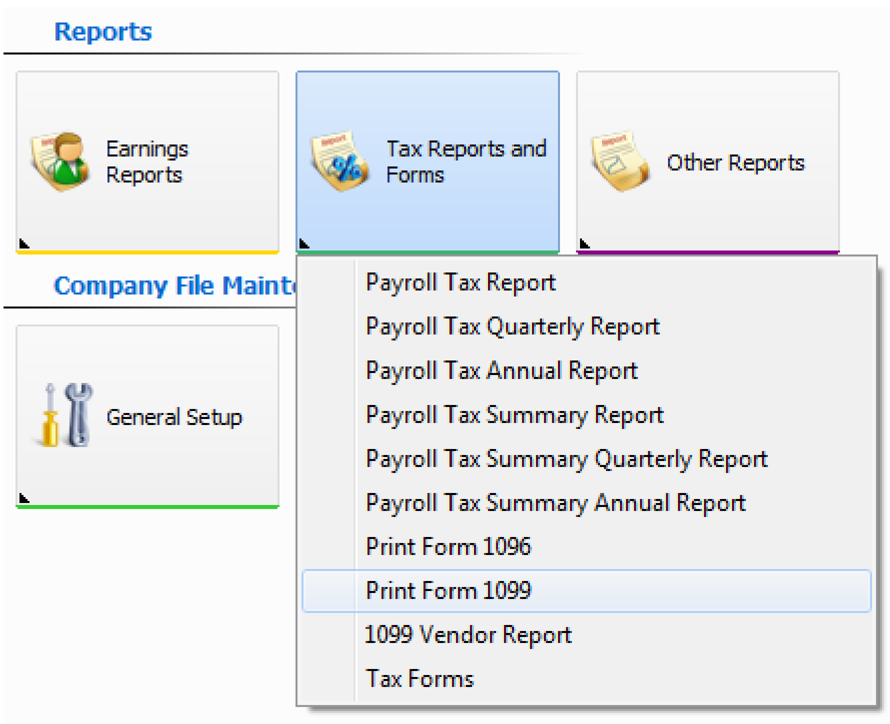


3. You will now see all 1099 recipients who received payments in the selected year. You can manually add amounts to the boxes displayed by typing them into each box for each recipient. This data will then display on that recipients 1099-MISC form for that year. You will need to repeat this process for each year to which it applies.

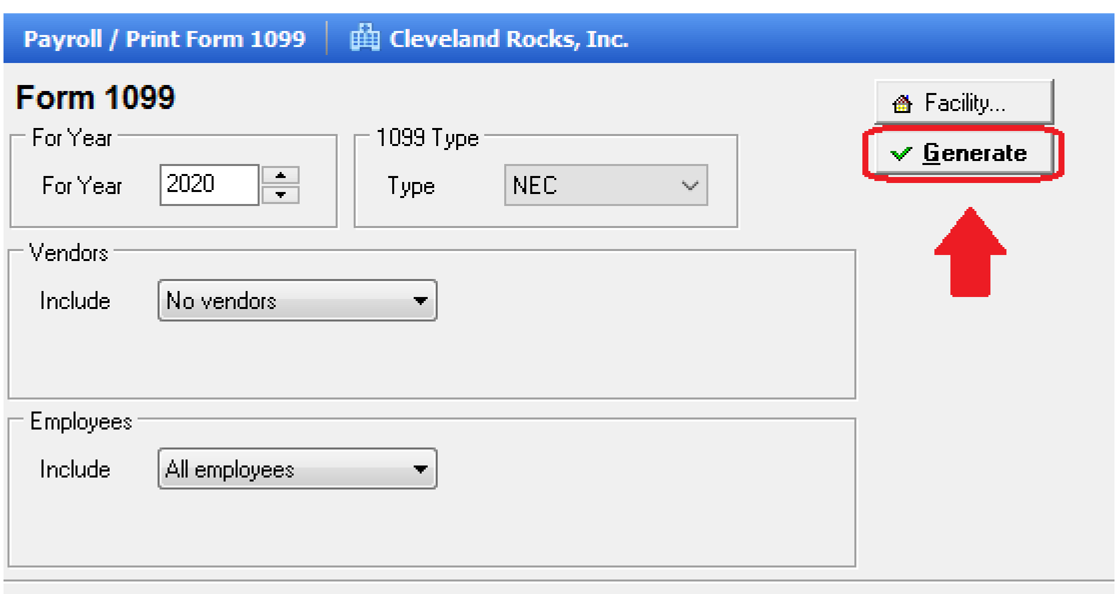


Printing 1099 Forms

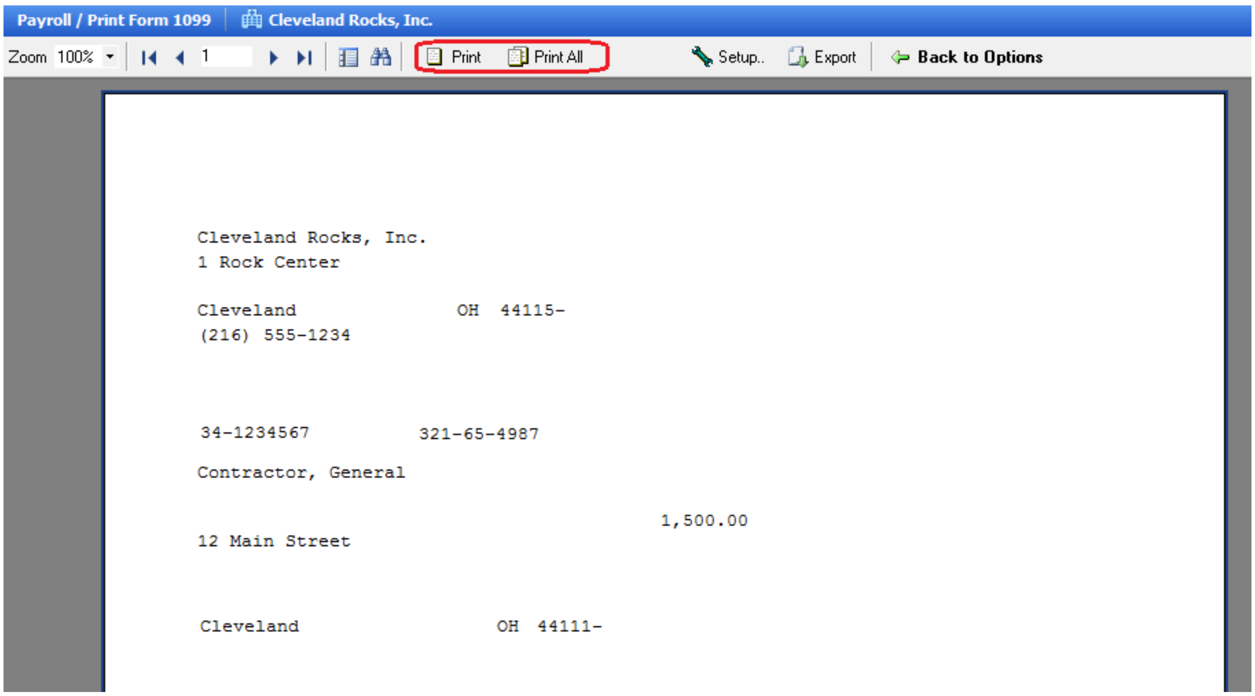
1. From the Payroll **Reports** menu select the **Tax Reports and Forms** icon, then click **Print Form 1099.**



2. On the form options screen select the year and type of form which you would like to print, then click **Generate** on the right.



3. Your 1099-NEC forms will display on the screen. There will be no background image of the form there, only the fields that need to print on your 1099-NEC form. Click **Print** or **Print All** at the top of the screen (**Print** will only print the current page; **Print All** will print all pages). Make sure that your official red copies of 1099-NEC forms are in your printer.



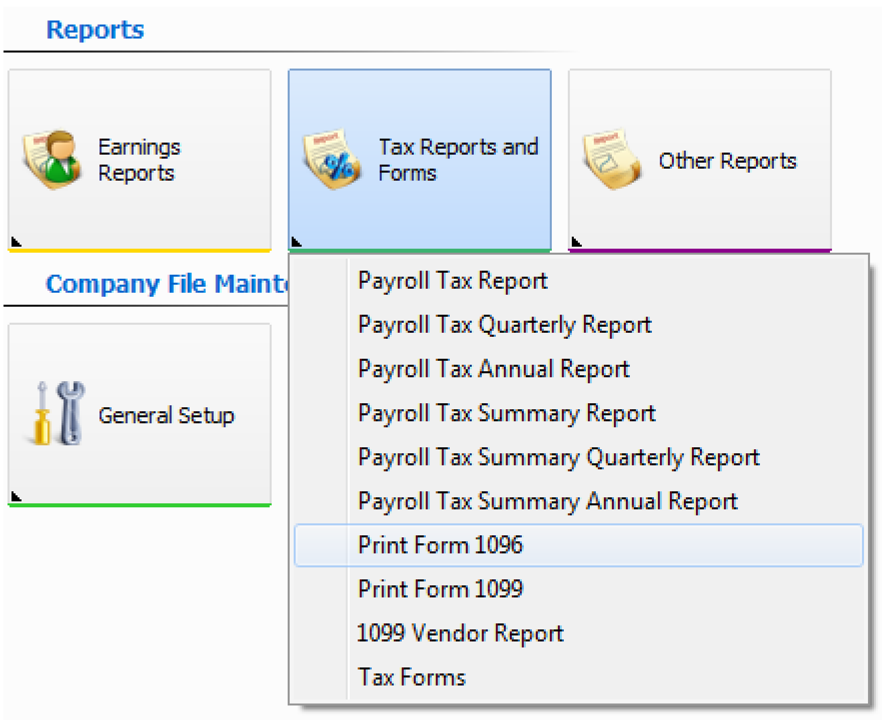
If you feel that the data on the form(s) is not correct, please call Customer Care and they will be able to assist you.

If your form data does not line up correctly on your official form when printed, please review section **Setting Up 1099/1096 Form Layouts** starting on page 9 to make adjustments. You may want to make some copies of your official form to print a few test pages until you are satisfied with the layout.

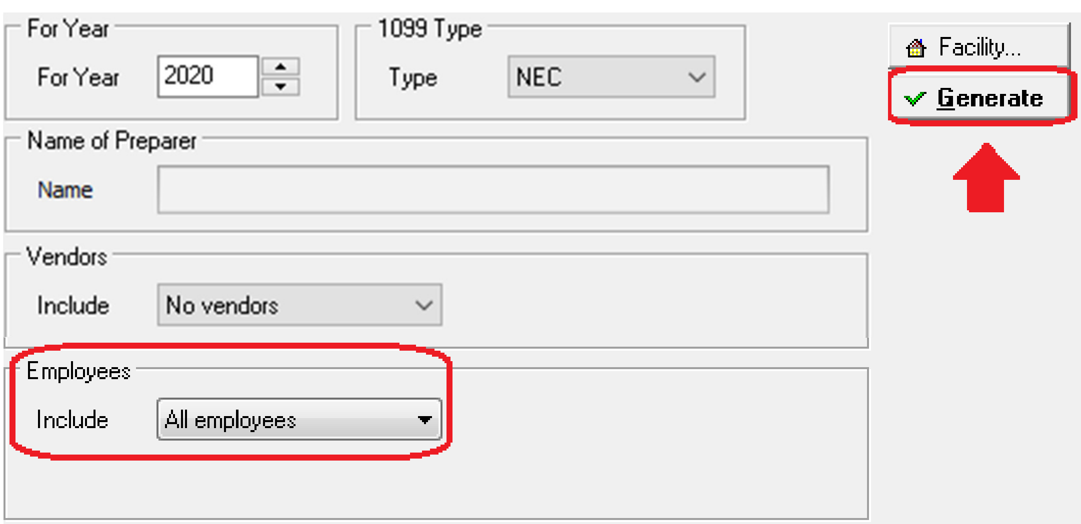
4. Once you have printed the red Copy A of the form, you should also print the data onto remaining copies 1, B, 2, and/or C.

Printing 1096 Form

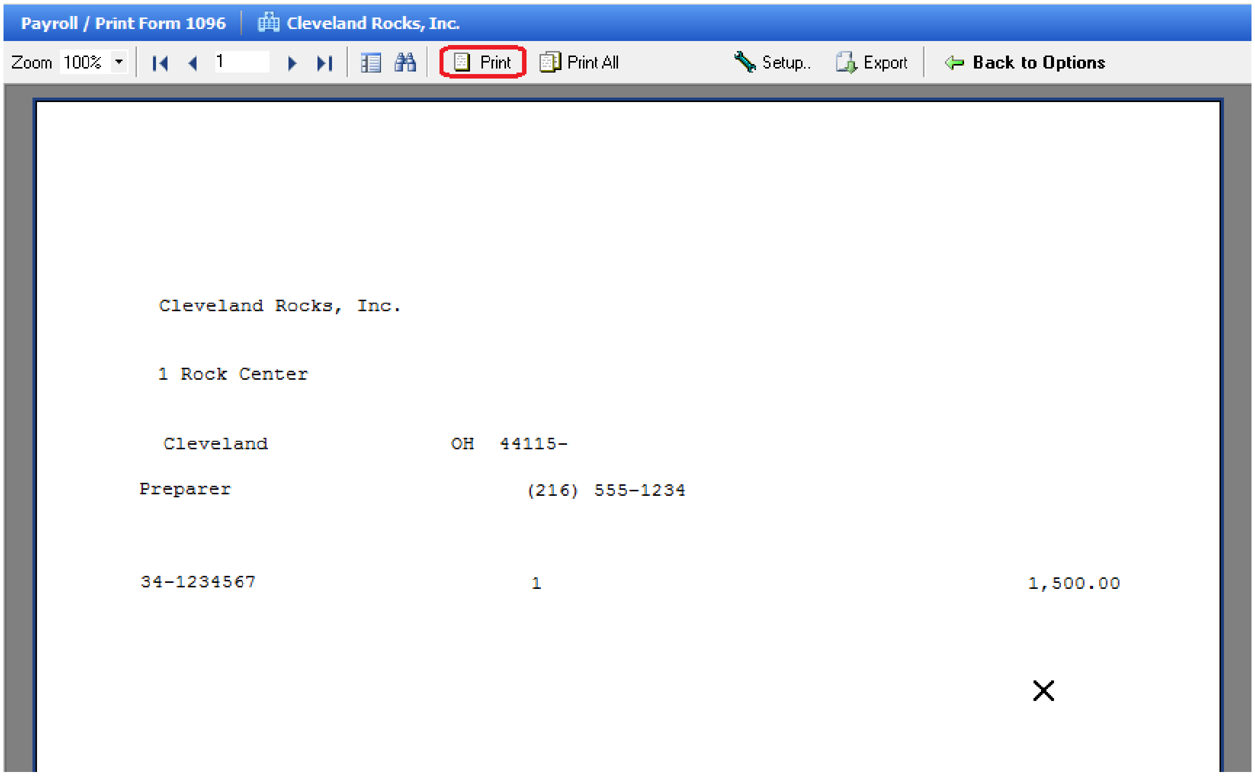
1. From the Payroll **Reports** menu select the **Tax Reports and Forms** icon**,** then click **Print Form 1096.**



2. On the form options screen select the year for which you would like to print the 1096 form in the **For Year** field, NEC in **1099 Type** field, and enter the name of the preparer in the **Name** field. Make sure that **All Employees** is selected in the **Include** field of the **Employees** section. Then, click **Generate** on the right.



3. Your 1096 form will display on the screen. There will be no background image of the form there, only the fields that need to print on your 1096 form. Click **Print** at the top of the screen. Make sure that your official red copy of form 1096 is in your printer.



The data that prints on this form will be based on 1099 data.

If your form data does not line up correctly on your official form when printed, please review section **Setting Up 1099/1096 Form Layouts** starting on page 9 to make adjustments. You may want to make some copies of your official form to print a few test pages until you are satisfied with the layout.