

UNDERSTANDING THE MOST COMMON PAYROLL TAX FORMS



EMPLOYER PAYROLL FORMS DUE JANUARY 31

As the new year begins, so does the preparation for tax season. Employer payroll forms like the W-2 and 1099s inform the IRS of taxable income. Here are the most common forms you need to know as an employer, or "payer."

W-2

The W-2 tax form does not belong to the 1099 family because it is for employees.

W-2s show income earned from an employer, the amount of taxes withheld from total paychecks, benefits provided, and more.



1099-NEC

The 1099-NEC is for nonemployees that do work for your business, such as freelancers, contractors, or businesses providing services. These contractors are subject to the self-employment tax. File a 1099-NEC for contractors you've paid at least \$600 that year and are not a corporation.



1099-MISC

The 1099-MISC is used to report miscellaneous payments of \$600 or more that aren't subject to self-employment tax. Employers may file a 1099-MISC for contractors who are regularly reimbursed for supplies or were paid for items like rent, royalties, and prizes. See the full list of expenses here:

<https://www.irs.gov/forms-pubs/about-form-1099-misc>

INFORMATION REQUIRED FOR 1099-MISC AND 1099-NEC FORMS

To file 1099 forms, you need to collect the following:

- Payee name
- Payee type
- Address
- Tax ID

You can find this from the contractor's W-9, which should be collected before the contractor starts working.



1099-DIV

The 1099-DIV is for recipients of dividends and/or certain distributions typically from investments.



1099-INT

The 1099-INT is for interest-paying entities to report interest income received by investors.



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