

2025 EDITION

# Everything You Need to Know About 1099 Filing This Tax Season

How world-class finance and HR teams use automation to simplify the 1099 filing season. Plus, this year's updates to tax code, classification rules, and more.



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**January 31 has a way of sneaking up on finance, accounting, and HR teams.** For companies that run on independent contractors, January is often a race against the clock to create, file, and deliver 1099-NEC forms on time. What's worse? Failure to issue Form 1099-NEC by January 31 can result in significant costs, with the IRS imposing penalties ranging from \$60 to \$330 per form in 2025.<sup>1</sup> Intentional disregard of 1099 filing is even more serious, with a minimum penalty of \$660 per form.<sup>1</sup>

**Failure to issue 1099-NEC can result in maximum penalties of**

**\$660 per form**

The IRS also charges penalties for each incorrect payee statement, regardless of whether it was or wasn't submitted on time. These fees may not seem noteworthy on a one-off basis, but multiply these fees by hundreds or thousands of contractors and you could be facing significant expenses. This guide will help you streamline the tax compliance process and ensure a smooth and timely experience for your contractors. If you're dreading the 2026 1099 season, this guide will help you streamline the process and make it easier to get it all done on time.



## 1099-NEC or 1099-MISC?

Form 1099-NEC is frequently discussed alongside Form 1099-MISC—you'll even see statements that one replaced the other—but they're used for two different scenarios.

Form 1099-NEC (Rev. 1-2022) is a Nonemployee Compensation form. It includes fields for Payer's name, Recipient's name, TIN, and compensation details. The form is labeled "Copy 1 For State Tax Department".

1099-NEC

Form 1099-MISC (Rev. 1-2022) is a Miscellaneous Income form. It includes fields for Payer's name, Recipient's name, TIN, and miscellaneous income details. The form is labeled "Copy 1 For State Tax Department".

1099-MISC

In 2020, the 1099-MISC was used for reporting all forms of non-employee compensation until the reintroduction of the 1099-NEC form.<sup>3</sup> The new form took over the non-payroll worker compensation box from the 1099-MISC and narrowed its scope. Businesses are now required to file Form 1099-MISC solely for reporting miscellaneous payments such as rent, royalties, legal settlements, and reimbursements.

### Healthcare: Box 6 on 1099 MISC

You'll also want a 1099-MISC if you're in the healthcare space. Fill out Box 6 for payments of \$600 or more made to a physician or healthcare provider, which includes payments made under insurance programs, medical supplies, appointments, or prescriptions. Note that this applies specifically to healthcare contractors or individuals; you don't use Box 6 if you're paying a hospital or other corporate entity.<sup>4</sup>

1 IRS. Information return penalties. Irs.gov. <https://www.irs.gov/payments/information-return-penalties>

2 IRS. Penalty and interest. Irs.gov. [https://www.irs.gov/irm/part20/irm\\_20-001-007r](https://www.irs.gov/irm/part20/irm_20-001-007r)

3 IRS. When to use Forms 1099-MISC and NEC. Irsvideos.gov. <https://www.irsvideos.gov/Individual/Resources/WhentouseForms1099MISCandNEC>

4 IRS. Medical and Health Care Payments. Irs.gov. [https://www.irs.gov/instructions/i1099mec#en\\_US\\_202504\\_publink1000276570](https://www.irs.gov/instructions/i1099mec#en_US_202504_publink1000276570)





# How can I get ready for the 2025 tax season?

**January doesn't have to be a mad dash to the finish line.**

**Take your Q4 to get ready for this year's tax season by:**

- 1. Prepare.** In November and December, review each contractor's status and see what important documents are missing, if any. In December, notify your contractors about what's required for 1099 filing, if you don't already have the right information before generating your 2025 tax forms. You'll need to ensure contractors have their address, TIN, and legal name up-to-date.
- 2. Generate.** In early January, generate your tax forms. Calculate 1099 statuses and amounts and review all information to ensure it's correct with your contractors.
- 3. Submit.** Submissions for 1099 forms open on January 17, 2026. We recommend submitting the forms as soon as possible.

While the final deadline is technically January 31, we recommend filing **by no later than January 20**. That gives you a little wiggle room to deliver ahead of IRS dates—and hopefully catch any last-minute errors before you're on the hook for late fees.

## **Form 1099-MISC**

### **Miscellaneous Information**

This form is for other payments like rent, prizes, and awards.

**Feb 2, 2026** Deadline to Standard Recipients

**Feb 17, 2026** Deadline to Recipients (Boxes 8 or 10)

(This applies if you are reporting payments in Box 8 for substitute payments in lieu of dividends or interest, or Box 10 for crop insurance proceeds).

**Mar 2, 2026** Deadline to IRS (Paper)

**Mar 31, 2026** Deadline to IRS (E-file)

## **Form 1099-NEC**

### **Nonemployee Compensation**

This form is for reporting payments of \$600 or more to independent contractors.

**Feb 2, 2026** Deadline to Recipients

**Feb 17, 2026** Deadline to To IRS (Paper or Electronic)

(Note: The deadline is February 2 instead of January 31 because January 31, 2026, falls on a Saturday.)







# When to Take Action: Your 1099 Compliance Checklist

## Before 1st Payment

### Collect a Form W-9

This is the most critical step. You must collect a completed and signed Form W-9, Request for Taxpayer Identification Number and Certification, from every U.S. vendor or contractor before you issue their first payment.

## Upon Receiving W-9

### Verify Recipient's TIN

Use the IRS's free TIN Matching Program (available via IRS e-Services) to confirm that the recipient's name and Taxpayer Identification Number (TIN) on the W-9 match IRS records.

## Throughout 2025

### Track All Payments

Meticulously track all payments made to each contractor. This ensures you know exactly who will meet the \$600 threshold requiring a 1099-NEC or 1099-MISC.

## If TIN Fails Match

### Follow Up Immediately

If a TIN fails to match, contact the recipient immediately to get corrected information and a new W-9. If they fail to provide it, you may be required to begin backup withholding (24%) on all future payments.

## By Dec 31, 2025

### Confirm Recipient Info

Before the year ends, confirm you have a valid W-9 and correct mailing/ email address for every recipient you expect to send a 1099. This is your last chance to get missing information before the reporting deadlines.





# What does successful 1099-NEC filing look like?

## Filing requirements

Form 1099-NEC is used to report compensation to a non-employee who received **at least \$600** from the business within the tax year.

### You're required to file the 1099-NEC

if you've been paying for services from:

- ✓ Someone who is not your employee, including individuals, government agencies, and nonprofit organizations
- ✓ Attorneys, including law firms or other providers of legal services
- ✓ Corporations providing legal services<sup>5</sup>
- ✓ Individuals from whom you have withheld federal income tax under the backup withholding rules

Generally, **you don't have to issue 1099-NEC** forms for:

- ✗ Payments made to C Corporations and S Corporations
- ✗ Payments made via credit card, debit card, or a third-party system, like PayPal, but only if those payments were processed as business transactions

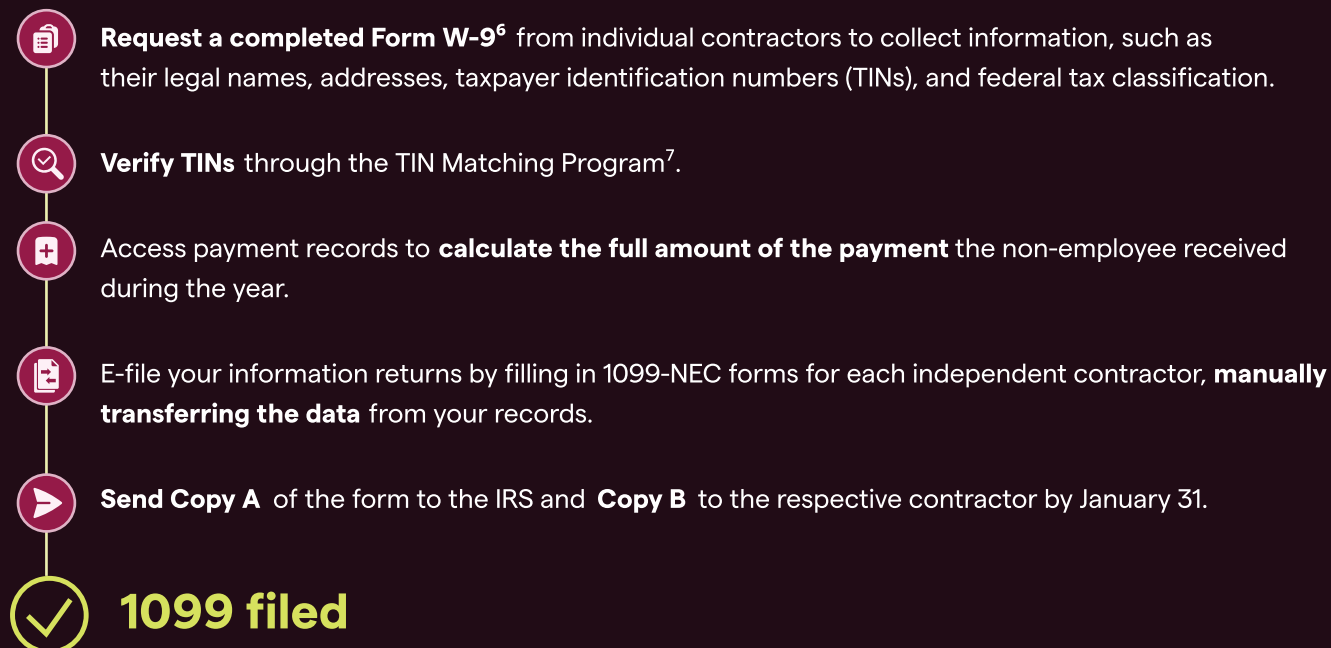
However, even if your situation aligns with these criteria, we strongly advise you to consult a lawyer to ensure compliance.

## 1099-NEC filing process

Businesses must file 1099-NEC forms for each independent contractor by January 31 of the following year to avoid information return penalties. While 1099 forms can be submitted both online and on paper, the IRS encourages payers to switch to electronic filing. In fact, you must e-file if you have 10 or more information returns.

<sup>5</sup> IRS. Instructions for forms 1099-NEC and 1099-MISC. Irs.gov. <https://www.irs.gov/pub/irs-pdf/i1099mec.pdf>

## How to handle the 1099-NEC filing process:



From reaching out to contractors to manually verifying and entering the data, it takes a significant amount of manual effort to gather and accurately file the required information.

## Can a company get 1099-NEC filing extensions?

The IRS highlights that there's **no automatic extension** to file a 1099-NEC. However, a business may request a 30-day filing extension under one of the following hardship conditions:

- » A catastrophic event in a federally declared disaster area that made it impossible to resume operations.
- » Business operations were disrupted by a fire, casualty, or natural calamity.
- » The individual responsible for filing the form was unable to return the information because of death, serious illness, or unavoidable absence.
- » The information required for 1099-NEC filing, like Schedule K-1 or Form 1042-S, wasn't provided in time.
- » The business is in the first year of establishment.

Businesses may request a

**30-day  
extension**

if they meet certain  
hardship conditions

In case of any of these events, the extension may be granted upon submitting Form 8809<sup>8</sup> **on paper** or e-filing it before the filing due date.

6 IRS. Form W-9. Irs.gov. <https://www.irs.gov/pub/irs-prior/fw9--2018.pdf>

7 IRS. Taxpayer Identification Number (TIN) Matching. Irs.gov. <https://www.irs.gov/tax-professionals/taxpayer-identification-number-tin-matching>

8 IRS. Application for Extension of Time To File Information Returns. Irs.gov. <https://www.irs.gov/pub/irs-pdf/f8809.pdf>



# What are the biggest 1099-NEC filing challenges?

The 1099 filing season is one of the most demanding times for finance teams. Without a streamlined and automated process in place, finance leaders find themselves grappling with a series of formidable challenges from December through February.

## Manually driven workflows

The multitude of manual tasks devours your team members' time.

One finance and operations leader told us they have an employee who spends half of her time in January sending—and fixing—1099s to contractors. This is valuable time that could be spent on other critical tasks like year end close and financial reporting. Because manual tasks like tracking TIN changes, handling entity changes, and contractor communications consume so much time, it increases the risk of missing the IRS's deadline. Filing by January 31 is quite the feat if you're manually pulling data into spreadsheets and creating, validating, and correcting forms for thousands of contractors.

**"In the past, we'd have to manually upload a provider's W-9 and TIN information which could take more than a week of my time. Manually managing the 1099 process for thousands of providers is insane."**

- Accounts payable manager, telehealth startup

Read the full story > <https://www.wingspan.app/customers/telehealth-enterprise>

## Disjointed processes

Managing 1099-NEC reporting becomes a black hole when your operations are scattered across disparate systems that don't integrate with each other. Not just processes, but the data itself can get lost in old email chains. There's no source of truth for 1099 completion or verification, and instead companies with independent contractors often use a collection of tools— like Bill.com for payment processing, DocuSign for W-9 collection, email for communication, and Checkr for background checks. Keeping contractor information such as legal names and addresses up-to-date is challenging, especially when changes are communicated irregularly or through informal channels.



## Data accuracy and fixing errors

With information being submitted manually by contractors and verified by humans, errors are inevitable. Whether it's accidentally adding an extra zero to a contractor's paycheck or incorrect information in W-9 forms, any inconsistency between your records and the data you report to the IRS may lead to a penalty—even if you've submitted your 1099-NEC forms before the deadline. Engaging with contractors to clarify information can be difficult, especially if contractors are unresponsive or communication channels are inefficient. For instance, if you misplace a comma or dash in the address or submit a wrong TIN in the reported data and don't correct the mistake by August 1, a penalty of \$310 per form will apply.<sup>9</sup>

## Cost of outsourcing

The alternative to running this process manually is to rely on outsourcing companies to save time and ensure compliance. However, this convenience comes at a steep price. We've spoken with financial leaders who report they spend \$30,000 to \$40,000 annually with vendors exclusively for 1099 processing. Oftentimes this approach is paired with W2 payroll software or traditional billpay tools that don't have the information needed to expedite 1099 filing. Instead, they require sinking a ton of time and resources into bending tools for purposes they weren't built for and hoping that other firms have an easier time resolving it than you will.

Businesses spend up to

**\$40,000 annually**

for 1099 processing



# It costs us between \$30,000 and \$40,000 annually to process 1099s with an outside vendor.

CFO of a Customer Service Outsourcing Provider

<sup>9</sup> IRS. Information return penalties. [irs.gov. https://www.irs.gov/payments/information-return-penalties](https://www.irs.gov/payments/information-return-penalties)



# How Wingspan simplifies 1099-NEC filing

Instead of running manual processes that break down, purpose-built tooling like Wingspan offers a single platform that automates the full contingent work lifecycle, making it easy to bill clients, onboard and pay contractors, and file 1099s.



The first payroll platform purpose-built for 1099s

This is all we do, and finance leaders love us for it. Here's how we can help simplify your 1099 filing: →

File 2024 1099-NECs

Filing entities

Federal, MI, WA

# of 1099s

271

Total compensation

\$1,231,000

File 1099s with IRS

Sign Form W-9

Sign here

*Kieran Hebdon*

☒ I certify my W-9 is accurate

Sign and send W-9

## Real-time W-9 collection and TIN verification

With Wingspan, you don't need to send endless emails to your contractors to collect W-9 information anymore. Just share each contractor's email once, and our platform will automatically request their W-9s and cross-check their TINs with the IRS database. If verification fails, Wingspan immediately triggers a notification to prompt the member to re-enter an accurate TIN.

The entire process unfolds in real time while contractors go through onboarding, so you won't have to spend time verifying and correcting critical information in a rush to submit your 1099s.

1099-NEC Filing

2024

Name	Tax ID	Filing Status	1099
BG Bernard Garcia	... - 1234	Submitted	\$33,000
CC Carolina Cruz	... - 0084	Submitted	\$9,800
SM Sergio Marta	... - 2291	Accepted	\$88,000
MP Matter Park LLC	... - 2932	Accepted	\$31,000
IS Issy Solon	... - 9198	Accepted	\$51,000
DS Danny Stockwell	... - 1437	Rejected	\$17,000

# Creates 1099-NEC forms in one click

Our platform auto-calculates payment totals from past transactions and integrates with financial tools to pull imported payments data. With this combined reporting, our platform generates accurate, reliable 1099-NEC forms in one click.

Wingspan also minimizes 1099 compliance risks with automated contractor classification. By detecting which workers are eligible for 1099-NEC forms, our platform helps ensure proper federal tax classification.

# Easy review and correction of 1099-NEC forms

Wingspan keeps contractors in the loop during the 1099 process to make any corrections easy to address. Contractors get a reminder prior to filing to confirm personal information and 1099 delivery format.

After filing, contractors can suggest a correction. Wingspan handles resolving suggestions and re-filing the 1099.

Track the 1099-NEC review process by using Wingspan to:

- » Assign contractors to team members
- » Set role-based access to documents
- » Organize 1099-NEC forms by company divisions or teams
- » Review a log of 1099-NEC form changes

Designed for cross-functional collaboration, Wingspan is ideal for organizations managing a network of non-employee contractors.

## Process EOY 1099's

3 tasks automated

- ✓ Generate 1,748 1099-NEC forms
- ✓ Submit to IRS Delivered: January 17
- ✓ Deliver to contractors Post: 626 Email: 1,122

## 1099-NEC Filing 2024 ▾

Name		Tax ID
BG	Bernard Garcia	... - ●● - 1234
CC	Carolina Cruz	●●● - ●● - 0084
SM	Sergio Marta	... - ●● - 2291
MP	Matter Park LLC	... - ●● - 2932
IS	Issy Solon	... - ●● - 9198
DS	Danny Stockwell	... - ●● - 1437




## Files and delivers 1099-NEC forms


Once your 1099-NEC forms are ready, Wingspan delivers them directly to contractors and e-files the documents with the IRS and state agencies.


Our platform delivers 1099-NEC forms to contractors electronically and tracks each document's delivery status for complete transparency. Wingspan also offers a mailing and tracking system for contractors who opt into physical delivery.


## Serves as the first line of contract or support

Fielding questions from contractors during the 1099 season is costly, burdensome and time consuming. Let Wingspan help by assisting your contractors with common questions. Our support team will escalate issues to your team only when necessary.


**Kierra Bator**  
TIN: ●●-●●-7258 ✓ Filed

**Wilson Passaquindici**  
TIN: ●●-●●-8376 ✓ Filed

**Gretchen Geidt**  
TIN: ●●-●●-2901 ✓ Filed

**Samuel Vetrovis**  
TIN: ●●-●●-4430 ✓ Filed

This year's wages  
**\$42,800.00**

 View 1099-NEC

## Wingspan support

**Martin Rosser**  
Your member advocate

 Call Martin

 Email Martin

 Chat with Wingspan support

 Help Center





# Here's a breakdown of 1099-NEC filing questions from contractors Wingspan can answer:



Can you change the address on my 1099-NEC?



When will I receive a copy of my 1099-NEC?

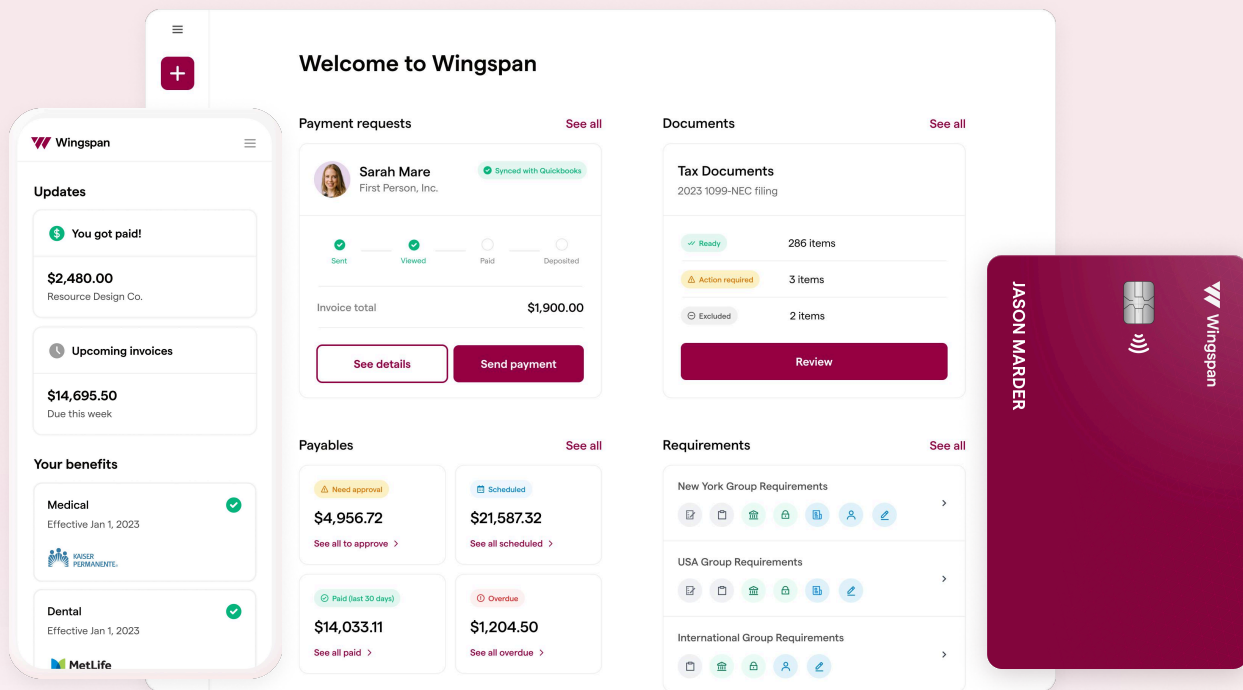


How can I check my mileage for tax deduction purposes?



Can I update my TIN?

**Wingspan offers** an intuitive, self-service portal for contractors where they can download their 1099-NEC forms and check their payment amounts. With this feature, you can say goodbye to endlessly answering contractors' questions over email.



# Switch to Wingspan before the new year and get a free premium dedicated support package for your first tax season\*

The end of the year is fast approaching—which means 1099 filing season is right around the corner. It's time to offload the manual work and compliance stress to Wingspan. When you switch before November 30, you'll unlock a free premium dedicated support package—including personalized onboarding for a seamless migration and priority support for your contractors throughout filing season. Make tax season effortless with Wingspan's enterprise-grade automation and hands-on support. [See how it works →](#)

## Why make the switch to Wingspan?

- » Cut your 1099 filing time from days to hours
- » Ensure full tax compliance and avoid costly penalties
- » Save upwards of 70% on 1099 issuance fees

\*In order to be eligible, you must complete one payroll run before Dec 31, 2025.