



SOVOS 1099^{PRO}

Preparing for the 2022 Tax Reporting Season

What does a lower eFile threshold mean to you?

The Taxpayer First Act of 2019 authorized the Department of the Treasury and the IRS to issue regulations that reduce the 250 return requirement for electronic filing of information returns. The IRS has previously signaled that the eFile threshold would be reduced to 100 returns for tax year 2021 and 10 returns for tax year 2022 - but the final regulations have still not been published. In addition to the lower thresholds, calculating the number of information returns which are subject to the threshold requirement will no longer be by individual form type, but aggregated across all information returns issued by your business - generally including Forms 1042, 1094, 1095, 1098, 1099, 5498, 8027 and W-2.

These changes will make many more businesses subject to electronic filing as the IRS continues to evolve tax reporting away from paper returns. While the regulations remain in proposed status the IRS is sending strong signals that they will be finalized this year. If you have previously used Sovos 1099 Pro software to self-file on paper and will need to electronically file for tax year 2022, you will need to first obtain an IRS E Services account and then a Transmitter Control Code (TCC) for your organization. Or you can simply utilize the [Service Bureau](#) and we can eFile on your behalf for a small fee. Consider this potential change in your filing method as you consider which [Sovos 1099 Pro software](#) is the best fit for your business.

To obtain a digital copy of this newsletter
with working links - Please visit:

<https://www.1099pro.com/news.asp>

1099 Reporting Pre-Season Checklist

The 1099 reporting season for tax year 2022 is rapidly approaching and of course potential changes and updates are still coming from the IRS and states. Here are three ways to prepare for a smooth and trouble free 1099 reporting process this tax year:

- **Stay up to date on any reporting changes that may impact your business**

Every year the IRS releases the General Instructions for Certain Information Returns publication with all of the regulatory updates for the current tax year. This publication includes notable reporting changes, changes in IRS processes, and rules for how to manage corrections, extensions and more. Additionally, the IRS releases the annual Publication 1220 to describe updates to the electronic filing requirements for the FIRE system. It's a lot so let us help! Watch for relevant email updates and follow us on [Facebook](#), [Twitter](#) and [LinkedIn](#) so we can help make sure your business is prepared to make 1099 reporting a breeze. We will also have a number of pre-season educational webinars in the fall to help you prepare. Stay tuned!

- **Proactively check the accuracy of your name/Taxpayer Identification Number (TIN) combinations for your recipients**

The IRS can charge several hundred dollars in penalties for every name and TIN mismatch found in your annual 1099 reporting data. Now is the time to proactively check those combinations against the IRS TIN matching database so that if you have any mismatches, you have time to correct the errors before January and avoid having to deal with backup withholding notices (B notices) and penalty notices (P notices). The 1099 Pro Service Bureau offers [bulk TIN Check services](#) for \$150 for up to 100,000 records. For real time instant results, [TINCheck.com](#) provides a number of simple cost-effective options to help your company ensure the ongoing accuracy of your name/TIN information.

- **Understand your state reporting requirements**

Don't forget state requirements when thinking about reporting your 1099 and ACA information. Some states require filing at different thresholds, some don't participate in the IRS Combined Federal State Filing program (CF/SF) and even some that do participate in CF/SF still require your organization to directly file 1099 return information. The 1099-NEC is a good example where 26 states and the District of Columbia currently require the information to be filed directly with the state department of revenue. To learn more about specific state reporting requirements, visit our [1099-NEC Direct State Reporting Service](#) page.

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See Import Field Definitions & Data Types

Download 2022 sample import files
Review tax form changes, IRS instructions.

Major 2022 Form Updates

1099-MISC

Changed from annual updates to continuous use, boxes reformatted on the paper form, FATCA Filing box updated with a box number (13). None of these changes impact reporting in a significant way.

1099-NEC

Changed from annual updates to continuous use, no other significant changes.

W-2

No significant changes that impact reporting other than updates to threshold amounts relevant to things like FSA contributions, credit for excess taxes, RRTA tax amounts, Social Security tax withheld, and others. To view the form, click [here](#). To view the instructions, click [here](#).

1099-INT

Changed from annual updates to continuous use, no other significant changes.

1099-C

Changed from annual updates to continuous use, no other significant changes.

1099-S

Changed from annual updates to continuous use, no other significant changes.

1042-S

Already one of the most challenging forms to process, the 1042-S continues to evolve with a number of new codes for tax year 2022. As always refer to the [IRS instructions](#) for all the details and check out our [1042-S reporting software](#) to help make this complicated form a breeze!

1099-DIV

FATCA checkbox is now numbered Box 11 and Box 11 has been renumbered to Box 16. Now a continuous use form.

1098-F

New Box 2 "Amount to be paid for violation or potential violation" added. Renumbered boxes 2 through 9 and renamed Box 6 "Court or entity" and Box 8 "Case name or names of parties to suit, order, or agreement". Code change for Box 9 as code F through I removed with a 6 character limit. Changed to a continuous use form.

Form Focus – 1099-K

New for 2022, a law change has sharply reduced the reporting threshold to \$600 and no transactions for third-party settlement organization (TPSO) payers. TPSO's include payments through third-party payment network processors such as PayPal, Venmo, and CashApp and other organizations that act as intermediaries connecting independent sellers with customers, such as eBay and Etsy. Some gig-work platforms, including Uber, Lyft, and TaskRabbit, are also TPSO's and impacted by this reporting change. If you feel like your organization falls into any of these categories, make sure to consult your tax advisor for any implications this change may have to your tax reporting requirements. For more information on how Sovos 1099 Pro can support your needs for 1099-K reporting, [click here](#)



Comply & Connect: Reporting

Dates: 11/9/2022 to 11/11/2022

Washington, DC

Sovos is excited to welcome 1099 Pro customers to the Sovos Comply & Connect: Reporting conference this November in Washington DC. Comply & Connect: Reporting is Sovos' annual, exclusive event that brings together renowned tax experts across industries. This year and moving forward, we are excited to include content you would normally expect from the 1099 Pro annual User Group Meeting and the IRSC Regulatory Tax Compliance Conference in an expanded format that delivers all of the value in a single event. This event includes:

- Product and technology updates, training and best practices
- Educational Sessions (CPE credits available)
- 1-on-1 meetings with Sovos 1099 PRO support professionals
- Networking with industry peers and experts

This event showcases experts addressing top changes and challenges your business faces in tax withholding and information reporting compliance. Comply & Connect: Reporting provides attendees with current and practical guidance for efficient and compliant tax and regulatory reporting. For more information & to register visit:

https://www.1099pro.com/serv_Seminars.asp

**Renew Early
and Save!**

Email us at sales@1099pro.com or call us at **1-888-776-1099** to renew or purchase your 2022 software. Renew your software by November 30, 2022 and receive an early renewal discount.

Please note – 8966 Pro for 2022 will be available shortly after final IRS guidance is released. Go ahead and order now so you can take advantage of the early renewal discount and we will notify you via email when the software is ready to download.

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