GUIDE

1099 rules for 2026, and the new $2,000 line

Starting with payments made in 2026, you send Form 1099-NEC or 1099-MISC only to a contractor or landlord you paid $2,000 or more, up from $600. Payments made in 2025 still use $600. Most forms go out by January 31, and Form 1099-K now starts at $20,000 and 200 transactions.

QUICK FACTS

- **Threshold.** $2,000 for payments made in 2026, $600 for 2025 payments
- **Forms.** 1099-NEC for contractors, 1099-MISC for rent and other payments
- **Due.** January 31 to contractors, and to the IRS for 1099-NEC
- **Card and app payments.** Reported on 1099-K by the processor, not by you
- **1099-K.** Over $20,000 and over 200 transactions

Who gets a 1099-NEC?

You send Form 1099-NEC to a person or unincorporated business you paid for services in the course of your business. That covers freelancers, independent contractors, sole proprietors and most LLCs taxed as partnerships or sole proprietorships.

You usually don't send one to a corporation, including an LLC that elected to be taxed as an S-Corp or C-Corp. Two exceptions catch people out. Payments to attorneys, and medical and health care payments, get a 1099 even when the payee is a corporation. Payments for goods, like inventory or supplies, don't need one.

What changed for 2026?

The 2025 tax law raised the threshold for most 1099s from $600 to $2,000, for payments made after December 31, 2025. It starts rising with inflation in 2027. The same $2,000 line now applies to backup withholding.

General information, not tax advice for your situation.

FORM	PAYMENTS MADE IN 2025	PAYMENTS MADE IN 2026
1099-NEC, contractor pay	$600 or more	$2,000 or more
1099-MISC, rent and other payments	$600 or more	$2,000 or more
1099-MISC, royalties	$10 or more	$10 or more
1099-K, card and app payments	Over $20,000 and over 200 transactions	Over $20,000 and over 200 transactions

So the 1099s you send in January 2026 still use $600. The ones you send in January 2027 use $2,000.

When are 1099s due?

- **1099-NEC.** January 31 to the contractor and to the IRS.
- **1099-MISC.** January 31 to the recipient. February 28 to the IRS on paper, or March 31 if you e-file.
- **E-filing.** Required once you file 10 or more information returns in a year, counting W-2s and 1099s together.

When January 31 falls on a weekend, the due date moves to the next business day. Many states want a copy too, either directly or through the IRS's combined federal and state program.

Why should I get a W-9 first?

A Form W-9 gives you the contractor's legal name, tax ID and tax classification. That tells you whether they need a 1099 at all, and it's what goes on the form. Ask for it before the first payment, while they're keen to get paid. If someone won't give you a tax ID, you may have to hold back 24% of later payments as backup withholding once they cross the threshold.

What if I paid by card, PayPal or Venmo?

Payments you make by credit card or through a payment app don't go on your 1099-NEC. The card company or app reports them on Form 1099-K instead, so leave them out to avoid reporting the same money twice. Payments by check, ACH, Zelle bank transfer or cash do count toward your 1099s.

What if I file late or miss one?

The IRS charges a penalty per form, and it grows the later you file. Filing within 30 days of the due date keeps it at the lowest level, so a late form is still much better than no form. If you find a missed contractor after January, file as soon as you can and send their copy at the same time.

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