



Forms W-2 and 1099-NEC are due to be filed soon

With the 2023 filing season deadline drawing near, be aware that the deadline for businesses to file information returns for hired workers is even closer. By January 31, 2023, employers must file these forms:

Form W-2, Wage and Tax Statement. W-2 forms show the wages paid and taxes withheld for the year for each employee. They must be provided to employees and filed with the Social Security Administration (SSA). The IRS notes that “because employees’ Social Security and Medicare benefits are computed based on information on Form W-2, it’s very important to prepare Form W-2 correctly and timely.”

Form W-3, Transmittal of Wage and Tax Statements. Anyone required to file Form W-2 must also file Form W-3 to transmit Copy A of Form W-2 to the SSA. The totals for amounts reported on related employment tax forms (Form 941, Form 943, Form 944 or Schedule H for the year) should agree with the amounts reported on Form W-3.

Failing to timely file or include the correct information on either the information return or statement may result in penalties.

Independent contractors

The January 31 deadline also applies to Form 1099-NEC, Nonemployee Compensation. These forms are provided to recipients and filed with the IRS to report non-employee compensation to independent contractors.

Payers must complete Form 1099-NEC to report any payment of \$600 or more to a recipient.

If the following four conditions are met, you must generally report payments as nonemployee compensation:

- You made a payment to someone who isn't your employee,
- You made a payment for services in the course of your trade or business,
- You made a payment to an individual, partnership, estate, or, in some cases, a corporation, and
- You made payments to a recipient of at least \$600 during the year.

Your business may also have to file a Form 1099-MISC for each person to whom you made certain payments for rent, medical expenses, prizes and awards, attorney's services and more.