

Important 2020 W-2 & 1099 Changes

(As of March 10, 2020)

W-2

Truncation of social security number (SSN) on employee copies of Form W-2—Employers may now truncate the employee's SSN on employee copies of Form W-2. Do not truncate the employee's SSN on Copy A.

Military Spouses Residency Relief Act (MSRRA) change—Civilian spouses of servicemembers can elect to use the same residence for purposes of taxation as the servicemember.

Clarification on code P reporting in Box 12—The only amounts to be reported in Box 12 under code P are moving expense reimbursements paid directly to a member of the U.S. Armed Forces who moves per a military order and incident to a permanent change of station. Employers should not report excludable allowances or any other amounts under code P.

Awards compensating employees for lost wages are subject to Railroad Retirement Tax—The U.S. Supreme Court ruled that award payments to employees to compensate for working time lost due to an on-the-job injury is taxable "compensation" under the Railroad Retirement Act (RRTA), and more generally, that "compensation" under the RRTA encompasses any money remuneration that stems from the "employer-employee relationship." Railroad employers must withhold Tier 1 and Tier 2 taxes when paying such awards to employees covered by the RRTA.

1096 - Reprogramming required.

Form 1099-NEC—A check box was added to line 6 for Form 1099-NEC, and Line 7 is no longer applicable and has been shaded on the form.

CONTINUOUS-USE FORMS AND INSTRUCTIONS

The following forms and the corresponding instructions have been converted from an annual revision to continuous use. Both the form and instructions will be updated as needed.

Form	Latest Revision Date	Reprogramming Required
1098-C	Rev. November 2019	Yes
1099-CAP	Rev. September 2019	Yes
1099-LTC	Rev. October 2019	Yes
1099-LS	Rev. December 2019	Yes
1099-Q	Rev. November 2019	Yes

The following forms have been converted from an annual revision to continuous use. The instructions for these forms are combined with another form that is an annually revised form. Both the form and instructions will be updated as needed.

Form	Latest Revision Date	Reprogramming Required	Combined Forms
1099-OID	October 2019	Yes	1099-INT & 1099-OID
1099-SA	November 2019	Yes	1099-SA & 5498-SA

1098

The Further Consolidated Appropriations Act retroactively extends the deductibility of mortgage insurance premiums (MIP) for tax years 2018 and 2019, and through tax year 2020. Report MIP aggregating \$600 or more that was received during the calendar year in the course of a trade or business from an individual, including a sole proprietor.

1099-MISC - Reprogramming required.

Due to the creation of Form 1099-NEC, Form 1099-MISC has been revised and box numbers for reporting certain income have been rearranged. Changes in the reporting of income and the form's box numbers are as follows:

- Payer made direct sales of \$5,000 or more (checkbox) in box 7
- Crop insurance proceeds are reported in box 9
- Gross proceeds to an attorney are reported in box 10
- Section 409A deferrals are reported in box 12
- Nonqualified deferred compensation income is reported in box 14
- Boxes 15, 16, and 17 report state taxes withheld, state identification number, and amount of income earned in the state, respectively

Continued on next page.

1099-NEC - *Programming required.*

The Protecting Americans from Tax Hikes (PATH) Act accelerated the due date for filing Form 1099 that includes nonemployee compensation (NEC) from February 28 to January 31 and eliminated the automatic 30-day extension for forms that include NEC. Beginning with tax year 2020, use Form 1099-NEC to report nonemployee compensation.

1099-PATR - *Reprogramming required.*

Numbered reporting box changes—New boxes were added and existing boxes were renumbered, retitled, and/or repurposed to allow for reporting information to patrons needed for section 199A (Qualified Business Income Deduction).

1099-R

Distributions for qualified birth and adoption—The Further Consolidated Appropriations Act provides for a distribution of up to \$5,000 for a qualified birth or adoption that is exempt from the 10% early distribution tax and that can be repaid.

5498

New repayment code—Code “BA” has been added for reporting a repayment of a qualified birth or adoption distribution.

Required minimum distributions (RMDs)—The RMD age has increased from 70½ to 72 for taxpayers turning 70½ after December 31, 2019.

5498-QA

Contributions—Contributions (including any contributions from a section 529 program, but not including contributions of the designated beneficiary’s compensation income) made to the ABLE account in 2020 cannot exceed \$15,000.