



DIOCESE OF SIOUX CITY

Office of Parish Accounting

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Date: December 31, 2025

To: Bookkeepers & Pastors

From: Deb Conley

Re: Filing of IRS Forms 1099 NEC / W-2G / 1096

This memo is intended to assist with filing the Internal Revenue Service (IRS) Forms 1099 NEC, W-2G and 1096. It provides guidance that, if followed, will make year-end tax filing simpler.

Who receives a 1099 NEC?

The 1099 NEC will report any payments of \$600 or more to non-employee service providers, such as independent contractors, freelancers, vendors, consultants, and other self-employed individuals (commonly referred to as 1099 workers) in box 1 of the 1099 NEC.

We encourage you to issue the 1099 NEC to the contractors by the middle of January (we suggest January 15th). This allows you to make any needed changes before submitting Copy A of the 1099 and the 1096 to the IRS. If your location is issuing 10 or more 1099s, they must be filed electronically per the IRS. Create your 1099s inside QuickBooks Desktop. Intuit/QuickBooks has partnered with Tax1099 <https://web.tax1099.com/> to e-file the forms to the IRS.

The 2025 IRS Forms 1099 NEC, W-2G and 1096 must be filed by January 31, 2026.

The 1099 MISC, if applicable to your location, must be furnished to the payee by January 31st and filed with the IRS by February 28th (March 31 if filing electronically).

The 1099 NEC can be printed from QuickBooks!

The 1099 NEC is prepared in QuickBooks; however, they need to be print on government approved forms (*they cannot be printed on plain paper*) and submitted electronically to the IRS through separate vendor (i.e. Tax1099 <https://web.tax1099.com/>).

Preparing the 1099 NEC & 1096 in QuickBooks

In addition to setting the vendor up correctly in QuickBooks, the preferences also need to be set up correctly so accurate data will appear on the 1099 NEC. Then follow below:

1. Select Vendors – Print/e-file 1099s – 1099 Wizard.
2. At Form 1099 NEC, click Get Started.
3. Select your 1099 Vendors – Make sure all your Vendors who need a 1099 are listed. Select Continue.
4. Verify your 1099 Vendors Information – Edit vendor information as needed. Continue.
5. Map Vendor Payment Accounts – The top right will say “Show 1099 accounts”. Change this to “Show all Accounts”. To ensure you don’t miss an account, put a checkmark in the box to the Bottom left of the screen that says, “Report all payments in Box 1”. Select Continue.
6. Review Payments for Exclusions – View included payments and unmapped payments for reasonableness. Select Continue.
7. Confirm your 1099 Entries – Review this summary of vendors that you are creating Form 1099 for and ensure the total included on the 1099 is accurate and in Box 1. If any unmapped payments

are noted, review for reasonableness. It may be possible that you missed mapping an account and will need to go back and fix this. Select Continue.

8. Before Proceeding, you will want to view the 1099 Summary Report. Select Vendors – Print/e-file 1099s – 1099 Summary Report. The dates should reflect “This Calendar Year”. You may note amounts that are shown as zero. The amount is listed as zero when the total amount paid to the contractor in the calendar year is less than \$600. Print a copy of the summary report for your records. Then proceed to #9 below in the 1099 Wizard.
9. Choose a Filing Method – select Print 1099 NEC.
10. A pop-up screen will appear “Print 1099 NEC”, ensure the date range reflects “This calendar year”, i.e., 1/1/2025 to 12/31/2025. Select OK.
11. A pop-up screen will appear “Select Vendors to Print 1099/1096 Forms”. Review the list and ensure the Valid ID and Valid Address fields each say “Yes”, and all vendors are listed. This is required information. If any say “No”, you will need to add the applicable information into the vendor record before proceeding. Ensure the number of vendors and total contracted costs for the vendors agrees with the 1099 Summary Report in step #8.
12. Select Preview 1099 NEC, you will note the 1099 NEC appears two on a page. Select “Next Page” reviewing each for accuracy and reasonableness. Once complete, Select Close.
13. You will now need to place the government pre-printed 1099 forms in the printer. We suggest you first print on Copy C, the Payer, State copy, or plain paper to ensure it aligns properly. Select Print 1099.
14. On the “Print 1099 NEC screen, ensure your printer is identified and select Print.
15. Once complete, print Copy B and then Copy A 1099s.
16. Next place the government pre-printed 1096 form in the printer. Select Print 1096.
 - a. You do not have the option to preview the 1096 before printing. If you want to view it first, print it on plain paper.

How 1099s are distributed to the vendors/independent contractors and IRS

- Copy A of Form 1099 NEC and Form 1096 is due to the IRS by February 1, 2026. Remember, you MUST electronically file these forms to the IRS if you are issuing 1099's to TEN or more contractors/individuals.
- If you are issuing LESS THAN ten 1099's to contractors/individuals, you can US Mail Copy A and the 1096 to the IRS. Be sure your envelope is postmarked on or before January 31st.
- Identify the date you mailed this to the IRS on your copy of the 1096.
- Copy B of Form 1099 is due to the recipient by February 1, 2026. As mentioned, use January 15th as a target date due to the IRS filing deadline.
- Keep Copy 2-payer or state income for your records.
- The W-2Gs and related 1096 is due to the IRS by February 28th. Again, you MUST electronically file these forms to the IRS if you are issuing W-2Gs to TEN or more individuals. The W-2G should have been given to the winner when the prize was awarded. If it was not, issue by January 31. Note that this Form 1096 is a separate form from the one that was sent with the 1099s.

How to Identify Contractors

Properly identifying contractors that are required to receive a 1099 NEC continues to be a challenge for many locations. The W-9 needs to be on file for all contractors (individuals and businesses) that perform services for the location for \$600 or more including labor and equipment/supply costs. The W-9 will provide the needed information to update the vendor file (i.e., name on file with the IRS, address, status type, Social Security Number (SSN) or tax identification number (TIN). The status shows whether the contractor is incorporated. If not incorporated, a 1099 needs to be issued. Sole proprietors are not incorporated. Partnerships and LLCs most often are not incorporated.

Please ensure IRS regulations are followed by issuing the required 1099s. Below addresses this further.

Contractors often put locations in situations that result in avoiding taxation. It is important in working for the church that the proper practices are followed to ensure the locations' tax-exempt status is not jeopardized. Please do not pay another family member or other contractor to avoid exceeding the \$600. Individuals and businesses should only be paid for the work they perform. Also, do not record supply and equipment costs in a separate account from labor in the accounting software to avoid inclusion on the 1099. These are taxable to the contractor; the contractor reports the expense as a deduction on their tax return. If a contractor does not want a 1099, they should be paid less than \$600.

Who is required to receive an IRS Form 1099 Non-Employee Compensation?

Each independent contractor (whether an individual or business) that the location pays at least \$600 in services (**i.e., labor, parts, materials**), that is not incorporated, and is not an employee of the parish, is required to receive a 1099. Examples include: Extra clergy that perform mass coverage, snow removal, mowing, grounds maintenance, church and property repairs (e.g., painting, boiler service, upkeep, restoration, etc.), musician services (e.g., organists, cantors), professional services (e.g., bookkeeping/accounting, computer support, architects), other contracted services (e.g., cleaning, janitorial, housekeeping). It's important that you identify any contractors that are paid for services from all of your accounts including cemetery, auxiliary groups, etc.

Note #1: If you are paying an individual an hourly wage, he/she most likely is an employee and should be paid via payroll, with taxes withheld and a W-2 issued at year end.

Note #2: If an employee performs extra services for the parish, this should be paid via payroll reduced by applicable taxes. Bonuses and larger gifts to employees, including teachers, should also be paid via payroll. If paid via a vendor check, it may be necessary to issue a 1099.

Note #3: Employees are covered under the location's property and liability insurance. Independent contractors must have their own insurance, i.e., be bonded.

How is it determined if an independent contractor is incorporated?

Always obtain an IRS Form W-9, Request for Taxpayer Identification Number and Certification, from each independent contractor before the contractor is paid. If the W-9 is requested after the contractor is paid, it is often difficult to obtain. If you have independent contractors that you have been issuing 1099s to and do not have a W-9 on file, you should obtain the W-9 to keep on file. The W-9 lists the contractor's tax classification, tax identification number and/or social security number, and legal business and doing business name as shown on their income tax form. If the 1099 differs from the information the IRS has on file, the IRS will issue a B-Notice that requires immediate attention. You only need to obtain the W-9 once. A new W-9 is only needed if there is a change in the contractor's name, filing status, etc.

The federal W-9 can be printed from QuickBooks (Employees, Employee Forms). The W-9 is also available on the IRS website, www.irs.gov, and the diocesan website, www.scdiocese.org (Offices, Accounting for Parishes (or Schools), Forms Section, W-9 Form). In this same location is a W-9 Sample letter that can be sent to the contractor with the W-9 to explain the form.

For more detailed instructions on the 1099 forms see <https://www.irs.gov/pub/irs-pdf/i1099qi.pdf>.

W-2G/1096

If your location held a raffle and cash prizes of \$600 or more were issued, you must give the winner a W-2G and withhold state taxes. If cash prizes were \$5,000 or more, you must withhold **both** federal and state taxes. The federal rate is 24% and the state rate is 5%. The W-2G forms were to be issued at the time the money was paid to the winner. If you did **NOT** provide a W-2G at that time, you will need to issue it to the winner(s) before January 31, 2026. All copies of the W-2G must be signed by the winner. The 1096 needs to be sent to the IRS with a signed Copy A of W-2G. Bookkeepers/Business managers please ensure this is done.

If you have questions, feel free to contact me debrac@scdiocese.org 712-233-7515 or Denise denisek@scdiocese.org 712-233-7593.