

Increased Threshold for Reporting Certain 1099 Payments



January 2026

The One Big Beautiful Bill Act (OBBBA) increased the threshold for reporting certain payments made by a Community Action Agency (CAA) to non-employees under the tax code.¹ Starting January 1, 2026, CAAs are only required to issue a Form 1099-NEC or Form 1099-MISC to a single payee if the total payments in a calendar year to that payee are \$2,000 or more. Previously, the threshold for reporting payments on either of these forms was \$600.² The OBBBA also added an annual automatic adjustment to this reporting threshold to account for inflation starting in 2027. These changes are likely to decrease the administrative burden on CAAs around tax reporting moving forward.

Form 1099-NEC (Nonemployee Compensation) and Form 1099-MISC (Miscellaneous Information) are types of information returns, which are tax documents filed with the Internal Revenue Service (IRS) to report certain transactions and payments made by a CAA. The IRS uses information returns filed by CAAs to confirm individual tax reporting by those the CAAs pay outside of the employee/employer relationship. A [Form 1099-NEC](#) is used to report [payments to independent contractors](#) and vendors for services, including individuals, partnerships, and in some cases, corporations. A [Form 1099-MISC](#) is used to report miscellaneous payments other than typical wages or independent contractor compensation, such as prizes and awards or rent.³ Failure to file information returns can subject a CAA to fines from the IRS.⁴

A CAA collects details used to complete an information return by requesting a Form W-9 (Request for Taxpayer Identification Number and Certification) from payees. While the OBBBA did not directly address Form W-9, CAAs that no longer need to file 1099s under the increased threshold may find they *also* no longer need to request W-9s from those payees. However, since obtaining a Form W-9 provides a level of protection to a payor when a payee submits inaccurate or false information via a W-9, a CAA may wish to maintain existing practices, including the collection of W-9s, regardless of amounts paid.

The OBBBA made no other changes to the 1099 reporting requirements other than the increased threshold and automatic adjustments.⁵ CAAs should continue to consult a tax attorney familiar with their particular circumstances for complete information about how to comply with the tax code, including when to request a W-9 and how to complete 1099 withholding and reporting.



END NOTES

¹Section 70433, “Increase In Threshold For Requiring Information Reporting With Respect To Certain Payees.” (<https://www.congress.gov/bill/119th-congress/house-bill/1/text>)

²26 U.S.C. § 6041(a), 6041A(a)(2)

³ <https://www.irs.gov/faqs/small-business-self-employed-other-business/form-1099-nec-independent-contractors/form-1099-nec-independent-contractors>

⁴ 26 U.S.C. § 6041A(e); 26 CFR 1.6041A-1(h); <https://www.irs.gov/payments/information-return-penalties>

⁵ Rev. Proc. 2025-32

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