Does this payee get a 1099? Nonprofit decision checklist, 2026 payments

Per payee, per calendar year. Threshold: $2,000 for payments made after December 31, 2025 (indexed from 2027). Work top to bottom; the first box that applies decides.

1. Is it one of these? Then no 1099-NEC or MISC.

- Reimbursement of documented expenses under an accountable plan
- Hardship or disaster assistance under a charitable program (a gift to the recipient, sec. 102)
- Scholarship or fellowship grant (never on 1099-MISC; W-2 if paid for services)
- Paid by credit card or payment app (the card company files 1099-K)
- Payee is a tax-exempt organization or a government

2. Raffle winner? W-2G, not a 1099.

Report when winnings minus the ticket price reach the reporting threshold ($2,000 for 2026) and are at least 300 times the wager. Withhold 24% when proceeds exceed $5,000. Value a noncash prize at fair market value.

3. Is the payee a corporation? Usually no.

Corporations and LLCs taxed as S or C corporations are exempt, with exceptions that stay reportable: attorneys' fees (1099-NEC box 1a), gross proceeds paid to an attorney (1099-MISC box 10, still $600), and medical or health care payments. Read W-9 box 3.

4. Did the year's total reach $2,000? If not, nothing to file.

Add every check, ACH, and transfer to that payee for the calendar year. Four $600 checks are a $2,400 form. Keep the W-9 anyway.

5. Services? 1099-NEC box 1a.

Contractors, consultants, freelancers, directors' fees, speaker honoraria, volunteer stipends paid to non-employees (W-2 if the person is effectively an employee), attorneys' fees.

6. Rent? 1099-MISC box 1. Prize not for services? Box 3.

Rent to an individual, partnership, or LLC not taxed as a corporation; not rent paid through a property manager or real estate agent, which the agent reports. Awards and prizes not tied to services, including merchandise at fair market value.

1099-NEC due to IRS and recipients **January 31** · 1099-MISC to recipients Jan 31 (Feb 15 if box 8 or 10), to IRS Feb 28 paper / Mar 31 e-file · **10 or more** returns must be e-filed · late: **$60 / $130 / $340** per return, **$690** intentional disregard (returns filed in 2027, Rev. Proc. 2025-32) · no TIN: withhold **24%**

GivingArc · 1099 prep **$30 per form**

Sources: IRS Instructions for Forms 1099-MISC and 1099-NEC (Rev. 12/2026); Instructions for Forms W-2G and 5754 (01/2026); IRS Publication 3833; Rev. Proc. 2025-32 (penalties for returns filed in 2027). Checked September 9, 2026. General information, not tax advice.
givingarc.com/nonprofit-1099/