

# 1099 Guidance for Recipients

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1099 information returns are tax documents that are prepared by businesses, financial institutions and other payers and sent to the IRS to report payments paid to non-employees and other businesses during a tax year. **1099s that are submitted to the IRS are also required to be filed with the Mississippi Department of Revenue.** Recipients of these tax documents are to report this information on their state income tax returns.

Common income types reported on a 1099 include:

- Non-employee compensation
- Retirement income/pensions
- Interest
- Dividends
- Proceeds from stock sales

A brief summary of the 1099s that must be reported to Mississippi are provided below:

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## ➤ **1099-B, Proceeds from Broker and Barter Exchange Transactions**

Sales or redemptions of securities, futures transactions, commodities, and barter exchange transactions are reported on 1099-B. A separate 1099-B must be filed by a broker or barter exchange for every single transaction involving the sale of stocks, commodities, regulated futures contracts, foreign currency contracts, forward contracts, debt instruments, options, or securities futures contracts.

### **How to report**

Gains or losses from stock transactions will be reported on the "Capital Gain (Loss)" line of the Mississippi Resident Individual Income Tax return, Form 80-105, page 2, line 40 or on the Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return, Form 80-205, page 2, line 41. For federal purposes, these transactions are reported on federal form 1040, Schedule D, Capital Gains and Losses. The federal Schedule D must be attached to the Mississippi return.

## ➤ **1099-C, Cancellation of Debt**

Generally, if debt you owe is cancelled or forgiven, it is considered taxable income for Mississippi unless the cancelled debt is discharged in bankruptcy or is cancelled debt provided for under the Coronavirus Aid, Relief, and Economic Security Act, and the Consolidated Appropriations Act of 2021. 1099-C is required to be filed to report income of \$600 or more, regardless if there is any Mississippi withholding.

Common types of cancelled or forgiven debt include:

- Credit cards
- Mortgages
- Personal loans
- Student loans

### **How to report**

Cancelled debt should be reported on Form 80-108, Schedule N, Other Income (Loss) and Supplemental Income, of the Adjustments and Contributions form of the Mississippi Individual Income Tax return.

## ➤ **1099-DIV, Dividends and Distributions**

A dividend is an amount paid by a company based on your ownership of stock. 1099-DIV is required to be filed to report income of \$1,500 or more, regardless if there is any Mississippi withholding.

### **How to report**

Dividends should be reported on Form 80-108, Schedule B, Interest and Dividend Income, of the Adjustments and Contributions form of the Mississippi Individual Income Tax return.

## ➤ **1099-G, Certain Government Payments**

Unemployment compensation, state and local income tax refunds, agricultural payments, and taxable grants are reported on a 1099-G. 1099-G is required to be filed to report income of \$600 or more, regardless if there is any Mississippi withholding.

### **How to report**

Any unemployment compensation received must be reported on the “Unemployment Compensation” line of the Mississippi Resident Individual Income Tax return, Form 80-105, page 2, line 47 or on the Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return, Form 80-205, page 2, line 48.

The Mississippi Department of Revenue issues 1099-Gs reporting the amount of refund or overpayment carried forward to the next year. This income is not taxable to Mississippi, but you may have to report on your federal income tax return.

Amounts paid by an agricultural disaster program as compensation to an agricultural producer, cattle farmer or cattle rancher who has suffered a loss as the result of a disaster or emergency are not taxable to Mississippi. The amounts are reported as adjustments to gross income on the “Agricultural disaster program compensation deduction” line of the Mississippi Resident Individual Income Tax return, Form 80-105, page 2, line 63 or on the Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return, Form 80-205, page 2, line 64.

Taxable grants must be reported on Form 80-108, Schedule N, Other Income (Loss) and Supplemental Income, of the Adjustments and Contributions form of the Mississippi Individual Income Tax return.

Grants received under the federal Coronavirus Aid, Relief, and Economic Security Act, the Consolidated Appropriations Act of 2021, and the American Rescue Plan Act are not taxable to Mississippi.

## ➤ **1099-INT, Interest Income**

Interest income is earned on savings accounts, money market accounts, and refunds. 1099-INT is required to be filed to report income of \$10 or more for boxes 1, 3, or 8 and \$600 or more if interest paid in the course of a trade or business, regardless if there is any Mississippi withholding.

### **How to report**

Report the taxable interest amount on Form 80-108, Schedule B, Interest and Dividend Income, of the Adjustments and Contributions form of the Mississippi Individual Income Tax return.

## ➤ **1099-K, Payment Card and Third-Party Network Transactions**

Transactions received through payment cards and third-party networks are reported on 1099-K. 1099-K is required to be filed to report income of \$600 or more, regardless if there is any Mississippi withholding. The Internal Revenue Service announced a delay in implementation of the \$600 reporting thresholds for third-party settlement organizations and is planning a threshold of \$5,000 for 2024 to phase in the new law. Mississippi will follow federal. For more information, please visit the IRS website.

### **How to report**

Most income from payment cards and third-party networks are received through business transactions so the income would be included as gross receipts on the federal Schedule C and will be reported on the “Business Income (Loss)” line of the Mississippi Resident Individual Income Tax return, Form 80-105, page 2, line 39 or on the Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return, Form 80-205, page 2, line 40. If the income was not received through business transactions, then the income will be reported on Form 80-108, Schedule N, Other Income (Loss) and Supplemental Income, of the Adjustments and Contributions form of the Mississippi Individual Income Tax return.

## ➤ **1099-MISC, Miscellaneous Information**

Form 1099-MISC is used by payers in business to report specified miscellaneous payments other than nonemployee compensation. 1099-MISC is required to be filed to report income of \$600 or more, regardless if there is any Mississippi withholding.

### **How to report**

If the income comes from a business activity, the income will be reported on federal Schedule C and will be reported on the “Business Income (Loss)” line of the Mississippi Resident Individual Income Tax return, Form 80-105, page 2, line 39 or on the Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return, Form 80-205, page 2, line 40. Otherwise, the income will be reported on Form 80-108, Schedule N, Other Income (Loss) and Supplemental Income, of the Adjustments and Contributions form of the Mississippi Individual Income Tax return.

## ➤ **1099-NEC, Nonemployee Compensation**

Nonemployee compensation received for services or compensation is reported on a 1099-NEC. 1099-NEC is required to be filed to report income of \$600 or more, regardless if there is any Mississippi withholding.

### **How to report**

If the income comes from a business activity, the income will be reported on the federal Schedule C and will be reported on the “Business Income (Loss)” line of the Mississippi Resident Individual Income Tax return, Form 80-105, page 2, line 39 or on the Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return, Form 80-205, page 2, line 40. Otherwise, the income will be reported on Form 80-108, Schedule N, Other Income (Loss) and Supplemental Income, of the Adjustments and Contributions form of the Mississippi Individual Income Tax return.

## ➤ **1099-PATR, Taxable Distributions Received from Cooperatives**

Distributions from cooperatives passed through to their patrons including any domestic production activities deduction and certain pass-through credits are reported on 1099-PATR. 1099-PATR is required to be filed to report income of \$10 or more, regardless if there is any Mississippi withholding.

### **How to report**

Patronage distributions will be reported on either federal Schedule C or Schedule F and will be reported on the "Business Income (Loss)" line of the Mississippi Resident Individual Income Tax return, Form 80-105, page 2, line 39 or on the Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return, Form 80-205, page 2, line 40 or the "Farm Income (Loss)" line on the federal Schedule F and will be reported on the "Farm Income (Loss)" line of the Mississippi Resident Individual Income Tax return, Form 80-105, page 2, line 42 or on the Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return, Form 80-205, page 2, line 43. If they are not reported on the federal schedules, then they will be reported on Form 80-108, Schedule N, Other Income (Loss) and Supplemental Income, of the Adjustments and Contributions form of the Mississippi Individual Income Tax return.

## ➤ **1099-QA, Distributions from ABLÉ Accounts**

Distributions from ABLÉ accounts are reported on 1099-QA.

### **How to report**

Qualified distributions from ABLÉ accounts are not taxable to Mississippi. Nonqualified distributions will be reported on Form 80-108, Schedule N, Other Income (Loss) and Supplemental Income, of the Adjustments and Contributions form of the Mississippi Resident Individual Income Tax return.

## ➤ **1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**

Distributions from retirement or profit-sharing plans or IRAs are reported on 1099-R. 1099-R is required to be filed to report taxable income of \$10 or more, regardless if there is any Mississippi withholding.

### **How to report**

Normal distributions of retirement are not taxable to Mississippi. Early distributions are reported on the "Taxable Pensions and Annuities" line of the Mississippi Resident Individual Income Tax return, Form 80-105, page 2, line 46 or on the Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return, Form 80-205, page 2, line 47.

## ➤ **1099-S, Proceeds from Real Estate Transactions**

Proceeds from the sale or exchange of real estate and certain royalty payments are reported on 1099-S. 1099-S is required to be filed to report income of \$10 or more, regardless if there is any Mississippi withholding.

### **How to report**

Taxable real estate proceeds are usually reported on federal Schedule D and will be reported on the "Capital Gain (Loss)" line of the Mississippi Resident Individual Income Tax return, Form 80-105, page 2,

line 40 or on the Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return, Form 80-205, page 2, line 41. Royalty income is reported on Form 80-108, Income(Loss) from Rental Real Estate and Royalties, of the Adjustments and Contributions form of the Mississippi Individual Income Tax return.