

# 1099 Reporting:

Part 2 – Reportable vs. Nonreportable





# Good vs. Service

Goods = Not reportable ❌

Services = Reportable ✅

The IRS instructs that, when making a payment for a combination of goods and services (or parts and labor), the payer should report the entire amount of the payments if supplying the parts or materials was incidental to providing the service

For example, report the total payments to an auto repair shop under a repair contract

When invoiced for labor and parts, if furnishing parts was incidental to repairing the vehicle



# Reportable Vs. Nonreportable

Examples of incidental to providing the service

Report the full amount if furnishing the parts is incidental to providing the service

The IRS Instructions for Form 1099-MISC/NEC provide further explanation of when the full amount is reportable

Repairing the office printer, including copier parts

Providing maintenance for the elevators, including replacement control parts

Building a partition wall in the second-floor conference room, includes materials for conference room partition wall

In all three examples, the amount reported is the total bottom-line invoice/payment amount because you contracted for the service and the goods (parts, materials) were necessary to perform the service



# Reportable Vs. Nonreportable

Example of  
payment not  
incidental to  
providing the  
service

- A supplier sells you equipment, and itemized further down on the bill of sale is a charge for “operator training on-site”
- In this case, you should separate the amount for training services and report that dollar amount in Box 1 of Form 1099-NEC

The IRS Instructions for Form 1099-MISC/NEC provide further explanation of when the full amount is reportable



# Review Questions

Are the following items reportable or nonreportable?

- |                                    |                              |
|------------------------------------|------------------------------|
| 1. Consultants/Contracted Services | Reportable – 1099-NEC box 1  |
| 2. Storage Facilities              | Nonreportable                |
| 3. Office Rent                     | Reportable – 1099-MISC box 1 |
| 4. Payments to government entities | Nonreportable                |
| 5. Medical Services                | Reportable – 1099-MISC box 6 |



# Review Questions

Are the following government classifications reportable or nonreportable?

- |   |                |
|---|----------------|
| 1. C Corp or S Corp                     | Nonreportable* |
| 2. LLC/S Corp                           | Nonreportable* |
| 3. Partnership                          | Reportable     |
| 4. Government                           | Nonreportable  |
| 5. Individual                           | Reportable     |
| 6. Single-member LLC or LLC/Partnership | Reportable     |

\*No corporate exemption for medical and legal services



# THANK YOU!

Thank you for watching!

Questions? Please [Open a Case – SAB](#) in ServiceNow or call  
406-444-3092