

Guide to Understanding The 1099-MISC



FOR CLIENT RELEASE

The Tax Cuts and Jobs Act of 2017 has changed the IRS forms when filing your federal income taxes. To provide you with the best information on how to report your Supplemental Unemployment Benefit, please review the following:

First, why did you receive the 1099-MISC?

You received an IRS Form 1099-MISC from NeuBridg, Inc. for distributions paid to you from the NeuBridg Supplemental Unemployment Compensation Benefit Plan and Trust. To qualify for this distribution, you qualified for state unemployment and experienced either a shortage of hours or were laid off (temporary or permanently) during the preceding tax year.

To ensure that you report the income and taxes correctly on your personal tax returns, please inform your tax professional of the following:

1. The 1099-MISC is not subject to self-employment tax;
2. The 1099-MISC is only subject to state and federal income tax;
3. 15% Federal Tax was already withheld and submitted to the IRS by NeuBridg (Box 4) of your 1099-MISC;
4. The distribution you received should be treated like your state unemployment benefits.

The 1099-MISC you received from NeuBridg was for the Supplemental Unemployment Benefit Plan and Trust distributions and federal taxes paid for tax year 2020.

9595		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0115		Miscellaneous Income
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents	\$	2020	Form 1099-MISC	
		2 Royalties	\$			
PAYER'S TIN		3 Other income	\$	4 Federal income tax withheld	\$	Copy A For Internal Revenue Service Center
RECIPIENT'S TIN		5 Fishing boat proceeds	\$	6 Medical and health care payments	\$	
RECIPIENT'S name		7 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	\$	8 Substitute payments in lieu of dividends or interest	\$	File with Form 1099- For Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns.
City or town, state or province, country, and ZIP or foreign postal code		9 Crop insurance proceeds	\$	10 Gross proceeds paid to an attorney	\$	
Box 3 Other Income		11	\$	12 Section 409A deferrals	\$	
Taxable Distributions received from Neubridg, Inc.		13 Payments in parachute payments	\$	14 Nonqualified deferred compensation	\$	
Box 4 Federal Income tax withheld		15 State tax withheld	\$	16 State/Payer's state no.	17 State income	\$
Federal tax (15%) withheld from your distributions and submitted to the IRS on your behalf.			\$			

Form 1099-MISC Cat. No. 14425J www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service
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This information was obtained from the IRS Website on 1/1/2021
(Employees are encouraged to consult their financial advisor(s))

1099-MISC is to be reported on Schedule 1, line 8

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		► Attach to Form 1040, 1040-SR, or 1040-NR. ► Go to www.irs.gov/Form1040 for instructions and the latest information.	2020 Attachment Sequence No. 01
Name(s) shown on Form 1040, 1040-SR, or 1040-NR		Your social security number	
Part I Additional Income			
1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ►		
3	Business income or (loss). Attach Schedule C	3	
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income. List type and amount ► SUB Benefit Plan	8	
9	Combine lines 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	9	
Part II Adjustments to Income			
10	Educator expenses	10	
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
12	Health savings account deduction. Attach Form 8889	12	
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible part of self-employment tax. Attach Schedule SE	14	
15	Self-employed SEP, SIMPLE, and qualified plans	15	
16	Self-employed health insurance deduction	16	
17	Penalty on early withdrawal of savings	17	
18a	Alimony paid	18a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions) ►		
19	IRA deduction	19	
20	Student loan interest deduction	20	
21	Tuition and fees deduction. Attach Form 8917	21	
22	Add lines 10 through 21. These are your adjustments to income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10a	22	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71475F Schedule 1 (Form 1040) 2020

TURBOTAX™ and Other Tax Software Programs

As in years past, many of our clients use either TurboTax™ or one of the other popular tax programs. The constant question we receive is “How do I enter the NeuBridg 1099-MISC without it being 1) placed on a separate schedule or 2) self-employment tax being calculated?”

Based upon the information we have been able to obtain through public internet sources, it appears that these programs do not allow for a straight forward approach to entering the 1099-MISC. In discussions with our tax professionals, it appears that the “off the shelf” or “personal home based” software solutions are not sophisticated enough to accommodate the 1099-MISC in the correct manner. Furthermore, the download from H&R Block (on-line) differs from the in store version that their tax professionals use. The in store version we are told allows for recording of the 1099-MISC correctly. Be advised, NeuBridg reported to the IRS the distribution received in Box 3 (Other income) and the federal tax withheld in Box 4 which is in compliance with IRS reporting guidelines.

For TurboTax™ Users. It appears that one method to record the 1099-MISC income would be to record the earnings as you would prize money awards or lawsuit settlements. Utilizing this method appears to allow you to enter the distribution as other income (Box 3) and the federal tax (Box 4) that was submitted on your behalf to the IRS. It is our understanding that in order to report the distribution correctly, **you must utilize Schedule 1, and enter the distribution on Line 8 of the 1040.** Please consult your tax professional for further guidance.

If you have any further questions, please call Midwest Group Benefits at (563) 382-9611 or NeuBridg at (515) 309-2950.

Nothing contained within this handout should be considered as advice, guidance or a recommendation. NeuBridg does not provide advice regarding financial matters of any nature and any and all statements provided herein, are not be construed as instruction or guidance as to how you should prepare and/or file your income taxes. NeuBridg always recommends that you check with your tax professional, legal counsel, or other trusted financial advisor(s) who can provide you detailed guidance for your particular situation.