

Guide to Understanding The 1099-MISC



FOR CLIENT RELEASE

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 2021.

9595 VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	OMB No. 1545-0115 Form 1099-MISC (Rev. January 2022) For calendar year 20	Miscellaneous Information
		2 Royalties \$		
		3 Other income \$	4 Federal income tax withheld \$	Copy A For Internal Revenue Service Center
PAYER'S TIN	RECIPIENT'S TIN	5 Fishing boat proceeds \$	6 Medical and health care payments \$	
RECIPIENT'S name		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$	File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.
Box 3 Other Income <i>Taxable Distributions received from Neubridg, Inc.</i>		9 Crop insurance proceeds \$	10 Gross proceeds paid to an attorney \$	
City or town, state or province, country, and ZIP or foreign postal code		11 Fish purchased for resale \$	12 Section 409A deferrals \$	
Box 4 Federal Income tax withheld <i>Federal tax (15%) withheld from your distributions and submitted to the IRS on your behalf.</i>		13 Nonqualified deferred compensation \$	14 State/Payer's state no.	
Account		15 State/Payer's state no.	16 State income \$	

Form 1099-MISC (Rev. 1-2022) 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 12/23/2021
(NeuBridg is not offering any tax advise. Forms are for illustration purposes ONLY

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.	2021 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:		
a Net operating loss	8a ()	
b Gambling income	8b	
c Cancellation of debt	8c	
d Foreign earned income exclusion from Form 2555	8d ()	
e Taxable Health Savings Account distribution	8e	
f Alaska Permanent Fund dividends	8f	
g Jury duty pay	8g	
h Prizes and awards	8h	
i Activity not engaged in for profit income	8i	
j Stock options	8j	
k Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8k	
l Olympic and Paralympic medals and USOC prize money (see instructions)	8l	
m Section 951(a) inclusion (see instructions)	8m	
n Section 951A(a) inclusion (see instructions)	8n	
o Section 461(l) excess business loss adjustment	8o	
p Taxable distributions from an ABL account (see instructions)	8p	
z Other income. List type and amount ▶ <u>Supplemental Unemployment Benefit</u>	8z	
9 Total other income. Add lines 8a through 8z	9	
10 Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10	
For Paperwork Reduction Act Notice, see your tax return instructions.		Cat. No. 71479F Schedule 1 (Form 1040) 2021

The Benefit Type is
“ Supplemental Unemployment Benefit ”

Part II Adjustments to Income

11	Educator expenses		11
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106		12
13	Health savings account deduction. Attach Form 8889		13
14	Moving expenses for members of the Armed Forces. Attach Form 3903		14
15	Deductible part of self-employment tax. Attach Schedule SE		15
16	Self-employed SEP, SIMPLE, and qualified plans		16
17	Self-employed health insurance deduction		17
18	Penalty on early withdrawal of savings		18
19a	Alimony paid		19a
	b Recipient's SSN ▶ _____		
	c Date of original divorce or separation agreement (see instructions) ▶ _____		
20	IRA deduction		20
21	Student loan interest deduction		21
22	Reserved for future use		22
23	Archer MSA deduction		23
24	Other adjustments:		
	a Jury duty pay (see instructions)	24a	
	b Deductible expenses related to income reported on line 8k from the rental of personal property engaged in for profit	24b	
	c Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8l	24c	
	d Reforestation amortization and expenses	24d	
	e Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e	
	f Contributions to section 501(c)(18)(D) pension plans	24f	
	g Contributions by certain chaplains to section 403(b) plans	24g	
	h Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h	
	i Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i	
	j Housing deduction from Form 2555	24j	
	k Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k	
	z Other adjustments. List type and amount ▶ _____	24z	
25	Total other adjustments. Add lines 24a through 24z		25
26	Add lines 11 through 23 and 25. These are your adjustments to income . Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a		26

Page 2 is for reference only since it is included as part of Schedule 1

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 recurring common 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.

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.