



February 18, 2025

Internal Revenue Service  
1111 Constitution Avenue, N.W.  
Washington, D.C. 20224  
[www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain)

Re: Comment Request for U.S. Employment Tax Returns and Related Forms, 90 *Fed. Reg.* 8170

Dear Internal Revenue Service:

PayrollOrg (PAYO)<sup>1</sup> appreciates the opportunity to comment on the Internal Revenue Service's (IRS) employment tax forms. The comment request is based on Paperwork Reduction Act requirements for continuing information collection. However, PAYO offers the following perspective on electronic filing, Form 1099-MISC, *Miscellaneous Information*, and Form 1099-NEC, *Nonemployee Compensation*.

### **Electronic Capabilities for Filing the Adjusted Form 94x Series**

PAYO requests electronic filing capabilities for adjustments to the Form 94x series, *Employer's Federal Tax Returns*, related forms, and corresponding schedules to increase efficiency and reduce the burden for both the IRS and employers. Including the principal form and all of the related schedules and forms is important because employers are less likely to file returns electronically if all components of the filing cannot be filed together. This also reduces processing time and the potential for lost information.

An employer can upload a Form W-2c, *Corrected Wage and Tax Statement*, and file it electronically with the Social Security Administration (SSA) to correct Forms W-2, *Wage and Tax Statement*. The SSA then transmits the forms electronically to the IRS. However, the

---

<sup>1</sup> PAYO is a nonprofit association representing more than 20,000 payroll professionals throughout the United States. PAYO's Government Relations Task Force partners with government legislatures and agencies to help payroll professionals with compliance, while minimizing the administrative burden on government, employers, and individual workers. PAYO members are directly responsible for calculating wages and withholding for their employers across all industries and employer types.

corresponding Form 94x series corrections must be filed on paper with the IRS. The lag time between these two filings (electronic and paper) creates an unnecessary administrative and cost burden for the IRS, payroll departments, and employers.

For example, paper filing causes a delay in the processing of adjusted forms, which in turn creates a risk that the IRS will process the returns out of order. When viewed out of order, the IRS may reject a return because it appears that corrections were not made accurately. Employers find it difficult to track the returns and identify the order in which they were processed, which may result in yet another adjusted return filing. Electronic filing capabilities would resolve this issue.

Previously, the IRS announced efforts to prioritize electronic filing capabilities for Form 941-X, *Adjusted Employer's Quarterly Federal Tax Return*, but a timeframe was not provided. PAYO requests that the IRS move forward with this priority.

### **Electronic Signatures**

To date, the IRS has focused on individual taxpayers and professional tax preparers when allowing electronic signatures on certain tax forms. PAYO recommends that the IRS allow for electronic signatures on employment tax returns and related forms. Payroll professionals share the IRS's concerns about security risks; however, technology exists today that would allow for secure electronic signatures.

### **Suggested Changes to Forms 1099-NEC and 1099-MISC and Related Instructions**

The instructions for Form 1099-NEC are not clear about whether distributions from nonqualified deferred compensation plans to nonemployees should be reported in box 1.

The *1040 (and 1040-SR) Instructions* on page 91, "Line 20 IRA Deduction," subsection 5 states, "If you received income from a nonqualified deferred compensation plan or nongovernmental section 457 plan that is included in box 1 of your Form W-2, or in box 1 of Form 1099-NEC, don't include that income on line 8 of the worksheet..." If the IRS intends that distributions from nonqualified deferred compensation plans provided to nonemployees should be reported in box 1 of Form 1099-NEC, the section on "Specific Instructions for Form 1099-NEC" in the *Instructions for Forms 1099-MISC and 1099-NEC*, should include distributions from nonqualified deferred compensation plans to nonemployees in the list of payments reported in box 1.

If the IRS intends to have distributions from nonqualified deferred compensation plans to nonemployees reported on Form 1099-NEC, then box 12 (Section 409A deferrals) and box 15 (Nonqualified deferred compensation) on Form 1099-MISC for reporting information related to nonqualified deferred compensation plans provided to nonemployees, should be moved to Form 1099-NEC. Moving boxes 12 and 15 on Form 1099-MISC to Form 1099-NEC would reduce payors' burden and nonemployee confusion when nonqualified deferred compensation is reported on both forms.

To discuss federal employment tax forms and PAYO's comments further, please contact me at 202-669-4001 or by email at [ajacobsohn@payroll.org](mailto:ajacobsohn@payroll.org).

Sincerely,

A handwritten signature in cursive script that reads "Alice P. Jacobsohn".

Alice P. Jacobsohn, Esq.  
Director, Government Relations

For: Government Relations Task Force  
Federal Issues Subcommittee  
Chairs Becky Harshberger, CPP; Mindy Mayo, CPP; and Jon Schausten, CPP