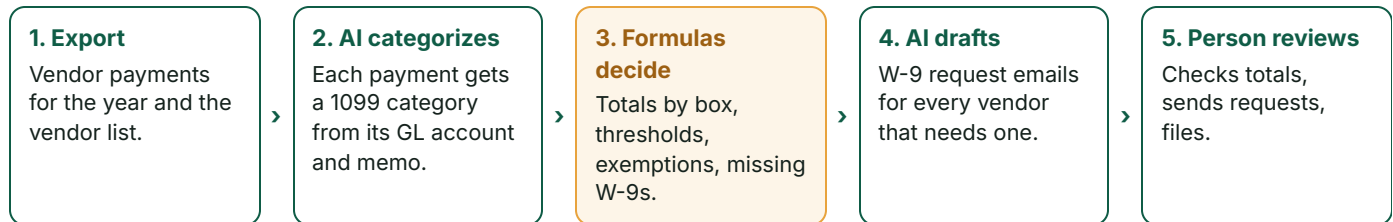


AI WORKFLOW FOR FINANCE TEAMS

1099s Under the New \$2,000 Threshold

For payments made in 2026, most 1099-NEC and 1099-MISC forms aren't required until a vendor reaches \$2,000 for the year, up from \$600. Fewer forms, but the hard part didn't change: the right vendors, a W-9 for each, and a name and TIN that match, before February 1, 2027. The spreadsheet decides who needs a form. AI does the sorting and the drafting. A person reviews.



What changed, and what didn't

Payment	2025 payments	2026 payments
Services to contractors (1099-NEC)	\$600	\$2,000
Rent, prizes, other income, medical (1099-MISC)	\$600	\$2,000
Royalties (1099-MISC)	\$10	\$10
Gross proceeds paid to an attorney (1099-MISC box 10)	\$600	\$600

The \$2,000 threshold is indexed for inflation starting with 2027 payments. Source: One Big Beautiful Bill Act, sections 70433 and 70432; IRS draft 2026 instructions.

Who gets a form

- ☐ **Total by vendor, by form category, for the calendar year.** Payment date decides the year, not invoice date.
- ☐ **Card and PayPal payments are out.** Credit card, debit card, gift card and payment-network payments are reported by the processor on Form 1099-K. Zelle and other bank transfers are not: you report those yourself.
- ☐ **Most corporations are out,** except attorneys (fees and gross proceeds) and medical and health care providers, who get a form even when they're incorporated.
- ☐ **Entity type comes from the W-9,** never from "Inc." on an invoice.

The W-9 problem didn't go away. Without a W-9, or with a name and TIN the IRS says don't match, you may have to withhold 24% backup withholding from future payments. A higher threshold means fewer vendors to chase, not a reason to stop collecting W-9s. The fix that lasts: no W-9, no first payment.

The calendar for 2026 payments

Step	When
Request W-9s from vendors that need a 1099 or are close	November
Run IRS TIN Matching and fix mismatches	Early December
Freeze the list; a second person reviews the totals	Mid-January
1099-NEC to recipients and the IRS; 1099-MISC to recipients	February 1, 2027
1099-MISC to recipients when box 10 is used	February 16, 2027
1099-MISC to the IRS, paper / electronic	March 1 / March 31, 2027

January 31 falls on a Sunday and February 15 is a federal holiday, so those deadlines move to the next business day. E-filing is required when you file 10 or more information returns in total; the IRS IRIS portal is free. Many states require their own filing.

Where AI fits, and where it doesn't

1. **AI categorizes.** It reads the GL account and memo on each payment and assigns services, rent, attorney fees, goods and so on, listing anything unclear for review instead of guessing.
2. **Formulas decide.** The workbook totals each vendor by box, applies the thresholds and the corporation exemption, and flags missing W-9s and TIN mismatches. The AI never does the arithmetic.
3. **AI drafts the W-9 requests,** one short email per vendor, asking them to send the form through a secure upload, never as a plain email with the TIN.
4. **A person reviews** the categories, spot-checks totals against the AP ledger, and signs off before anything is filed.

What never goes into an AI tool

Taxpayer identification numbers, SSNs and EINs, completed W-9 forms, vendor bank details, and IRS e-Services logins. The tracker only needs to know whether you have a W-9 and whether the TIN matched.

The free 1099 Readiness Tracker and the prompt are at cforesource.ai/library/1099-readiness-tracker. Free weekly newsletter: cforesource.ai/subscribe.

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