

IRS 1099 Reporting: Thresholds Change in 2026 [1]

December 16, 2025

Effective January 1, 2026, the Internal Revenue Service is increasing the general reporting threshold for most payments on Form 1099-NEC (Nonemployee Compensation) and 1099-MISC (Miscellaneous Information), from \$600 to \$2,000.

Subsequently (beginning in 2027), the \$2,000 threshold will be adjusted annually for inflation, which means it may increase slightly each year. We will share updates in future years, as the IRS releases revised amounts.

What Does This Mean for CU 1099 Issuance?

For reportable payments made to non-employees in Calendar Year 2026, the University will issue a 1099-NEC/1099-MISC if the aggregate amount paid is \$2,000 or more during 2026. (For reportable payments made in 2025: The current \$600 reporting threshold remains in place.)

Note! There is no change to the \$10 reporting threshold for certain types of payments, such as royalties.

What Does This Mean for Department Reporting?

No change: Non-employee payments processed by the Procurement Service Center (PSC) in the Finance System. These are reported according to the IRS reporting thresholds in effect for the payment year.

New! CU internal reporting threshold for non-employees: Departments report various items distributed to non-employees (e.g., gift cards/other cash-like, petty cash, and non-cash/tangible) to the PSC, according to CU internal reporting thresholds. These thresholds are changing, in response to the change in IRS reporting thresholds and following some improved business processes.

- **Currently**, departments report non-employee cash-like/petty cash/non-cash distributions **over \$100** using the Recognition Reporting form and submitting it to the PSC.
- **During Calendar Year 2026**, departments will report non-employee cash-like/petty cash/non-cash distributions **over \$700** using the new Payment Reporting form and submitting it to the PSC. (More about the Payment Reporting form in future communications from the PSC.)
- Internal reporting thresholds for **employees** are not changing: Departments report cash-like/gift card distributions to employees in *any dollar amount* using the Recognition Reporting form and submitting it to Employee Services. Departments report non-cash/tangible distributions to employees **over \$100** using the same form/process.

Additional Notes and Reminders:

Payment recipients report taxable income on their own returns even if a 1099 is not issued. Departments must maintain accurate payment records regardless of reporting thresholds.

Questions? Contact FSS@cu.edu [2].

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