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IRS 1099 Reporting Threshold Change and Updates to Procedures [1]

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As discussed in previous newsletters (Dec 16 and Dec 23 [2]), effective January 1, 2026, the Internal Revenue Service has increased the general reporting threshold for most payments on Form 1099-NEC (Nonemployee Compensation) and 1099-MISC (Miscellaneous Information), from $600 to $2,000.

As a result, for reportable payments made to non-employees in Calendar Year 2026, CU will issue the appropriate IRS form if the aggregate amount paid to a non-employee is $2,000 or more during 2026. (There is no change to the $10 reporting threshold for *certain* types of payments, such as royalties.)

What does this mean for department reporting? CU requirements for *internal* reporting have changed due to the IRS change, as well as due to changes in internal business processing. Effective January 1, 2026, departments will report various items distributed to non-employees if individual/aggregate distributions exceed $700 in the 2026 calendar year. Previously, the internal, non-employee reporting threshold was $100. Such distributions are reported to the Procurement Service Center (PSC).

The PSC and the OUC have updated four procedural statements to reflect IRS and internal reporting changes:

- **PSC Procedural Statement Study Subject Payments [3]**
- **Finance Procedural Statement Recognition and Training [4]**
- **Finance Procedural Statement Gift Cards [5]**
- **Finance Procedural Statement Complimentary Tickets and Related Expenses for Employees and Non-Employees [6]**

What stays the same? Payment recipients report taxable income on their own returns even if a 1099 is not issued ... and departments must maintain accurate payment records regardless of reporting thresholds.

Questions? Contact FSS@cu.edu [7].

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