

# Important 2022 W-2 & 1099 Changes

(As of March 3, 2022)

## W-2

*Penalties increased*—Failure to file and failure to furnish penalties and penalties for intentional disregard of filing and payee statement requirements have increased due to adjustments for inflation. The higher penalty amounts apply to returns required to be filed after December 31, 2022. The new penalty amounts are listed below:

- \$50 per information return if filed correctly within 30 days of the due date; the maximum penalty is \$588,500 per year (\$206,000 for small businesses)
- \$110 per information return if filed correctly more than 30 days after the due date but by August 1; the maximum penalty is \$1,766,000 per year (\$588,500 for small businesses)
- \$280 per information return if filed after August 1, did not file corrections, or did not file required information returns; the maximum penalty is \$3,532,500 per year (\$1,177,500 for small businesses)
- If any failure to timely file a correct information return or provide a correct payee statement is due to intentional disregard of the filing and furnishing requirements, the penalty is at least \$580 per information return with no maximum penalty.

## 1042-S - Reprogramming required.

*Income code 56*—New income code 56 was added and should be used for any dividend equivalent pursuant to a transaction that is a section 871(m) transaction as a result of combining transactions, even if another income code could apply to the dividend equivalent.

*Income code 57*—New income code 57 was added for use by brokers that are required to report or withhold on the transfer of interests in publicly traded partnerships (PTPs), including distributions made by PTPs. Use of this status code is required beginning in 2023, when the provisions relating to withholding on transfers of interests in PTPs will be in effect.

*Chapter 3 status code 38*—New chapter 3 status code 38 has been added to report a payment to or from a PTP. The instructions for boxes 16a through 16e have also been updated to state that a withholding agent for a PTP distribution is required to provide the applicable information for the PTP in the payer's box (including code 38).

*Limitation on benefits (LOB) code 12*—New LOB code 12 has been added to report that there is no LOB article in the applicable tax treaty.

## 1096

*Austin, TX Zip Code*—The 4-digit Zip Code extension 9213 was added to the Austin, TX Service Center address.

## 1099-DIV - Reprogramming required.

*New Box 11*—The “FATCA filing requirement” checkbox has been assigned box number 11. Subsequently, box numbers 11 through 15 have been renumbered 12 through 16, respectively.

## 1099-K - Reprogramming required.

*Exceptions for reporting of third party network transactions*—The reporting requirement for these transactions has changed from totals exceeding \$20,000 to exceeding \$600, regardless of the total number of transactions.

## 1099-MISC - Reprogramming required.

*New box 13*—The “FATCA filing requirement” checkbox has been assigned box number 13. Subsequently, box numbers 13 through 17 have been renumbered 14 through 18, respectively.

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## 1099-R

*Escheat to state*—Payments from qualified plans to state unclaimed property funds under escheat laws must be reported on Form 1099-R.

*New Form W-4R*—Beginning in 2022, new Form W-4R is to be used only for nonperiodic payments and eligible rollover distributions.

## 5498-QA

*Contributions*—Contributions (including any contributions from a section 529 program, but not including contributions of the designated beneficiary's compensation income) made to the ABLE account in 2022 cannot exceed \$16,000.

## Continuous-Use Forms and Instructions - *Reprogramming required.*

The following forms and instructions have been converted from annual revisions to continuous use. Forms and instructions will be updated as needed:

- 1098
- 1099-A
- 1099-C
- 1099-DIV
- 1099-G
- 1099-INT
- 1099-K
- 1099-MISC
- 1099-NEC
- 1099-S