

Important 2019 W-2, 1099 & 1095 Changes

(As of May 24, 2019)

Information Returns (W-2s, 1098s, 1099s, 5498s, etc.)

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, 2019. 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 \$556,500 per year (\$194,500 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 \$1,669,500 per year (\$556,500 for small businesses)
- \$270 per information return if filed after August 1, did not file corrections, or did not file required information returns; the maximum penalty is \$3,339,000 per year (\$1,113,000 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 \$550 per information return with no maximum penalty.

W-2

Employee stock options are not subject to Railroad Retirement Tax—The U.S. Supreme Court ruled that employee stock options are not “money remuneration” subject to the Railroad Retirement Tax Act (RRTA). Railroad employers should not withhold Tier 1 and Tier 2 taxes when employees covered by the RRTA exercise stock options. Employers should still withhold federal income tax on taxable compensation from railroad employees exercising their options.

Box 9 Verification code—The Verification code pilot program has ended. Box 9 is no longer in use.

1042-S - Reprogramming required.

Checkbox 7c—A new box was added for partnerships to indicate if withholding with respect to a partnership interest occurred in the subsequent year.

New income code—New income code 55 was added for taxable death benefits paid on a life insurance contract.

1096 - Reprogramming required.

Form 1098-F—A check box was added to line 6 for Form 1098-F.

1098 - Reprogramming required.

Box 11 Mortgage acquisition date— If the mortgage was acquired in 2019, enter the date of acquisition in the new box 11.

1098-T - Reprogramming required.

Box 3 is no longer applicable and has been shaded on the form.

1099-B - Reprogramming required.

Reporting dispositions of Qualified Opportunity Fund Investments—A Qualified Opportunity Fund (QOF), whether or not the QOF is a broker or barter exchange, should file Form 1099-B for each person who disposed of a QOF investment.

Reporting in boxes 3 and 12—In order to support the inclusion of a new checkbox to indicate that the report is for a person who has disposed of a QOF investment, the contents of boxes 3 and 12 have been switched. The information now contained in box 12 was previously reported in box 3. The appropriate checkbox in box 3 should be checked if reporting a disposition of a QOF investment or collectibles proceeds.

1099-DIV

Empowerment zone business stock. An increased exclusion percentage does not apply to gains after 2018.

1099-G - Reprogramming required.

2nd TIN notice checkbox—A 2nd TIN notice checkbox has been added to copies A and C of the form.

1099-PATR - Reprogramming required.

Box 7 Qualified payments—For specified agricultural and horticultural cooperatives only, qualified payments paid to the patron will be reported in new box 7.

1099-Q

Trustee-to-trustee transfers—Taxpayers may now roll over limited funds from a QTP to an ABLE account within 60 days of the distribution. Report these in box 4, using distribution code 1.

1099-R

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

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 2019 cannot exceed \$15,000.

Box 2 Title change—The title in box 2 was changed from *Rollover contributions* to *ABLE to ABLE Rollovers*.

1095-B/1095-C/1094-B/1094-C

No changes have been released yet.