

Instructions for Web Fill-In Forms

Getting Started

Save the PDF to your computer



Use the latest version of Adobe Acrobat Reader to complete the form



Guidelines

Do not handwrite any information



Do not use commas when entering amounts

Enter Whole U.S. Dollars Only [X] 1. 99,999.00

Enter Whole U.S. Dollars Only [check] 1. 99999.00

Do not use brackets for negative numbers

Use a minus sign to show the amount is negative

Enter Whole U.S. Dollars Only [X] 1. [99999.00]

Enter Whole U.S. Dollars Only [check] 1. -99999.00

Printing

Use the print icon on the form to ensure you have completed all required fields



Before printing, select "actual size"

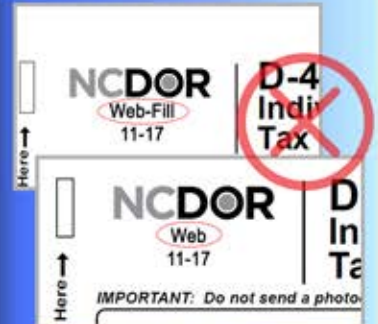


Do not print on both sides of the paper



Before Mailing

Do not mix form types



Do not submit photocopies of returns

Submit originals only



NC-1099M Compensation Paid to a Payee

General Instructions for Non-Wage Compensation Paid to Certain Payees

A payer is required to withhold North Carolina income tax from non-wage compensation paid to a payee. A payer is an individual or entity that pays non-wage compensation in the course of their trade or business.

A payee is any of the following:

- A nonresident contractor: a nonresident individual or a nonresident entity that performs services in this State which are in connection with a performance, an entertainment or athletic event, a speech, or the creation of a film, radio, or television program.
- An ITIN contractor: an individual who performs services in this State for compensation other than wages, and whose taxpayer identification number is an Individual Taxpayer Identification Number (ITIN), including applied for and expired numbers. An ITIN is issued by the IRS to a person who is required to have a taxpayer identification number but does not have and is not eligible to obtain a social security number.
- An individual or entity that fails to provide the payer with a taxpayer identification number.
- A individual or entity that provides an invalid taxpayer identification number to the payer and the payer is notified by the Department that the taxpayer identification number is invalid.

The requirement to withhold applies to payers who pay more than \$1,500 of non-wage compensation to an above mentioned payee. These payers must withhold North Carolina income tax at the rate of four percent (4%) from the compensation. See [NC-30, Income Tax Withholding Tables and Instructions for Employers](#), for additional information.

Specific Instructions for Payer

General. Complete this form to report the non-wage compensation paid to a payee for services performed in North Carolina and the North Carolina tax withheld from that income. If you are required to complete a federal Form 1099-MISC or Form 1099-NEC to report the non-wage compensation paid to a payee, you do not have to complete this form. Do not use this form to report the payment of wages.

Furnish two copies of Form NC-1099M to the payee by January 31 following the calendar year in which the non-wage compensation was paid. Include a copy of these instructions with the payee's copies of Form NC-1099M. **Note:** If the services are completed before the end of the year, furnish two copies of Form NC-1099M to the payee within 30 days of the last payment of non-wage compensation.

For your records, retain a copy of each Form NC-1099M that you furnished to a payee.

Payee's federal taxpayer identification number. Enter the federal taxpayer identification number provided to you by the payee. If the payee does not provide you with their federal taxpayer identification number, leave this field blank and enter "03" for the Compensation Code. If you have been notified by the Department that the payee's federal taxpayer identification number is not valid, enter the federal taxpayer identification number provided to you by the payee and "04" for the Compensation Code.

Compensation Code. Enter the number that correspondences with the compensation reported on Form NC-1099M.

- 01 – Compensation paid to a nonresident contractor
- 02 – Compensation paid to an ITIN contractor

- 03 – Compensation paid to an individual or entity that failed to provide the payer with its taxpayer identification number.
- 04 – Compensation paid to an individual or entity that failed to provide the payer with a valid taxpayer identification number.

Form NC-3, Annual Withholding Reconciliation. Electronically submit [Form NC-3](#) and the required Form W-2 and 1099 statements, including Form NC-1099M, to the North Carolina Department of Revenue by January 31 of the succeeding year. **Note:** If you terminate your business or permanently cease paying wages and non-wage compensation subject to North Carolina income tax withholding, Form NC-3 and the required W-2 and 1099 statements must be filed within 30 days of the last payment of wages or non-wage compensation.

See [NC-30, North Carolina Income Tax Withholding Tables and Instructions for Employers](#), for additional information.

Specific Instructions for Payee

Withholding of income tax from a payee's non-wage compensation does not relieve the payee from their responsibility to file a North Carolina income tax return. Individuals and C corporations may claim the tax withheld reported in Box 2 against the income tax liability for the year. Partnerships may claim only the portion of tax withheld that is attributable to nonresident partners on whose behalf the managing partner is required to pay the tax. S corporations may claim only the portion of the tax withheld attributable to its nonresident shareholders on whose behalf a composite income tax return is filed. Attach a copy of Form NC-1099M without the instructions to the income tax return to support North Carolina tax withheld.

Cut and mail original form to:

N.C. Department of Revenue, P.O. Box 25000, Raleigh, NC 27640-0001

Form NC-1099M to be completed by Payer only



<input type="checkbox"/> CORRECTED (if checked)		Form NC-1099M Compensation Paid to a Payee	
PAYER'S name, street address, city, state and ZIP code			TAX YEAR
PAYER'S federal taxpayer identification no. PAYEE'S federal taxpayer identification no.			Compensation Code
PAYEE'S name, address, (incl. apt. no.), city, state and ZIP code		1. Compensation paid for services in North Carolina \$ _____	<ul style="list-style-type: none"> ● Give two copies to payee ● Keep one copy for your records
		2. North Carolina income tax withheld \$ _____	
		3. PAYER'S North Carolina withholding account no.	