If a payer issues an erroneous Form 1099-NEC and the amount is wrong, the recipient should first seek a corrected form from the payer, and if that cannot be obtained in time, the recipient should still file a correct return using the actual amount includible in income, supported by records. The payer—not the IRS—corrects the information return. [1] [2]

General rule

Form 1099-NEC is used to report nonemployee compensation and certain related items, generally for payments made in the course of a trade or business. For returns required to be filed on or after January 1, 2024, e-filing is generally required once the filer has 10 or more information returns in the aggregate, but that filing rule is the payer's issue, not the recipient's. [1] [2]

The recipient's practical problem is that the IRS receives the same 1099-NEC and may match it against the recipient's return. If the amount on the return does not align with the form, that can trigger IRS correspondence. That does not mean the recipient must report an incorrect amount as income. The return should report the correct tax liability, not simply mirror an erroneous information return. [3]

What the recipient should do

1. Contact the issuer promptly and request a corrected Form 1099-NEC.
   The issuer should correct an erroneous information return by preparing a corrected version and furnishing the corrected statement to the recipient. For paper corrections, the general correction procedures in the information return instructions apply. [1] [2]
2. Keep documentation showing the correct amount.
   The recipient should retain invoices, contracts, payment records, bank statements, correspondence, and any communications with the payer about the error. The IRS materials on challenging information returns emphasize maintaining records and contacting the issuer first. [3]
3. File a correct tax return even if the payer does not correct the form before filing season.
   If the payer refuses or fails to issue a corrected 1099-NEC, the recipient should report the correct amount of income on the return, not the erroneous amount. IRS training materials on challenging information returns state that if the issuer does not correct the statement, the taxpayer should file a correct return, even though that may create a matching issue. [3]
4. Be prepared to respond to an IRS notice.
   If the IRS later issues a mismatch notice, the recipient should respond timely and provide the supporting records and explanation. IRS materials note that an incorrect information return can lead to a notice, audit, or deficiency process if not corrected by the issuer. [3]

If the form is wrong and filing deadline is near

The sources specifically addressing Form 1099-NEC focus on correction by the payer. They do not prescribe a special line-item reporting mechanism on the recipient's Form 1040 comparable to the IRS's public FAQ approach for erroneous Forms 1099-K. For 1099-NEC, the better reading of the sources is:

- the payer should issue the correction; and
- the recipient should file based on the correct amount and maintain support. [2] [3]

If the recipient is reporting business income on Schedule C, that means reporting the actual gross receipts and actual deductible expenses, rather than forcing the Schedule C to equal an erroneous 1099-NEC. If the recipient is not actually self-employed or the payment was mischaracterized, the reporting position depends on the underlying facts, but again the return should reflect the correct substantive tax treatment. [3]

Related correction and penalty framework

The general information return instructions explain that corrected returns are filed by the payer, and that penalties under sections 6721 and 6722 can apply for failure to file correct information returns or furnish correct payee statements. [1]

The instructions also note that inconsequential errors do not always trigger penalties, but dollar amount errors are addressed separately under the de minimis safe harbor. Under that safe harbor, no correction is required if the difference is no more than $100, or no more than $25 for tax withheld, unless the recipient elects to receive a corrected statement. [1]

That safe harbor is relevant to the payer’s correction obligation and penalty exposure. It does not mean the recipient should knowingly report the wrong amount on the return. [1]

Practical tax reporting point

If the erroneous 1099-NEC overstates income, the recipient should not simply omit the issue. The recipient should:

- request the corrected form from the payer;
- report the correct amount on the return;
- preserve proof of the correct amount; and
- respond to any IRS mismatch notice with that proof. [3]