

Product:	Version #:	To be released to:	On date:
CU*BASE® GOLD	20.12	Online CUs	December 13, 2020
Year-End Release		Self-Processors	December 13, 2020

Updated booklets will be posted on our website no later than:

December 10, 2020

Key to the symbols:

- You'll see it immediately
- You'll need to activate it
- You'll need to work with a CSR to set it up
- There may be related fees; contact a CSR

INCLUDED IN THIS RELEASE

Tax and Year-End _____	1
<input checked="" type="checkbox"/> 1099-MISC Changes and New Form 1099-NEC _____	1
<input checked="" type="checkbox"/> Updated Tax File Includes DIVAPL Type for Easier Verification _____	2
<input checked="" type="checkbox"/> Loans Created in Tax Year to Use EOM Balance of Creation Month for 1098 Reporting _____	2
<input checked="" type="checkbox"/> Required Minimum Distribution Report Now Reflects Age 72 _____	2
<input checked="" type="checkbox"/> IRA Catch-Up Contribution High Age Adjustment _____	2

Tax and Year-End

1099-MISC Changes and New Form 1099-NEC

Learn more: [online help](#)

The IRS introduced form 1099-NEC Non-employee Compensation. The new form reports non-employee compensation that was previously reported on the 1099-MISC. This new form will mirror existing tax maintenance in **Tool #922 Update 1099-A, C, MISC, NEC Form Data**, by selecting the 1099-NEC option and entering the amounts. Just like with 1099-MISC forms, 1099-NEC forms are generated using a combination of records entered manually via the tax maintenance feature, plus vendor records from **Tool #990 Work With Accounts Payable Vendors** that are marked to designate non-employee compensation.

We will be converting data (for tax year 2020 only) from the existing 1099-MISC table (TAXADD2) for non-employee compensation (field NONEMP) and convert it to the new TAXADD5 table for 1099-NEC forms.

Due to the creation of Form 1099-NEC, the IRS revised Form 1099-MISC and rearranged box numbers for reporting certain income, as seen here. **Refer to the IRS website for further instructions on specific box requirements. You can find the IRS 1099-MISC or IRS 2099-NEC instructions each year at www.irs.gov.**

The image shows a sample of Form 1099-MISC for the year 2020. The form is titled '9595' and includes checkboxes for VOID and CORRECTED. It features a grid of boxes for reporting different types of income and tax information. Key sections include:

- Box 1:** Rents
- Box 2:** Royalties
- Box 3:** Other income
- Box 4:** Federal income tax withheld
- Box 5:** Fishing boat proceeds
- Box 6:** Medical and health care payments
- Box 7:** Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale
- Box 8:** Substitute payments in lieu of dividends or interest
- Box 9:** Crop insurance proceeds
- Box 10:** Gross proceeds paid to an attorney
- Box 11:** City or town, state or province, country, and ZIP or foreign postal code
- Box 12:** Section 409A deferrals
- Box 13:** Excess golden parachute payments
- Box 14:** Nonqualified deferred compensation
- Box 15:** State tax withheld
- Box 16:** State/Payer's state no.
- Box 17:** State income

The form also includes fields for PAYER'S TIN, RECIPIENT'S TIN, and RECIPIENT'S name. At the bottom, it provides the form number (Form 1099-MISC), category number (Cat. No. 14425J), website (www.irs.gov/Form1099MISC), and the Department of the Treasury - Internal Revenue Service logo. A warning at the bottom states: 'Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page'.

Updated Tax File Includes DIVAPL Type for Easier Verification

Learn more: [online help](#)

The TAX file has been updated to file TAXACCTSUM, which includes fields *Dividend Application Type*, *Last Update Date*, *Last Update Time*, *Last Update User ID*, and the *Time Stamp* of the change. While this change is largely for our internal teams, data analysts and query-users will want to use the new TAXACCTSUM table for report building and verification.

Loans Created in Tax Year to Use EOM Balance of Creation Month for 1098 Reporting

Learn more: [online help](#)

The 1098 form requires the mortgage balance from Jan 1 of the tax year, or from the Loan Creation Date for loans created in the tax year. Following this release, all loans created in the tax year will report the end of month balance for the month the loans was created - pulling the information from MBRBAL. There is no change to loans created prior to the current tax year.

Required Minimum Distribution Report Now Reflects Age 72

Learn more: [online help](#)

Tool #416 IRA Required Minimum Distribution Report has been updated to reflect the changes to the upper age for Traditional Catch-Up Contributions.

IRA Catch-Up Contribution High Age Adjustment

Learn more: [online help](#)

Catch-Up Contribution	
Amount	Applies to Ages
1,000.00	50 and above
1,000.00	50 and above

The Catch-Up Contribution upper limits in **Tool #414 IRA Plan Type Activation** have been updated to adjust for changes to the high age in the Traditional IRA type. The beginning-of-year processes have also been adjusted to eliminate the cap age that currently assigns a 0.00 limit in the IRABL record and assign the catch-up contribution limit for all traditional IRABL records above the configured 'low' age.

For more information regarding these updates and other tax-related processes, refer to the year-end guide for your credit union,

[2020 Year End Guide](#)