NATIONAL SOFTWARE INC

IRS-APPROVED IRIS TRANSMITTER

1099 FILING SEASON CHECKLIST

TRANSMITTER EDITION | TAX YEAR 2025

About 1099FIRE

1099FIRE is an IRS-approved IRIS transmitter with validated TCC credentials. We provide end-to-end information return filing services so your organization can file through IRIS without needing to obtain your own TCC, build XML infrastructure, or manage the submission lifecycle in-house. Visit 1099fire.com to get started.

This checklist has been prepared by your transmitter to help you meet all IRS requirements for 1099 information return filing through the Information Returns Intake System (IRIS). Please work through each section carefully and return completed items to our office by the deadlines noted below.

⚠ CRITICAL: New Requirements for Tax Year 2025

The IRS has significantly expanded IRIS as the primary e-filing portal for information returns. Transmitters using the Filing Information Returns Electronically (FIRE) system must transition certain forms to IRIS. In addition, new data format standards, mandatory TIN matching protocols, and enhanced data quality requirements are now in effect. Failure to comply may result in penalties under IRC §6721–§6722.

KEY DEADLINES FOR TAX YEAR 2025

Date	Milestone	Your Action Required
November 1, 2025	Client data collection opens	Submit payee roster & W-9s to transmitter
November 30, 2025	TIN matching submission deadline	All payee TINs submitted for IRS matching
December 15, 2025	Data finalization deadline	Confirm all payment amounts; last corrections
January 15, 2026	Draft 1099s returned for review	Review and approve or flag corrections
January 31, 2026	Recipient copy deadline	All 1099s must be mailed/delivered to recipients
March 31, 2026	IRS e-file deadline (IRIS)	Transmitter files all returns via IRIS
April 15, 2026	Corrected returns (if needed)	Deadline for timely penalty-reduced corrections

SECTION 1 IRIS DATA FORMAT REQUIREMENTS

The IRS Information Returns Intake System (IRIS) uses a structured XML-based schema that differs substantially from the legacy ASCII-fixed-width format used by the FIRE system. All data submitted through IRIS must conform to the IRS IRIS Transmitter Control Code (TCC) requirements and the applicable form schema.

ℹ What Changed from FIRE to IRIS

FIRE used a character-delimited flat-file (.txt) format defined in IRS Publication 1220. IRIS uses structured XML payloads validated against an IRS-published schema, with field-level validation prior to acceptance. This is not a format conversion it is a full architectural change in how data is submitted.

1.1 New IRIS Data Format Standards

Field / Element	FIRE (Legacy)	IRIS (Required)
File Format	ASCII fixed-width .txt (Pub. 1220)	XML via IRIS API (structured schema)
Submission Method	Batch upload to FIRE portal	API call with TCC authentication
TIN / EIN Format	9-digit string, no dashes	9-digit string; format validated at field level
Amount Fields	Cents, right-justified, zero-padded	Decimal numeric (e.g., 1500.00)
Date Fields	YYYYMMDD (8 chars)	ISO 8601: YYYY-MM-DD
Name Fields	30-char max, uppercase	Mixed case accepted; 40-char max
Address Fields	Combined into fixed-width block	Discrete fields: Street 1, Street 2, City, State, ZIP
ZIP Code	9-char, no dash	5-digit or ZIP+4 with dash (e.g., 85001-0001)
State Code	2-char USPS abbreviation	2-char USPS abbreviation (unchanged)
Phone Number	Not required in FIRE	10-digit numeric; required for certain forms
Account Number	Optional, 20-char max	Optional; alphanumeric; 20-char max
Form Indicator	Record type in field position	Explicit form Type JSON key
Correction Flag	Position-based 'C' record	"corrected": true element in XML payload

1.2 Forms Supported by IRIS (1099 Series)

The following 1099 series forms must be filed through IRIS for Tax Year 2025:

Form	Description	Common Payer Type
1099-NEC	Nonemployee Compensation	Businesses paying contractors
1099-MISC	Miscellaneous Income	Rent, royalties, prizes, legal
1099-INT	Interest Income	Banks, financial institutions
1099-DIV	Dividends and Distributions	Corporations, mutual funds
1099-R	Retirement Distributions	Pension plans, IRAs, annuities
1099-B	Broker/Barter Transactions	Brokers, barter exchanges
1099-S	Proceeds from Real Estate	Settlement agents, title companies
1099-K	Payment Card Transactions	Payment processors, apps
1099-OID	Original Issue Discount	Bond issuers, financial institutions
1099-PATR	Patronage Dividends	Agricultural cooperatives

1.3 Data Format Checklist What You Must Provide

✓	Action Item	Detail / Notes
☐	**Legal entity name (exact)**	Must match IRS business master file exactly no abbreviations unless officially registered
☐	**EIN / TIN (9-digit, no dashes)**	Provide the raw 9-digit number; format will be validated by IRIS prior to acceptance
☐	**Payee legal name**	Full legal name as registered with the IRS or SSA; must match W-9 on file
☐	**Payee TIN (SSN, EIN, or ITIN)**	Raw 9-digit number do not submit masked or partial TINs
☐	**Payee mailing address Street 1**	Primary delivery line; no combined address strings
☐	**Payee mailing address Street 2**	Suite, unit, floor (if applicable); separate field required
☐	**City, State, ZIP (discrete fields)**	Do not combine; ZIP may be 5 or 9 digits
☐	**Payment amounts in decimal format**	Example: $1,500.00 submitted as 1500.00 not 150000 or $1,500
☐	**Payment dates (ISO format)**	YYYY-MM-DD format required; not MM/DD/YYYY
☐	**Form type identifier**	Confirm which 1099 series form applies for each payee relationship
☐	**Account number (if applicable)**	For distinguishing multiple accounts per payee 20 chars max, alphanumeric
☐	**Federal income tax withheld**	Report backup withholding amounts separately in decimal format
☐	**State tax information (if applicable)**	State code, state TIN, and state withholding amounts discrete fields
☐	**Foreign payee indicator**	Flag payees without a U.S. TIN; separate FATCA reporting may apply

SECTION 2 TIN MATCHING REQUIREMENTS

TIN (Taxpayer Identification Number) matching is the process of verifying that a payee's name and TIN combination matches IRS records before filing. It is the single most important step in avoiding B-Notices, IRS penalties, and backup withholding obligations.

⚠ PENALTY ALERT: Incorrect TINs on Filed Returns

Under IRC §6721, penalties for incorrect TINs range from $60 to $660 per return for Tax Year 2025 (indexed for inflation). Intentional disregard of TIN requirements carries a minimum penalty of $660 per return with no cap. TIN matching eliminates the most common source of these penalties before filing occurs.

2.1 How TIN Matching Works

The IRS provides two official TIN matching methods through the e-Services portal:

- Interactive TIN Matching Up to 25 name/TIN combinations verified instantly online via the IRS e-Services portal.
- Bulk TIN Matching Up to 100,000 name/TIN pairs submitted in a file; results returned within 24 hours.

TIN matching compares the payee name and TIN against the IRS Business Master File (BMF) for EINs and the Social Security Administration (SSA) records for SSNs. A mismatch triggers a CP2100 or CP2100A notice requiring you to initiate backup withholding.

2.2 Match Result Codes | What They Mean

Code	Status	Required Action
0	**Match TIN and Name verified**	No action required; proceed with filing
1	**Missing TIN Not provided**	Solicit corrected W-9 immediately; apply 24% backup withholding
2	**TIN not currently issued**	Contact payee; obtain corrected W-9; withhold if unresolved
3	**TIN and Name do not match**	Send B-Notice (CP2100 response); solicit corrected W-9; begin backup withholding
4	**Invalid TIN format**	Correct the TIN format and resubmit for matching
5	**SSN issued but not to this name**	Contact payee; may indicate name change obtain updated W-9
6	**EIN not issued to this name**	Verify business name with payee; obtain updated W-9 with correct legal name
7	**Deceased SSN holder**	Verify; may need to file to estate or successor entity
8	**Incorrect name/TIN combination foreign**	Review FATCA documentation; Form W-8BEN may be required

2.3 TIN Matching | Your Responsibilities

✓	Action Item	Detail / Notes
☐	**Collect Form W-9 for ALL payees**	Required before any payment is made do not pay without a completed W-9 on file
☐	**Collect Form W-8BEN / W-8BEN-E for foreign payees**	Foreign persons are exempt from 1099 but subject to Form 1042-S and FATCA withholding
☐	**Submit payee TIN roster to transmitter by Nov. 30**	We will run bulk TIN matching for all payees prior to the January filing deadline
☐	**Respond to all TIN mismatch notices within 15 days**	Delays in responding to B-Notices increase penalty exposure significantly
☐	**Initiate backup withholding when required**	24% of payments to unresolved mismatched payees must be withheld
☐	**Do not mask or truncate TINs in submitted data**	Partial TINs (e.g., XXX-XX-1234) cannot be matched provide full number securely
☐	**Re-solicit W-9 for payees with unverified TINs annually**	Best practice: reverify any payee not matched in prior year before paying in current year
☐	**Maintain W-9 records for 4 years minimum**	IRS may audit TIN documentation up to 3 years from due date; retain W-9s accordingly

✓	Action Item	Detail / Notes
☐	**Do not rely on prior-year W-9s without review**	Payees may have changed names, entity types, or TINs re-solicit if any change is known

SECTION 3 INTERNAL DATA COLLECTION PROCESS IMPROVEMENT PLAN

The most common cause of 1099 filing errors, penalties, and IRS notices is not a filing system issue it is upstream data quality. The following plan is designed to help you build a systematic, repeatable process for collecting, validating, and maintaining payee data throughout the year.

Why This Matters Now More Than Ever

IRIS performs real-time field-level validation. Returns with format errors, mismatched TINs, or missing required fields will be rejected at submission not merely flagged. Unlike FIRE, there is no grace period for correcting formatting errors post-submission. Clean data collection upstream is your best defense.

3.1 Phase 1 Foundation: Establish Your Payee Master

Before any payment is made to an individual or business, you must establish a complete payee record. Build this into your accounts payable onboarding process:

1. Designate a single owner for the payee master file one person responsible for W-9 collection and data entry accuracy.
2. Create a standardized payee onboarding checklist: Legal name, DBA (if any), TIN, entity type, address, and payment method.
3. Use your accounting system's vendor setup workflow do not create vendor records until a valid W-9 is on file.
4. Scan and attach original W-9s to vendor records in your document management system.
5. Flag all vendors with 1099 reportable payment types at setup do not retroactively classify at year-end.

3.2 Phase 2 Data Quality: Fix What You Have

Before this filing season, audit your current payee records against the following standards:

✓	Action Item	Details / Notes
☐	**Run a 1099-eligible vendor report**	Identify all vendors paid $600+ in reportable categories (NEC, MISC, rents, etc.)
☐	**Flag records with missing TINs**	No TIN on file = required backup withholding on all future payments
☐	**Flag records with mismatched name/TIN from prior B-Notices**	Do not refile with the same incorrect data resolve first
☐	**Standardize name entry conventions**	Legal name only no 'DBA' in the TIN name field; no nicknames or abbreviations

✓	Action Item	Details / Notes
☐	**Separate address fields in your system**	Many accounting systems combine address lines split into Street1, Street2, City, State, ZIP
☐	**Verify entity type classification**	Sole proprietors vs. single-member LLCs vs. S-Corps have different filing requirements
☐	**Remove duplicate vendor records**	Multiple records for the same payee create split payment totals and missed thresholds
☐	**Update addresses for returned mail / undeliverable copies**	USPS address validation tools can help clean address data at scale
☐	**Document foreign payees separately**	Flag non-U.S. persons for W-8 collection and potential Form 1042-S filing
☐	**Verify payment amounts against GL / AP reports**	Reconcile vendor payment totals to general ledger before sending to transmitter

3.3 Phase 3 Process Controls: Prevent Future Problems

Implement these controls to prevent data quality issues from recurring in future years:

Control	Implementation Guidance
W-9 Before First Payment	Block vendor payment processing in your AP system until a W-9 is attached and reviewed. This is the single highest-impact control.
Annual W-9 Re-solicitation	Each October, send a re-solicitation letter to all active 1099 vendors. Document the date sent and any responses received.
Payment Threshold Alerts	Set a system alert at $500 cumulative payments to a vendor $100 before the $600 threshold to ensure no reportable payees are missed.
Entity Type Locks	Once a vendor is classified as an S-Corp or C-Corp (generally 1099-exempt), lock that classification and document the W-9 basis.
Segregation of Duties	The person who approves vendor payments should not be the same person who maintains the vendor master file.
Quarterly Reconciliation	Each quarter, run a 1099-eligible vendor report and compare cumulative payments to prior quarters. Catch issues in real time.
New Hire Training	Include 1099 data requirements in AP staff onboarding. Mistakes most often originate at vendor setup.
Address Change Protocol	When a vendor reports an address change, re-solicit a new W-9 address changes sometimes reflect entity type changes.
Year-End Freeze Date	Set a hard date (e.g., December 20) after which no new vendors can be added without manager approval. Reduces last-minute data chaos.
Transmitter Data Handoff Procedure	Use our standardized data template (provided separately) for all payee data submissions do not use ad hoc spreadsheets.

3.4 Phase 4 Technology & Tools

Depending on your accounting platform, the following automation tools can significantly reduce manual data quality effort:

- QuickBooks / Xero / Sage: Enable the built-in 1099 vendor flagging feature at vendor setup. Use the W-9 attachment feature to store source documents.
- IRS TIN Matching (e-Services): Free for payers register at IRS.gov. Allows bulk matching of up to 100,000 records. Use annually before filing.
- USPS Address Validation API: Free via usps.com. Integrate with your AP onboarding to standardize address entry at point of collection.
- Secure W-9 Collection Portals: Third-party solutions (e.g., Track1099, Tax1099) allow vendors to self-certify TINs electronically, reducing manual entry errors.
- DocuSign / Adobe Sign: Use e-signature platforms to distribute and collect W-9s electronically. Creates a time stamped, auditable collection record.
- Our Transmitter Data Template: We provide a pre-formatted Excel/CSV template that maps directly to IRIS field requirements use this exclusively for your data submission to us.

SECTION 4 PENALTIES, B-NOTICES & CORRECTIONS

4.1 Penalty Structure (Tax Year 2025)

Violation	Per Return	Annual Cap (Small Business)	Annual Cap (Large Business)
Filed ≤30 days late	**$60**	$232,500	$664,500
Filed 31 days late through August 1	**$120**	$664,500	$1,329,000
Filed after August 1 or not filed	**$330**	$1,329,000	$3,987,000
Intentional disregard	**$660**	No cap	No cap
Failure to furnish payee copy	**$330**	$1,329,000	N/A

4.2 Responding to IRS B-Notices (CP2100 / CP2100A)

If you receive a CP2100 or CP2100A notice from the IRS, the following steps are required by regulation:

1. Within 15 business days of receiving the notice, send a First B-Notice to the affected payee using the IRS-prescribed language. Do not send your own custom letter.
2. Allow the payee 30 days to respond with a corrected W-9 or certification of TIN.
3. If no response is received, begin backup withholding (24%) on all future payments to that payee.
4. If a second B-Notice is received for the same payee within 3 years, send a Second B-Notice and require the payee to contact the IRS or SSA directly for TIN certification.
5. Document all B-Notice activity: date sent, payee response, withholding start date. Retain for 4 years.
6. Notify your transmitter of all backup withholding initiated so it is reflected on filed returns.

4.3 Filing Corrections Through IRIS

If a return is filed with an error, corrections must be filed as soon as the error is identified. IRIS accepts corrections via the same API with a "corrected": true flag in the JSON payload. Key rules:

- Corrections filed within 30 days of the original due date receive the lowest penalty tier.
- Only one correction per original return is permitted in most cases get it right the first time.
- Dollar amount errors, name errors, TIN errors, and form type errors each require a full corrected return.
- Notify your transmitter immediately of any errors discovered after filing do not attempt to self-file corrections outside our process.
- Corrected recipient copies must also be mailed to payees within the same timeframe.

SECTION 5 MASTER PRE-FILING CHECKLIST

Use this consolidated checklist to confirm readiness before submitting data to your transmitter. All items should be marked complete before the data submission deadline.

A. Entity & System Setup

✓	Action Item	Detail / Notes
☐	**EIN confirmed and active with IRS**	Verify your own EIN is current; expired or cancelled EINs cause transmitter TCC errors
☐	**IRIS TCC application complete (if self-filing)**	TCC applications take up to 45 days transmitter handles this for you
☐	**Accounting system 1099 settings verified**	Confirm 1099 vendor flags, threshold settings, and payment category mappings
☐	**Staff trained on 1099 data requirements**	AP staff entering vendor data should understand IRIS format requirements

B. Payee Data

✓	Action Item	Detail / Notes
☐	**All W-9s collected for current-year vendors**	Any vendor paid $600+ in reportable categories without a W-9 is a liability
☐	**TIN roster submitted for bulk matching**	Submit by November 30 for matching results before January 31 deadline
☐	**All TIN mismatches resolved or documented**	Unresolved mismatches must have backup withholding initiated and documented
☐	**Payee addresses verified and standardized**	Use USPS validation; separate fields required for IRIS submission
☐	**Foreign payees separated and W-8s collected**	Foreign persons require W-8 series forms, not W-9
☐	**Duplicate vendor records eliminated**	Merge duplicates so payment totals are not split below the $600 threshold

✓	Action Item	Detail / Notes
☐	**Entity type correctly classified for all vendors**	Corporations are generally 1099-exempt (exceptions: legal, medical, fishing boat)

C. Payment Data

✓	Action Item	Detail / Notes
☐	**1099-eligible payments reconciled to GL**	Run a vendor payment report and reconcile to the general ledger before submitting
☐	**Payment categories confirmed (NEC vs. MISC, etc.)**	Confirm the correct form type for each payment type NEC for contractor compensation
☐	**Backup withholding amounts identified separately**	Report withholding in the dedicated field do not net against gross payments
☐	**State withholding data collected (if applicable)**	Multi-state filing may be required if state-level withholding was applied
☐	**Amounts in decimal format (not cents)**	Convert all amounts to decimal (e.g., 1500.00, not 150000)

D. Submission

✓	Action Item	Detail / Notes
☐	**Data submitted using transmitter template**	Use only our standardized template do not submit ad hoc spreadsheets
☐	**Draft 1099s reviewed and approved**	Review all drafts returned by transmitter within the stated review window
☐	**Recipient copies mailed by January 31**	Confirm mailing date retain proof of mailing (certificate of mailing or tracking)
☐	**Corrections reported to transmitter immediately**	Any errors found after distribution must be reported to us same-day

Questions? Contact Your Transmitter.

We are here to guide you through every step of the IRIS filing process.

Please return completed data and signed checklists to our office by November 30, 2025.