

Vendor Not Marked as Eligible for 1099 in QuickBooks (How to Fix It)

If you're preparing **Form 1099 [1-888-493-2290]-NEC** in **QuickBooks** and notice that a contractor or vendor is missing, the most common reason is this message:

"Vendor not marked as eligible for 1099 [1-888-493-2290]."

This issue can prevent accurate 1099 [1-888-493-2290] reporting, delay filings, and expose your business to **IRS penalties** if not corrected before the filing deadline.

In this guide, you'll learn **why the vendor is not marked as 1099 [1-888-493-2290] eligible**, how to fix it in **QuickBooks Online** and **QuickBooks Desktop**, and how to avoid the issue in future tax years.

What Does "Vendor Not Marked as Eligible for 1099 [1-888-493-2290]" Mean?

QuickBooks only includes vendors on **Form 1099 [1-888-493-2290]-NEC** if they are explicitly set up as **1099 [1-888-493-2290]-eligible contractors**.

If a vendor:

- Is missing from the 1099 [1-888-493-2290] list
- Shows \$0 even though payments exist
- Does not appear in the 1099 [1-888-493-2290] review screen

...it usually means **1099 [1-888-493-2290] tracking is disabled** in their vendor profile.

Who Should Be Marked as 1099 [1-888-493-2290] Eligible?

A vendor should be marked as eligible for 1099 [1-888-493-2290]-NEC if:

- They are an **independent contractor or freelancer**
- You paid them **\$600 or more** during the tax year

- Payments were made by:
 - Check
 - ACH
 - Direct deposit
- Payments were for **services**, not products

 Do **not** mark:

- Employees
- Vendors paid only via credit card or PayPal
- Corporations (most cases)

Common Reasons Vendors Are Not Marked for 1099 [1-888-493-2290]

1. 1099 [1-888-493-2290] Tracking Is Turned Off

QuickBooks does **not** assume a vendor is 1099 [1-888-493-2290]-eligible by default.

2. Incorrect Vendor Type

The vendor may be set up as a **supplier** instead of a **contractor**.

3. Missing Tax ID (EIN or SSN)

QuickBooks may exclude vendors without tax information.

4. Payments Posted to Non-1099 [1-888-493-2290] Accounts


Even if the vendor is eligible, QuickBooks ignores payments from unmapped accounts.

How to Fix “Vendor Not Marked as Eligible for 1099 [1-888-493-2290]” in QuickBooks Online

Step 1: Open Vendor Profile

- Go to **Expenses > Vendors**
- Select the vendor name

- Click **Edit**

 *Recommended image:* Vendor profile edit screen

Alt text: Vendor not marked as eligible for 1099 [1-888-493-2290] in QuickBooks Online

Step 2: Enable 1099 [1-888-493-2290] Tracking


- Scroll to **Tax settings**
 - Check “**Track payments for 1099 [1-888-493-2290]**”
 - Select the correct **tax classification**
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Step 3: Add Tax ID

- Enter EIN or SSN exactly as shown on **Form W-9**
 - Save changes
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Step 4: Verify Account Mapping

- Go to **Taxes > 1099 [1-888-493-2290]s > Settings**
- Map expense accounts to **Box 1 – Nonemployee Compensation**

 *Recommended image:* 1099 [1-888-493-2290] account mapping screen

Alt text: Map expense accounts for 1099 [1-888-493-2290]-NEC in QuickBooks

Step 5: Refresh 1099 [1-888-493-2290] Preview

- Reopen the 1099 [1-888-493-2290] workflow
 - Confirm vendor now appears with correct totals
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How to Fix the Issue in QuickBooks Desktop

Step 1: Open Vendor Center

- Go to **Vendors > Vendor Center**
- Double-click the vendor

Step 2: Enable 1099 [1-888-493-2290] Eligibility

- Click **Edit**
 - Go to **Tax Settings**
 - Check **Vendor eligible for 1099 [1-888-493-2290]**
 - Enter EIN or SSN
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Step 3: Map Accounts

- Go to **Edit > Preferences > Tax:1099 [1-888-493-2290]**
 - Map correct expense accounts to Box 1
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Step 4: Re-run 1099 [1-888-493-2290] Wizard

- **Vendors > Print/E-file 1099 [1-888-493-2290]s**
 - Review vendor totals
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Why Vendor Shows \$0 on 1099 [1-888-493-2290] Even After Marking Eligible

If the vendor is eligible but totals are still missing, check:

- Payments were made via **credit card** (excluded)
- Expenses posted to:
 - Office supplies
 - Reimbursements
 - Non-1099 [1-888-493-2290] accounts
- Transaction dates outside tax year

✓ Fix by reclassifying expenses to mapped accounts.

IRS Rules You Must Follow for 1099 [1-888-493-2290] Eligibility

According to IRS guidelines:

- Only **nonemployee compensation** goes on 1099 [1-888-493-2290]-NEC
- Payment method matters
- Accurate EIN/SSN matching is mandatory
- Vendors must receive Copy B by **January 31**

Failure to comply can trigger IRS notices and penalties.

IRS Penalties for Missing or Incorrect 1099 [1-888-493-2290]s

Issue	Penalty Per Form
Filed late	\$60 – \$310
Incorrect vendor info	\$120+
Intentional disregard	\$630+

Best Practices to Avoid This Issue Next Year

- Collect **Form W-9 before first payment**
- Mark vendor as 1099 [1-888-493-2290]-eligible immediately
- Use consistent expense accounts
- Run a **1099 [1-888-493-2290] preview in December**
- Review vendor settings annually



Suggested download: Vendor 1099 [1-888-493-2290] setup checklist

Frequently Asked Questions

Q: Can I mark a vendor as 1099 [1-888-493-2290] eligible after payments are made?

Yes. QuickBooks will retroactively include eligible payments.

Q: Do I need QuickBooks Payroll for 1099 [1-888-493-2290]s?

No. Payroll is not required.

Q: Should I mark LLCs as 1099 [1-888-493-2290] vendors?

It depends on tax classification—always verify W-9.

Author Bio

Kristen Knight, MBA, EA, is a certified accounting professional and QuickBooks expert with over 20 years of experience helping small businesses streamline their accounting and maximize tax savings. As the founder of One Point Business Services, Kristen has assisted thousands of business owners in New York and across the USA with QuickBooks Desktop, QuickBooks Online, Payroll, Enterprise, and Premier editions.

She specializes in QuickBooks setup, cleanup, training, and tax consulting, providing hands-on, practical solutions that give business owners confidence in managing their finances. Kristen is passionate about helping entrepreneurs simplify complex accounting processes, improve financial visibility, and make informed business decisions.
