



Dear Client,

We would like to remind you about the requirements for filing Form 1099's which are due February 2, 2015. The Internal Revenue Service wants business owners to specifically state whether they are required to file 1099s and if they complied with that requirement. The business income tax forms now contain the following questions:

1. Did you make any payments in 2014 that would require you to file Form(s) 1099?
2. If yes, did you or will you file all required Forms 1099?

Please review the filing requirements and penalty information below to determine how you should respond to these questions on your 2014 business tax returns. ***Please note that if we determine that you are required to file 1099s for 2014 and you have not or will not file ALL required 1099 forms, we must answer question number two as NO on your income tax return and you may be penalized for each unfiled or incorrect 1099 if you do not comply with the requirements.***

Filing Requirements and Penalty Information

You are required to file form(s) 1099-MISC for certain payments made to individuals in the course of your trade or business. If you paid more than \$600 (or more than \$10 for royalties) **in cash, check or bartered goods or services** to any non-employee individual, partnership, or estate for rent or services in the course of your trade or business or if you made direct sales of at least \$5,000 of consumer products to a buyer for resale anywhere other than in a permanent retail establishment, or if you paid any amount of gross proceeds to an Attorney, you are required to send a 1099-MISC to those payees by February 2, 2015 (or February 17, 2015 for gross proceeds paid to an attorney in a settlement). **Do not include payments made with a credit card, debit card or other electronic third-party payment method.** These payments are reported to the vendor directly by the third party payment processor and should not be included on form 1099-MISC. A copy of each 1099 must be sent to the Internal Revenue Service by March 2, 2015 accompanied by form 1096 or by March 31, 2015, if electronically filed. Generally no 1099 is required for payments made to a corporation unless it is for legal services. Payments made for services that are not related to your business do not require a 1099.



Please note that there are penalties for failure to file a correct 1099 form (including non-filing). You may be assessed a penalty of \$30 - \$250 per information return for failing to file or filing a 1099 form that is inaccurate or incomplete. If any failure to file a correct information return is due to intentional disregard of the filing of correct information requirement, the penalty is at least \$250 per information return with no maximum.

WE ARE NO LONGER PROVIDING 1099 PROCESSING SERVICES. You can prepare these forms yourself or identify an alternative processing source from the following list, other services available on the internet or from other providers. ***We strongly suggest you identify your method of processing these forms and begin to gather the necessary information so avoid late or incomplete forms.***

We have identified several alternative methods for you to meet your 1099 processing needs. You may also find additional services available on the internet or through other professionals. Please note that the information listed below was taken from vendor websites and is subject to change. Please contact the vendor directly for additional/up-to-date information regarding 1099 pricing and processing services. We have gathered this information as a courtesy to you and, although we may have limited experience with these vendors, we do not provide any endorsement or guarantee of the quality of the service. Some of the online providers identified below offer “early-bird” pricing discounts for purchasing services prior to the filing season.

FileTaxes.com by Greatland

<https://www.filetaxes.com/>

Several pricing options ranging from \$4.09 to \$4.99 per Form/Recipient, including federal e-file with the IRS; postal mail service to recipients offered.

Intuit E-File 1099 Service

<https://payroll.intuit.com/additional-services/1099/efile-1099>

The service starts at \$14.99, and includes creation and e-filing of up to three 1099-MISC forms. After three, the price is \$3.99 for each additional form. If you have more than 20 forms, they include them at no additional charge. (Prior to January 17th, they offer an early bird discount starting at \$12.99 and \$2.99 for each additional form). Intuit 1099 E-File Service Stand Alone Account is an easy, efficient and cost effective way of e-filing your 1099-Misc forms. You can print your 1099-Misc forms on plain paper and save money. You do not have to be a subscriber to any of Intuit's Payroll Services or be a QuickBooks Desktop user to sign up for this service. You can enter vendor information, save, and return later to update or add more vendors prior to submitting your 1099-Misc forms to the IRS.



QuickBooks Desktop Users:

1099 Processing is available under the Vendor menu of your QuickBooks Program. You will need to purchase forms for mailing the paper recipient copies and IRS copies. E-filing is available for an additional fee. Please review the help menu in your software or see the attached tutorial video for additional information:

<http://payroll.intuit.com/support/kb/1000197.html>

QuickBooks Online Users:

1099 Processing is only available within the software for users of the QuickBooks Online Plus version. However, any user can setup an account through the Intuit E-File service (described above). You will need to purchase forms for mailing the paper recipient copies and IRS copies. E-filing is available for an additional fee. Check the help menu of your software or the following link for additional 1099 processing information:

https://qboe.custhelp.com/app/answers/detail/a_id/4428/related/1/session/L2F2LzEvc2lkL1VQMktWUDhtL3B0YS8x

Track1099 (NOTE THAT WE HAVE NO EXPERIENCE WITH THIS VENDOR)

<https://www.track1099.com>

Tiered pricing based on number of forms processed, beginning with \$3.99 per form for the first 3 forms; appears to import information from multiple platforms; federal e-filing included – postal mail service available for recipient copies.

If you have any questions regarding 1099 information returns, please feel free to contact us.

Sincerely,

Jan Dyer, CPA

Rebecca Duplissey Luers, CPA