

November 1, 2018

Dear Client,

The year end is fast approaching, and 1099 filing season will begin January 1st. We want to make sure you are prepared to file your Forms 1099's on time.

- **If you make reportable payments to vendors, you are required to issue a 1099 to the vendor**
- **You are required to declare on your income tax return whether you complied with the 1099 reporting requirement**
- **You are subject to penalties if you fail to comply**
- **1099s for non-employee compensation must be filed with the IRS by January 31, 2019. THIS IS THE FINAL FILING DEADLINE. The IRS has revoked the extension of time to file form 1099 for non-employee compensation.**
- **Complete 1099 information is due to our office by January 15, 2019. Information received after this date may not be processed by the filing deadline and could result in late filing penalties assessed by the IRS.**

Filing Requirements and Penalty Information

Due to the shortened filing window, it is extremely important that you identify your 1099 recipients BEFORE YEAR END to allow time for gathering accurate recipient information including legal name, address and tax ID number.

Please note that the IRS recommends that payments for non-employee compensation be reported on a 1096 separate from other 1099-MISC payments.

You are required to file form(s) 1099-MISC for certain payments made in the course of your trade or business. Nonprofit organizations have the same filing requirement as a trade or business and must comply with the Form 1099 reporting requirements. One copy of the form must be provided to the recipient, and another copy of the form must be filed with the IRS with Form 1096.

The **most common types** of 1099-MISC payments for small business owners are non-employee compensation and rent.

Amount	Paid To (Recipient)	Report on Form	Due Date
\$600 or more	Any non-employee individual, partnership, LLC not treated as a corporation or estate for services provided	1099-MISC Box 7 Non-employee compensation	JANUARY 31 2019 Recipient JANUARY 31 2019 IRS This is the ONLY deadline NO EXTENSION AVAILABLE
\$600 or more	Any non-corporate lessor for property rent (including real estate, equipment and lists)	1099-MISC Box 1 Rent	JANUARY 31 2019 Recipient FEBRUARY 28 2019 IRS

DO INCLUDE payments in cash, check or bartered goods or services.

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. 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.

Other types of payments may require 1099 reporting. Refer to the instructions for Form 1099 on the IRS website or contact our office if you have a situation you would like us to review.

Please note that if we determine that you are required to file 1099s for 2018 and you have not or will not file ALL required 1099 forms, we must indicate your non-compliance on your income tax return and you may be penalized for each unfiled or incorrect form.

You may be assessed a penalty of \$50 - \$260 per information return for failing to timely 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 \$530 per information return** with no maximum.

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

Sincerely,

Jan Dyer, CPA
Rebecca Duplissey Luers, CPA

1099 Services

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.

Greatland Yearli (formerly filetaxes.com)

<http://www.greatland.com/home.do>

Several pricing options starting at \$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. (Early-bird discounts are often offered – check the website for promotions). 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 article for additional information:

<https://community.intuit.com/articles/1436803-1099-e-file-quickbooks-desktop-setup-troubleshooting-faqs>

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. A tutorial regarding 1099 processing in QuickBooks Online can be found at:

<https://community.intuit.com/articles/1634851-prepare-and-file-your-1099s-quickbooks-online>

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 4 forms; appears to import information from multiple platforms; federal e-filing included – postal mail service available for recipient copies.