

November 26,2019

Dear Client,

The year end is fast approaching, and 1099 filing season will begin January 1<sup>st</sup>. We want to assist you in filing your 1099s as efficiently as possible.

- **If you make reportable payments to vendors, you are required to issue a 1099 to the vendor. Not all payments are reportable, so carefully review what to include or not include below.**
- **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, 2020. 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, 2020. Information received after this date may not be processed by the filing deadline and could result in late filing penalties assessed by the IRS.**

***Please note that we will not follow up with you to obtain this information from you for timely filing. If you want us to prepare these forms for you, please supply us with this information before January 15, 2020.***

**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.

<b>Amount</b>	<b>Paid To (Recipient)</b>	<b>Report on Form</b>	<b>Due Date</b>
\$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	<b>JANUARY 31 2020 Recipient</b> <b>JANUARY 31 2020 IRS</b> <b>This is the ONLY deadline</b> <b>NO EXTENSION AVAILABLE</b>
\$600 or more	Any non-corporate lessor for property rent (including real estate, equipment and lists)	1099-MISC Box 1 Rent	<b>JANUARY 31 2020 Recipient</b> <b>FEBRUARY 28 2020 IRS</b>

**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 2019 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 - \$270 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 \$550 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