



Luers + Dyer

CERTIFIED PUBLIC ACCOUNTANTS

Dear Client,

The year end is fast approaching and 1099 filing season will begin January 1st. 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
- 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, 2018 (ONE MONTH EARLIER THAN IN PRIOR YEARS)
- Complete 1099 information is due to our office by January 10, 2018. 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

IMPORTANT FILING DATE CHANGE

If you report amounts paid for non-employee compensation in box 7 of Form 1099-MISC, the due date for filing this form to the IRS is January 31, 2018. This is ONE MONTH EARLIER than in prior years.

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.

You are required to file form(s) 1099-MISC for certain payments made in the course of your trade or business. 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 2018 Recipient JANUARY 31 2018 IRS |
| \$600 or more | Any non-corporate lessor for property rent (including real estate, equipment and lists) | 1099-MISC Box 1 Rent | JANUARY 31 2018 Recipient FEBRUARY 28 2018 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 2016 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 \$520 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