

# JENNINGS & CLOUSE, PLC

CERTIFIED PUBLIC ACCOUNTANTS

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December 1, 2018

Dear Client,

## **Did your business make any payments that would require filing Form(s) 1099 - MISC?**

### **1099 Filing Requirements**

A Form 1099-MISC is used to report payments for **services** provided to your business by unincorporated vendors and independent contractors when those payments total \$600 or more for the year. The IRS has established four conditions for payments that must be reported using Form 1099-MISC. All of the following four conditions must be met:

1. The payment must be made to a non-employee.
2. The payment must be made for services to the trade or business.
3. The payment was to an unincorporated entity. (Note: All payments \$600 or greater for legal services should be reported, even if to a corporate entity.)
4. The payment or payments totaled \$600 or more for the year.

**\*\* Please include amounts paid to Jennings & Clouse, PLC for services of \$600 or more on the attached form.**

### **Required Information**

In order to properly prepare Form 1099-MISC you will need the following required information:

**Payee's name, complete mailing address, Social Security Number, or Employer Identification Number, total amount paid to the payee in 2018, and type of expenditure** (generally rents, services performed by someone who is not your employee (including parts and materials), prizes or awards, payments to an attorney, or other miscellaneous non-employee compensation).

The best way to obtain the required information from the payee is to have him/her fill out a W-9 form prior to you making payment for their services. Forms W-9 should be kept on file for all payees subject to Form 1099 reporting. If a vendor refuses to fill out Form W-9 or fills it out incompletely, he/she immediately becomes subject to a 28% backup tax withholding requirement on future payments.

### **Penalties for Failing to File**

Penalties for failure to file correct information returns and/or furnish correct payee statements have increased and are now subject to inflationary adjustments. **For 2018, those penalties range from \$50 to \$270 per information return.** Businesses must send Copy A of Form 1099-MISC to the Internal Revenue Service with transmittal Form 1096 by *January 31, 2019* and must furnish Copy B to the recipient by *January 31, 2019*.

### **What You Need to Do**

Our firm is available to help you comply with the Form 1099 requirements. **This information is required by January 15, 2019 to ensure your Forms 1099 are processed by the January 31, 2019 due date.** Please contact our office if you have any questions or need additional information.

Thank you.

Information Required to Prepare Form 1099s - TAX YEAR 2018

Client Name: \_\_\_\_\_ EIN: \_\_\_\_\_

# \_\_\_\_\_ Name of **Business Payee**: \_\_\_\_\_ **EIN**: \_\_\_\_\_ (must provide EIN for business)

Name of **Individual Payee**: \_\_\_\_\_ **SSN**: \_\_\_\_\_ (must provide SSN for individual)

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Amount Paid \$ \_\_\_\_\_

Type of Payment: (Check one) Rent \_\_\_\_\_ Other Misc Services \_\_\_\_\_

Prizes/Awards \_\_\_\_\_ Interest \_\_\_\_\_

# \_\_\_\_\_ Name of **Business Payee**: \_\_\_\_\_ **EIN**: \_\_\_\_\_ (must provide EIN for business)

Name of **Individual Payee**: \_\_\_\_\_ **SSN**: \_\_\_\_\_ (must provide SSN for individual)

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Amount Paid \$ \_\_\_\_\_

Type of Payment: (Check one) Rent \_\_\_\_\_ Other Misc Services \_\_\_\_\_

Prizes/Awards \_\_\_\_\_ Interest \_\_\_\_\_

# \_\_\_\_\_ Name of **Business Payee**: \_\_\_\_\_ **EIN**: \_\_\_\_\_ (must provide EIN for business)

Name of **Individual Payee**: \_\_\_\_\_ **SSN**: \_\_\_\_\_ (must provide SSN for individual)

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Amount Paid \$ \_\_\_\_\_

Type of Payment: (Check one) Rent \_\_\_\_\_ Other Misc Services \_\_\_\_\_

Prizes/Awards \_\_\_\_\_ Interest \_\_\_\_\_