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1099 REPORTING REQUIREMENTS

Dear Business Client:

We would like to take this opportunity to remind you that, with limited exception, every business must file informational returns (Federal Forms 1099) with the Internal Revenue Service for certain payments made during the course of business during 2018. These payments include, but are not limited to:

- 1) Payments to persons, including partnerships and limited liability companies but excluding corporations, of at least **\$600 for services** (i.e. casual labor) in the course of a trade or business.
- 2) Payments to persons, including partnerships and limited liability companies but excluding corporations, of at least **\$600 for rents**, and at least **\$10 for royalties** in the course of a trade or business.
- 3) Payments to persons including partnerships and limited liability companies but excluding corporations, of at least **\$10 for interest** (i.e. interest on officer's loans) in the course of a trade or business.
- 4) Payments to attorneys, including corporations, of at least **\$600 or more**, for legal services in the course of a trade or business.

In an effort to prevent identify theft and the filing of fraudulent income tax returns, the IRS is requiring that Form 1099-MISC containing box 7, non-employee compensation be electronically filed by **January 31, 2019**. This is the same date that the recipient copy must be postmarked as well. If you would like us to prepare and file your 1099's, it is imperative that you provide us with **complete and accurate** information no later than **January 18th** for the timely preparation of these information returns and e-filing with the government. Information returns reporting rent, royalties and interest are due by February 28, 2019 or April 1, 2019 if filed electronically. Failure to file these returns or filing them late can result in a substantial penalty.

If you would like us to prepare your 1099's, please enter the amounts paid on the enclosed register of recipients and return it to us. This list includes ALL past recipients from prior years, unless you have previously requested we delete them. Please be sure to differentiate the type of payment made, i.e. non-employee compensation, rents, royalties, etc. As another option, you may send us your own report, as long as all required information is included. Please forward this information to our office **as soon as possible but no later than January 18, 2019**.

Our office will be pleased to assist you in the preparation of these informational returns. If you do not need us to prepare your 1099's this year, please call Renee (ext. 21) or email her at renee@fkco.com to let her know. As always, please feel free to contact us if you have any questions.

Very truly yours,

Friedman, Kannenberg & Company, P.C.