



friedman kannenberg
and company pc

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December 14, 2018

Dear Client:

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide:

We will perform the following services:

We will prepare, from information you provide, Federal and State (if applicable) Forms 1099 and Transmittal Form 1096 for the tax year 2018. We will not audit or review any information you provide to us in the preparation of these forms. You are solely responsible for the information reported on the 1099 and 1096 Forms. It is also your responsibility to mail the forms to the recipients, by the respective due date, **January 31, 2019**. We will be electronically filing your forms with the IRS and, if eligible, to the State Tax Departments.

You are aware that it is your responsibility to determine the recipients of your 1099's from your company's books and records, to gather the recipient's correct information required to issue the 1099's, to retain proper receipts and other documents in your office to be in compliance with 1099 filing and for timely filing of your 1099's. We have no responsibility for any penalty that may arise from our client(s) failure to provide 1099 information to our office, for late filing or failure to file, or for incorrect information reported on these forms.

Failure to file may occur if you do not file the forms by **January 31, 2019**. The penalty per form is \$50 if you file within 30 days of the due date. If you file more than **30 days** late but before August 1st, the penalty is **\$100** per form. The penalty increases to **\$270** for any form filed after August 1st or if not filed at all. If any failure to file a correct information return is due to intentional disregard of the filing or correct information requirements, the penalty is at least \$540 per information return with no maximum penalty.

If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to our office with your 1099 recipient information. We will not prepare any 1099 forms without a signed engagement letter.

Sincerely,

Friedman, Kannenberg & Company, P.C.

Acknowledged and Accepted by:

Signature

Business name

Title

Date