



Certified Public Accountants

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## FEDERAL & STATE 1099 REPORTING REQUIREMENTS

Dear FKCo 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 the most recent calendar year just ended. 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) Any and all payments to attorneys, including corporations, for services in the course of a trade or business.

These informational returns must be provided to their recipients by **January 31<sup>st</sup>** and to the IRS by **February 28<sup>th</sup>** of the year following these payments. Failure to file these returns can result in a penalty for each 1099 return not filed.

If you would like us to prepare your 1099 forms, please complete the 1099 data input sheet accompanying this letter or the one found on our website ([www.fkco.com](http://www.fkco.com)). You may instead send us your own report, as long as all required information (recipient name, address, tax ID number, amount paid, in addition to the same for the payer) is included. Please forward this information to our office as soon as possible.

Our office will be pleased to assist you in the preparation of these or any informational returns. As always, please feel free to contact us if you have any questions.

Very truly yours,

Friedman, Kannenberg & Company, P.C.