

1099-Information Reporting

Below is important information for all businesses.

We want to remind you that Form 1099-MISC must be issued to individuals and other unincorporated entities to which you paid \$600 or more for services in the calendar year. Included in the list of required recipients are attorneys and medical care providers, whether incorporated or not. Likewise, Forms 1099-INT and 1099-DIV must be issued to recipients of interest and dividend income, respectively. Forms 1099 must be received by the payee no later than **January 31**, and transmitted to the IRS with Form 1096 no later than **February 28**, of the following year if mailing paper forms or **March 31**, if filing electronically.

PLEASE NOTE: This is an area of greatly increased IRS scrutiny. All business returns -- meaning Schedule C of Form 1040, Form 1120S (S corporation return), Form 1120 (corporate return), Form 1065 (partnership return) -- now contain the following questions on the tax form:

- Did (you/the corporation/the partnership) make any payments that would require (you/it) to file Form(s) 1099? Must be answered yes or no.
- If "Yes," did (you/the corporation/the partnership) or will (you/the corporation/the partnership) file all required Forms 1099.

Remember that the signature block of all tax returns contains the following language: "Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete."

We have not been able to verify yet, but it has been rumored in professional circles, that these boxes cannot be left blank because e-filed returns will be rejected if the boxes are unanswered. Please be advised that in our firm tax return preparation engagement letter we will be including a paragraph that says that we have informed you of the heightened compliance issues related to Forms 1099, and that if we did not receive information from you and thus prepare the 1099s for you, we will take that to mean you have complied with the 1099 filing requirements on your own.

Your responsibility: Before you pay a vendor, request the recipient to complete the Form W-9 available on the IRS web site <http://www.irs.gov/>. Keep the signed and completed W-9 in your records. Please enter and update all payees, amount paid, Social Security/Federal Employer Identification number, and current mailing address in the vendor records in your QuickBooks file. We recommend the filing of the 1099 forms electronically with a company like <https://yearli.greatland.com/>

To our hosted QuickBooks clients for whom we prepare annual 1099s: Based on the data you have entered in your QuickBooks files, we will generate the 1099 forms and send them directly to the recipients' addresses in QuickBooks and electronically file the returns with the IRS. **In order for us to complete the reporting on time, all the data for the prior calendar year must be current in your QuickBooks file by January 10th.**