

IMPORTANT NOTICE

All taxpayers (both individual and businesses) are required to report certain business transactions to the Internal Revenue Service. This includes taxpayers that are self-employed, all businesses, nonprofit organizations, and some taxpayers who have rental property.

Below is a list of the types of compensation which require informational reporting. For a complete list of payments see irs.gov (Form 1099-MISC & Payment Types to Report):

- Payments of \$600.00 or more for the following*:
 - Non-employee Compensation (including subcontractors and temporary employees)
 - Rent
 - Prizes and Awards (includes prizes of cash and/or goods)
 - Commissions
 - Consulting Fees
 - Professional Fees (including attorneys – who not eligible for exception below)
- Royalties payments of \$10 or more
- Interest payments of \$10 or more to a non-financial institution requires the issuance of 1099 Interest Forms
- Receipt of mortgage interest of \$600 or more requires the issuance of a 1098 Form

*The exception to this reporting is if any of the amounts paid above are to an entity incorporated under state law. Please note that Smith, Sullivan & Brown, P.C. does not require a 1099 due to the fact that we are an incorporated entity.

The following are the type of recipients that should be issued 1099 Forms:

1. Individuals
2. Sole Proprietors (self-employed individuals)
3. Partnerships
4. Realty Trusts
5. Attorneys (**regardless of entity type**)
6. Limited Liability Companies

If any of the above conditions are met, you are required to send the recipients/payer a form reporting the total amounts paid/received during the calendar year. These forms are due to recipients and the IRS on or before January 31, 2018 for the 2017 calendar year. If you have a fiscal year that does not end in December, please be sure to calculate **actual amounts paid** during the **calendar** year January 1, 2017 – December 31, 2017.

Please be advised that the listing above is not inclusive. There are other types of transactions which are less common which require informational reporting. If you have any questions, please contact us.

The IRS actively imposes severe late filing and failure to file penalties on taxpayers who do not meet their reporting obligations as well as severe negligence fines for tax preparers who prepare tax returns which are not properly supported by 1099 forms. Therefore, we will be unable to prepare your tax returns unless your 1099 filing obligations are met.

The following is our fee structure for the preparation of informational returns for the 2017 year:

1 to 5 forms	\$ 100 minimum fee
6 to 10 forms	\$ 200 minimum fee
Greater than 10 forms	\$ 200 plus \$15 per form >10

Also, additional fees will be assessed for each amended form that we prepare.

Please note that the fees listed above do not include any review of your QuickBooks file or assistance in the generation of 1099 amounts. Fees for these services will be charged based upon our hourly rate structure.

In order to ensure timely filing, you will need to return your completed spreadsheet to us on or before Friday, January 19, 2018. If the information is not received by that date, we cannot guarantee completion before January 31, 2018.