

Your name _____

Your phone number _____

Dear Client:

In accordance with IRS rules, all taxpayers in a trade or business (including farmers) must give Form 1099-NEC or 1099-MISC, to each individual paid **\$600** or more during a calendar year in fees, commissions, attorney fees, rent, or any other form of compensation not reported on a Form W-2. Form 1099-INT must be prepared for interest paid in the amount of **\$10** or more. A penalty of \$100 per statement is imposed on non-filers, with interest and penalties imposed for filings after the January 31, 2023 deadline.

Examples of 1099 filing situations for taxpayers include: farm custom workers, veterinarians, lawyers, accountants, independent contractors, farm managers, land rent, land contract interest, commissions, fees, etc. You **must** have the payee's social security number or employer identification number, whichever applies, or an IRS penalty of \$50 for each failure to furnish numbers will apply and you will be required to withhold federal tax from the payee next year.

IMPORTANT: If your home was purchased on a contract for deed, you are also required to report on Form 1099-INT the seller's name, address, and social security number along with the dollar amount of interest paid in order to claim the deduction.

In order to assist you in meeting these filing requirements by the due date of January 31, 2023, we will need the following information by January 16, 2023:

1. Name, address and **social security number or employer identification number** of recipient. If the recipient is an individual or sole proprietor, we need the **individual's name** and **social security number**, even if they have a trade name and a federal identification number. If the recipient is a partnership, LLP or LLC we need the **business name** and **federal identification number**. Corporations except lawyers and veterinarians should not be issued 1099s. **Please be sure you have the proper number to avoid IRS notices.**
2. Amount paid to recipient during 2022.
3. Your telephone number.

If a federal identification number has been issued to you, that number must be used on your 1099s along with your business name. If a federal identification number has not been issued to you, use your social security number along with your name.

Please complete the enclosed worksheet from your records and mail it to us, along with your 1099 label, before January 16, 2023 to insure timely filing of your 1099 reports.

If you have any questions, please do not hesitate to contact our office.

Sincerely,

Guinn, Vinopal & Zahradka, LLP

Guinn, Vinopal & Zahradka, LLP

