

January 2020

Happy New Year!

January is the month for preparing Forms 1099 and we understand that you probably have questions regarding IRS 1099 reporting requirements. The following is general information to help you determine and meet your reporting obligation.

What kinds of payments do I need to track and report?

Certain payments made in the course of your trade or business to non-corporate payees for services, a combination of goods and services, rents, interest, directors' fees and dividends are required to be reported on the appropriate Forms 1099. Generally, payments that total \$600 or more for the year, for a single payee/payer must be reported. In addition, certain mortgage interest payments received from an individual in the course of your trade or business are required to be reported on Form 1098. These information returns must be furnished to the recipients and filed with the Internal Revenue Service by January 31, 2020.

Payments to Attorneys (Including Corporations): Any person making payment(s) to an attorney in the course of that person's trade or business that total \$600 or more during a year must file an information return, Form 1099-MISC, with the IRS and with the attorney. This applies even if it is not known what portion of the payments is for the attorney's fee. The exemption from filing Form 1099 for payments made to corporations does not apply to payments made to attorneys. Attorney's fees are reportable in Box 7. Settlement proceeds are reportable in Box 14.

How do I obtain the necessary social security number or federal ID number and address from the person who is receiving my payment? How do I know if they are a corporation?

The most effective method is to send each payee the attached Form W-9. They are required to provide you with the necessary information, including whether they are taxed as a corporation. If they refuse to provide the information, you are required to withhold 24% of each payment you make to them and remit it to the IRS.

NOTE for the future: You will have much better success obtaining completed Forms W-9 from your vendors if you require this information prior to making your first payment to them, rather than after you have already paid them or at the end of the year. Their incentive to cooperate is much greater before they get paid.

How do I prepare the 1099s?

If you only have a few to prepare, you can obtain blank forms and manually fill them out. Many bookkeeping programs such as QuickBooks can prepare 1099s. If you need our help preparing 1099s please contact us as soon as possible to discuss your needs. It may be most cost effective for you to simply summarize the information and provide us with a list of 1099 recipients (see the attached form). If you would like our assistance in going through your data file to determine who needs to receive a 1099 and/or mapping of accounts, we will need your up-to-date accounting record (e.g., QuickBooks file) as soon as possible, but no later than January 16th. The standard hourly rate of \$85 will apply for our Business Services Department to provide assistance with these services.

What happens if I do not file the 1099s?

You may be subject to a maximum \$260 penalty for each 1099 that you do not file correctly by the due date - \$530 each if your filing requirement is intentionally disregarded. Also, if audited by the IRS your deduction for reportable payments could be disallowed if you have not filed the required 1099s.

The above is a broad outline to help you get started. Please call our Bookkeeping Services Department if you need additional information.

NOTE: If you would like us to help you prepare your 1099s, the most cost effective way may be for you to provide us with the information listed on this form. If you need help determining to whom you need to send a 1099, please call us for additional assistance.

1099 Recipients

Please return completed form to
StraderHallett PS
5209 Corporate Center Court SE
Lacey, WA 98503
bsd@straderhallett.com

Your Name (or Business Name) _____

Your Address: _____

Your Social Security # or Fed ID # _____

If you do not already have one, we recommend that you obtain an Employer Identification Number (EIN) from the IRS. This will allow you to use your EIN for 1099 reporting instead of your social security number. We can assist you in obtaining an EIN.

1099 Recipients:

Name (Payee) _____

Street Address _____

City, State, Zip _____

Social Security # or Employer ID # _____

Type of Expense _____ Amount _____

Name (Payee) _____

Street Address _____

City, State, Zip _____

Social Security # or Employer ID # _____

Type of Expense _____ Amount _____

Name (Payee) _____

Street Address _____

City, State, Zip _____

Social Security # or Employer ID # _____

Type of Expense _____ Amount _____

(Copy blank form for additional recipients)

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.		
	2 Business name/disregarded entity name, if different from above		
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
	<input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate		
	<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.		
	<input type="checkbox"/> Other (see instructions) ▶ _____		
	5 Address (number, street, and apt. or suite no.) See instructions.		Requester's name and address (optional)
6 City, state, and ZIP code			
7 List account number(s) here (optional)			

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
-				-					
or									
Employer identification number									
-									

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.