



GITTELMAN & company, p.c.

- CERTIFIED PUBLIC ACCOUNTANTS
- MANAGEMENT CONSULTANTS

"Tomorrow's knowledge today"

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INFORMATION CONCERNING FILING REQUIREMENTS

FOR FILING 1099-INFORMATION REPORTING-FOR 2020

Dear Clients:

Internal Revenue Service Regulations require you to report all payments for services rendered to non-corporation payers in an amount that exceeds \$600 per calendar year. Payments to lawyers must be issued regardless of their operation in a corporation format.

Please note that Limited Liability Companies (LLC) are non-corporate entities and a 1099 must be issued to them should they exceed the \$600 threshold.

Internal Revenue Service has recently increased the penalties associated with failure to file 1099 forms. These penalties can be substantial.

Starting 2020, IRS has made changes to how income is reported for Non-Employee Compensation. Among the changes are a change to the name of Form 1099-MISC, previously it was titled "Miscellaneous Income". A payer must file Form 1099-NEC for each person in the course of the payer's business to whom the payer has paid at least \$600 during the year for services performed by someone who is not the payer's employee. Other payments over \$600 that a payer makes in the course of the payer's business for things such as rent and "other income payments" are reported on Form 1099-MISC.

Gittelman & Company, P.C. assumes that you will be preparing and filing all 1099 forms for the 2020 calendar year along with the required 1096 transmittal. Upon your request, Gittelman & Company, P.C. will prepare these forms for a fee of \$35 per 1099 form. Furthermore, recipient copies of these filings are required to be sent no later than January 31, 2021, with copies to be filed with the Internal Revenue Service no later than January 31, 2021.

Please contact us should you require these services.

Please note that all taxpayers should require recipients to complete and submit Form W-9 before payments are made to them as this information will be required in order to prepare the 1099 forms.