

JENNINGS & CLOUSE, PLC

CERTIFIED PUBLIC ACCOUNTANTS

1509 Hunt Club Blvd, Ste 500
Gallatin, TN 37066
Phone: (615) 206-0360 / Email: info@jenningsclouse.com
www.jenningsclouse.com

December 5, 2023

Dear Client,

Did your business make any payments that would require filing Form 1099?

1099 FILING REQUIREMENTS

Form 1099-NEC is used to report payments for **nonemployee compensation** by **unincorporated vendors** and **independent contractors when those payments total \$600 or more for the year, paid by cash or check (credit card payments excluded).**

Form 1099-MISC is used for payments including, but not limited to, rents, prizes and awards, other income, medical and health care payments, and payments to attorneys (in the course of business but not for services which are reported on 1099-NEC) by **unincorporated vendors** and **independent contractors when those payments total \$600 or more for the year, paid by cash or check (credit card payments excluded).**

The IRS has established four conditions for payments that must be reported. All of the following four conditions must be met:

1. The payment must be made to a **non-employee**.
2. The payment must be made for services to the trade or business.
3. The payment was to an **unincorporated** entity. (**Note: All payments \$600 or greater for legal services should be reported, even to a corporate entity.**)
4. The payment or payments totaled \$600 or more for the year.

**** Please include amounts paid by cash or check to Jennings & Clouse, PLC for services of \$600 or more on the attached form.**

REQUIRED INFORMATION

In order to properly prepare Forms 1099-NEC and 1099-MISC you will need the following required information: **Payee's name, complete mailing address, Social Security Number, or Employer Identification Number, total amount paid by cash or check (credit card payments excluded) to the payee in 2023, and type of expenditure** (generally rents, services performed by someone who is not your employee (including parts and materials), prizes or awards, payments to an attorney, or other miscellaneous non-employee compensation).

The best way to obtain the required information from the payee is to have him/her fill out a W-9 form prior to you making payment for the services. Forms W-9 should be kept on file for all payees subject to Form 1099 reporting. If a vendor refuses to fill out Form W-9 or fills it out incompletely, he/she immediately becomes subject to a 28% backup tax withholding requirement on future payments.

PENALTIES

Penalties for failure to file correct information returns and/or furnish correct payee statements have increased and are now subject to inflationary adjustments. **For 2023, those penalties range from \$60 to \$310 per information return.** Intentional disregard of filing requirements can result in penalties of at least \$630 per information return with no maximum penalty. Businesses must furnish copies to the recipient by **January 31, 2024. Beginning in 2024, 10 or more total informational returns (including W-2 and Form 1099 series) must be filed electronically to avoid penalties.**

WHAT YOU NEED TO DO

Send us the required information by January 15, 2024, via ShareFile as a secured electronic method for exchanging information, in order to prepare forms and ensure your Form 1099(s) are processed by the January 31, 2024, due date. Please contact our office if you have any questions or need additional information.

Information Required to Prepare Form 1099s TAX YEAR 2023

Your Name: _____

Your EIN: _____

_____ Name of **Business Payee**: _____ **EIN**: _____ (must provide EIN for business)

Name of **Individual Payee**: _____ **SSN**: _____ (must provide SSN for individual)

Address _____

Amount Paid \$ _____

Type of Payment: (Check one) Rent _____ Other Misc Services _____

Prizes/Awards _____ Interest _____ Other _____ (explain)

_____ Name of **Business Payee**: _____ **EIN**: _____ (must provide EIN for business)

Name of **Individual Payee**: _____ **SSN**: _____ (must provide SSN for individual)

Address _____

Amount Paid \$ _____

Type of Payment: (Check one) Rent _____ Other Misc Services _____

Prizes/Awards _____ Interest _____ Other _____ (explain)

_____ Name of **Business Payee**: _____ **EIN**: _____ (must provide EIN for business)

Name of **Individual Payee**: _____ **SSN**: _____ (must provide SSN for individual)

Address _____

Amount Paid \$ _____

Type of Payment: (Check one) Rent _____ Other Misc Services _____

Prizes/Awards _____ Interest _____ Other _____ (explain)