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RE: Issuing 2019 1099-MISC Forms For Payments Made in the Course of Your Trade, Business or Rental Property

Dear Tax Client:

Form 1099-MISC needs to be issued by you for the following payments made in the course of your trade, business or rental property which are more than \$600 to an individual recipient:

- Services performed by independent contractors or others (not employees of your business) (Box 7)
- Rent (Box 1)
- Royalties (Box 2)
- Prizes and awards (Box 3)
- Other income payments (Box 3)
- Backup withholding or federal income tax withheld (Box 4)
- Crewmembers of your fishing boat (Box 5)
- To physicians, physicians' corporation or other supplier of health and medical services (Box 6)
- Attorneys' fees (Box 7)
- For a purchase of fish from anyone engaged in the trade or business of catching fish (Box 7)
- Substitute dividends or tax exempt interest payments and you are a broker (Box 8)
- Crop insurance proceeds (Box 10)
- Gross proceeds paid to an attorney (Box 14)

This includes services paid for repairs/improvements, independent contractors and attorneys which you will be deducting on your 2019 tax return. Note that payments made to corporations, S corporations or LLCs (unless they are a law firm or medical/healthcare provider) that elect to be taxed as a corporation are **excluded** from this requirement. **Take a conservative approach to 1099s. Whenever there is a doubt, send one out.**

Form 1099-MISC needs to be issued to each recipient by **January 31, 2020** when reporting nonemployee compensation payments in box 7. The due date to recipients is extended **to February 18, 2020**, if you are reporting payments in boxes 8 (substitute payments in lieu of dividends or interest) or 14 (gross proceeds paid to an attorney).

File Copy A of this form with the IRS by **January 31, 2020**, if you are reporting payments in box 7 (paper or electronically). Otherwise, file by **February 28, 2020**, if you file on paper, or by **March 31, 2020** if you file electronically.

Please provide our office with the information to generate the 1099-MISC forms as soon as possible (no later than **January 15, 2020**) to meet this deliverable. This would include the name, address, tax ID and amount paid for each recipient in question. If you do not have the tax IDs for each recipient to receive a 1099-MISC, please send each person or entity a W-9 form to complete to get the information. It is important that you are in compliance with IRS regulations on 1099s. As such, require new vendors to complete a W-9 form before they are paid, and request that the vendors you do business with submit a new W-9 form annually.

A blank W-9 form is available on the IRS website as follows:

<https://www.irs.gov/pub/irs-pdf/fw9.pdf>

Please let us know if you have any questions related to this procedure.

JPT FINANCIAL SOLUTIONS, INC.