

RE: Issuing 2023 1099-MISC & 1099-NEC Forms
Payments Made in the Course of Your Trade, Business or Rental Property

Dear Tax Client:

1099 forms need to be issued by you for specific payments made in the course of your trade, business or rental property, as defined and detailed below. Please provide our office with the following information to prepare your 1099-MISC and/or 1099-NEC forms as soon as possible (no later than **January 15, 2024**):

- Name & Address of Recipient Paid
- Recipient's Tax Identification Number
- Type of Payment Made to Recipient as Defined Below (and identify form 1099-MISC or 1099-NEC for each)

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>

The following 1099 forms need to be issued by you for the following payments made in the course of your trade, business or rental property:

(1) Form 1099-MISC

- Payments of at least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest
- Payments of at least \$600 in:
 - Rents
 - Prizes and awards
 - Other income payments
 - Generally, the cash paid from a notional principal contract to an individual, partnership, or estate
 - Any fishing boat proceeds
 - Medical and health care payments
 - Crop insurance proceeds
 - Payments to an attorney in connection with legal services but not for the attorney's services
 - Section 409A deferrals
 - Nonqualified deferred compensation
- You must also file Form 1099-MISC for each person from whom you have withheld any federal income tax under the backup withholding rules regardless of the amount of the payment.

(2) Form 1099-NEC

- Payments of at least \$600 in:
 - Services performed by someone who is not your employee
 - Cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish
 - Payments to an attorney for specific attorney services (even if payment is made to a corporation)
- You must also file Form 1099-NEC for each person from whom you have withheld any federal income tax under the backup withholding rules regardless of the amount of the payment.

This includes services paid for repairs/improvements, independent contractors and attorneys which you will be deducting on your 2023 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.**

Due dates for COMPLETED 1099 forms are as follows:

(1) Form 1099-MISC

- Furnish Copy B of this form to the recipient by January 31, 2024.
- File Copy A of this form with the IRS by February 28, 2024, if you file on paper, or by March 31, 2024, if you file electronically.

(2) Form 1099-NEC

- Furnish Copy B of this form to the recipient by January 31, 2024.
- File Copy A of this form with the IRS by January 31, 2024.

Please let us know if you have any questions related to this procedure. Thank you for your assistance.

JPT FINANCIAL SOLUTIONS, INC.