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RE: Issuing 2018 1099-MISC Forms For Nonprofit Organizations

Dear Nonprofit Client:

Form 1099-MISC needs to be issued by the nonprofit organization for the following payments made in the course of activity 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 will be reflected on your 2018 form 990. 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. In addition, payments made to employees and independent contractors that perform a one-time service are also excluded from this requirement as well. 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, 2019 when reporting nonemployee compensation payments in box 7. The due date to recipients is extended to February 15, 2019, 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, 2019, if you are reporting payments in box 7 (paper or electronically). Otherwise, file by February 28, 2019, if you file on paper, or by April 1, 2019 if you file electronically.

Please provide our office with the information to generate the 1099-MISC forms as soon as possible 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 your organization is 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 our website as follows:

- Open the "Documents"
- Refer to "**Business Financials & Tax Preparation Resources**"
- Select "**IRS Form W-9**"

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