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It's 1099 Time Again!

As we're about to enter 2020 we're reminded that it will soon be time to issue Form 1099 to various businesses and individuals that you had financial transactions with during the year. Enclosed with this letter are the following items:

- 1. An information sheet detailing when a Form 1099 needs to be issued as well as some other pertinent information.**
- 2. A Form W-9 to be duplicated and used as needed to gather the name, address and Federal Identifying Number of those to whom you will be sending Form 1099.**
- 3. A Questionnaire for you to provide us with your 2019 information. We have listed recent recipients of 1099's for your convenience.**

If you want our office to prepare your forms, please mail, fax, email or drop off the completed Questionnaire by January 10, 2020. The deadline for providing 1099's to the recipient is January 31, 2020. Copy A of the 1099 needs to be transmitted to the IRS by January 31, 2020. We will mail the recipient's copy directly to them before the deadline. Your copy, along with our invoice, will be mailed to you in February. The copy that goes to the IRS will be transmitted electronically by our office.

Note the correct name and address! Sonrise PayMaster\$, a separate company from Sonrise TagsAndTax, handles all payroll and 1099 matters. The office is located at 419 Cumberland St. in Lebanon. The email address to use is info@paymastersPA.com.

Who Needs to File Form 1099?

Farmers, Business Owners, Landlords & Self-Employed Individuals

You are required to furnish a 1099 to any unincorporated business, person or partnership to whom you have paid \$600 or more for services or rent, or \$10 or more in royalty or interest payments for the calendar year. More detailed information than we have in this notice can be found on the IRS website (www.irs.gov) or you can contact our office if you have a situation not addressed in this notice. *Only business related payments require issuance of Form 1099. Payments made for personal purposes do not require 1099s!*

What Happens if I Don't File a 1099?

The IRS is authorized to assess a **\$30 - \$100 penalty for EACH form** you fail to issue on time. If they believe you intentionally disregarded the rules, the fine increases to \$250 per form. If you issue a 1099 with missing or incorrect information the penalty ranges from \$15 to \$50 per form. **DON'T GET PENALIZED!**

What Do I Report?

In general, you report the following on a 1099:

- Sub-contract labor and other non-employee compensation
- Commissions
- Rent of buildings, land, vehicles or machinery/tools
- Payments for legal, accounting and other professional fees
- Private business loan or mortgage interest of \$10 or more

Farmers:

- All of the general situations above
- Veterinarian fees and breeding fees
- Casual labor and independent contractors
- Custom field work and machine hire
- Rent for pasture or equipment use
- Repair shops for parts AND labor on equipment and vehicles

Truckers:

- All of the general situations above
- Lumpers and sub-contract labor
- Truck repairs and maintenance

Contractors:

- All of the general situations above
- Repairs to equipment, tools and vehicles
- Engineering and architectural fees
- Casual labor and independent contractors

Do I include the cost of materials and parts on the 1099?

If the seller of the parts or materials also provided labor to install them for you, then the entire amount paid (labor AND materials/parts) is the amount to be entered on the 1099. If you do the installation yourself or pay someone else (other than the supplier of the material) to do the installation, then you do not include the cost of the parts on a 1099.

Social Security Number or Employer ID Number?

If an individual name is used for the recipient, you must use a Social Security number. Likewise, if a Social Security number is used, the recipient name must be an individual. A business name may be used on a second line in this situation

If a business name is being used for the recipient, you must use a Federal ID number. Social Security numbers may not be used with business names. Doing so will guarantee you a letter from the IRS!

When Can I Skip the 1099?

- Do not issue 1099s to corporations or banks
- Do not issue 1099s for the purchase of inventory or supplies

What If I Don't Have the Recipient's Taxpayer ID Number?

You avoid this situation by having a Form W-9 completed before any money is paid. This form is included with this letter and may be photocopied. If an individual refuses to give you a completed W-9, federal law requires you to withhold 28% of your payment to them and send it to the IRS on Form 945. Contact us if you find yourself in this situation. Keep in mind the significant penalties the IRS can assess for missing or incorrect information. Your best protection is to use Form W-9.

How Do I Go About Filing the 1099 Forms?

If you want Sonrise PayMaster\$ LLC to complete your forms, please get your information to us by January 10, 2020. You can mail it, fax it, email it or drop it off at any of our offices. You are required to provide the 1099 to the recipient no later than January 31st. If you get us the information by the 10th, we guarantee to have the 1099 mailed on time. We mail the 1099 directly to the recipient unless you instruct us otherwise. The IRS copy (Copy A) of the 1099 will be transmitted electronically. You will be provided a copy of the forms for your records.

If you want to prepare you own 1099 forms, you can acquire the forms directly from the IRS or a business such as *Staples* or contact our office. The law requires that all 1099 forms be machine generated - ***hand-written forms are not acceptable!***

1099 Preparation Fees:

Set-Up Fee	\$30.00
Each Recipient	
1099-MISC	5.00 (includes mailing)
1099-INT	4.00 (includes mailing)
Additional 1099 Group	12.00

If you have any questions about 1099s, please contact our office.