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2022 Forms 1099-MISC and 1099-NEC Engagement Letter Tax Clients

For 2022, the filing deadline for issuing Forms 1099-MISC and 1099-NEC is January 31, 2023. The IRS requires that business owners file a Forms 1099-MISC and 1099-NEC for every individual or non-corporate LLC that you paid over \$600 in 2022 for trade or business services. This includes the following:

- **Services performed by someone who is not your employee** (This would include independent contractors or individuals for construction, repair, or remodeling work, cleaning services, yard work, etc.)
- **Professional services** (This would include payments to accountants, attorneys, architects, engineers, etc.)
- **Rents paid** (This would include payments to a landlord for your place of business or for storage facilities.)

Because the penalties are so severe, we want to be very clear on the services we are providing, and what is expected from you. If you will be having us issue Forms 1099-MISC and/or 1099-NEC for your business, please be aware of the following:

Tax Preparer Responsibilities

We will prepare and electronically file your 2022 Federal Forms 1099-MISC and 1099-NEC based **SOLELY** from information you furnish us. We will not audit, review, compile, or otherwise verify the data you submit although we may ask you to clarify some of the information. We will send you the completed Form 1099's and it will be your responsibility to mail them or hand them out to your payees. If you wish to have us mail these forms on your behalf, you must let us know. Additional postage fees will apply.

Taxpayer Responsibilities

To timely file your 2022 Form 1099s in agreement with this letter you must provide us, **IN WRITING**, a complete list of payees by **Thursday, January 19, 2023**, as follows, **for each payee**:

- Payee Name
- Payee Address
- Payee City, State, Zip
- Payee Federal ID Number (obtained by you on Form W-9)
- Amount paid during 2022 for non-employee compensation and/or
- Amount paid in 2022 for Rent

You can download a Form W-9 from the IRS's website here <https://www.irs.gov/pub/irs-pdf/fw9.pdf> to provide to your payees to collect the required information. If you are in doubt whether to issue a 1099, the safest way to go is to issue the form.

Our fee to prepare and electronically file the Forms 1099-NEC and 1099-Misc for the payees you provide to us in writing on a separate page will be \$125 for the first four (4) forms issued, and \$5 for each additional form. You will be responsible for mailing or handing out the Form 1099's to your payees unless you make alternate arrangements with us, and additional postage fees may apply.

Failure to file Forms 1099-MISC and 1099-NEC to your vendors who qualify could result in steep penalties that reach up to \$1,000 per form AND THE LOSS of legitimate expenses for your business. These penalties can have a serious negative impact on your bottom line. To avoid these penalties, please work now to obtain the necessary information from your vendors.

If you will be having us prepare and electronically file your 2022 Forms 1099-MISC and 1099-NEC statements in agreement with this letter, please sign and date this form and return to our office with your payee information.

Name

Company Name

Date