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To My Clients and Friends:

FORM 1099-MISC REPORTING

You should be aware of tax laws that provide for increased penalties for the failure to prepare, issue and file appropriate Forms 1099. The IRS has also increased its enforcement on Form 1099 reporting. While the rules require filing various Forms 1099, this letter is intended to cover general filing requirements for Form 1099-MISC.

The reporting rules require all payments in connection with a trade or business to an *unincorporated* (sole proprietorship or partnership) recipients during 2018 that are \$600 or more. In addition, the reporting rules also require reporting of payments to *attorneys* of \$600 or more in connection with a trade or business regardless if the attorney is incorporated or not.

2018 Forms 1099-MISC are required to be sent to recipients and filed with the IRS by January 31, 2019.

All trade or business entities should make sure their records include all payees (recipients) correct reporting tax identification numbers (either their employer identification number or Social Security number) and correct mailing addresses. This information is usually provided on federal Form W-9. Form W-9 can be located at the IRS Web Site: www.irs.gov.

APPLICATION FOR E.I.N.

Forms 1099 can be filed under either your Social Security number or employer identification number (E.I.N.). Use of your Social Security number can lead to disclosure of personal information that may be used by persons to steal identity. Therefore, it is strongly recommended that if you are required to either send or receive Forms 1099-MISC you should obtain an E.I.N. to be used for this purpose. Applications for an E.I.N. can be done on the internet at the IRS website at www.irs.gov/businesses, click on Employer ID Numbers or on paper (using Form SS-4) by mail or fax. Whether you use the internet or paper, you should make sure you retain a copy of the completed application for your records.

It would be a good idea to provide all your vendors with your Form 1099 information (on a Form W-9) by December or January of each year to make sure their files are up to date.

If you have any questions or need any assistance in completing the Form SS-4 or Form W-9, please call my office and I will be glad to assist you.

Very truly yours,

Charles E. Solak

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