



GUILMARTIN ▪ DIPIRO ▪ SOKOLOWSKI LLC  
CERTIFIED PUBLIC ACCOUNTANTS

## Winter 2016 Client Newsletter

### Important Tax Information about Forms 1099

#### Are you in compliance with filing your Forms 1099?

We want to make you aware that the IRS is continuing to step up its enforcement of the requirements and increase penalties surrounding the issuance of Forms 1099 that businesses must issue to vendors for certain payments that have been made.

As a business or rental property owner your tax return has two questions that must be answered when we prepare your return:

*Did you make any payments in 2015 that require you to file Form(s) 1099?*

*If "Yes", did you or will you file all required Forms 1099?*

Generally, the Forms 1099 must be filed by your business if you make total payments during the year of \$600 or more to an unincorporated business (including self-employed individuals, LLC's and partnerships) for rent, services, fees, commissions, etc.

You also must report payments totaling \$600 or more that you make to attorneys, even if they are incorporated.

#### Penalties

If you fail to file a correct information return (Form 1099) by the due date (the forms are due to recipients by February 1, 2016 and to the IRS by February 29, 2016) and you cannot show reasonable cause, you may be subject to a penalty.

The penalty applies if you fail to file timely, if you fail to include all information required to be shown on a return, or if you include incorrect information on a return. The penalty also applies if you report an incorrect TIN or fail to report a TIN.

Penalties can range from **\$50** to **\$250** per form.

The penalty is increased to **\$500** per form if there is intentional disregard of the filing requirements.

Please let us know if you have any Forms 1099 that you would like us to prepare for you and we will help guide you through the process. We are also available to discuss any questions or concerns that you may have.