



www.mbecpa.com

FEDERAL & STATE 1099 REPORTING REQUIREMENTS

Dear MBE CPAs, LLP Business Client:

We would like to take this opportunity to remind you that nearly every business is required to file Federal Form 1099 with the IRS for certain payments made during 2016. These payments include, but are not limited to:

- 1) Payments to persons, including partnerships and limited liability companies but excluding corporations, of at least **\$600 for services** (i.e. casual labor) in the course of a trade or business.
- 2) Payments to persons, including partnerships and limited liability companies but excluding corporations, of at least **\$600 for rents**, and at least **\$10 for royalties** in the course of a trade or business.
- 3) Payments to persons including partnerships and limited liability companies but excluding corporations, of at least **\$10 for interest** (i.e. interest on officer's loans) in the course of a trade or business.
- 4) Payments to attorneys and veterinarians, including corporations, of at least **\$600 for services** in the course of a trade or business.

1099 forms must be provided to recipients and to the IRS by January 31, 2017. Failure to file on time can result in a penalty for each 1099 not filed.

If you would like MBE to prepare these forms for you, please complete the 1099 information sheet accompanying this letter or the one found on our website (www.mbecpa.com). You may instead send us your own report as long as all **required information for each vendor (recipient name, address, tax ID number, amount paid, type of payment)** is included. If you don't have complete vendor information, have them complete the enclosed W-9 form.

In order to ensure timely filing, please forward ALL information to our office NO LATER THAN Friday, January 13, 2017.

Our office will be pleased to assist you in the preparation of these or any informational returns. As always, please feel free to contact us if you have any questions.

Best regards,

MBE CPAs, LLP