

HOGUE ACCOUNTANCY, CPA, LLC

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December 12, 2018

Dear Client:

Forms 1099-Misc are required to be sent by businesses to anyone that was paid at least \$600 or more in rents or services (including parts and materials) performed by someone who is not your employee, all amounts paid to physicians or other suppliers of health and medical services, all amounts paid to attorneys. You do not have to report payments made to a corporation (this does not apply to attorneys). The forms must be sent to the recipients and the IRS and iWired to the State by **January 31, 2019 if payments for nonemployee compensation are reported in box 7 of Form 1099-Misc**. Form 1099-INT are required to be sent by businesses to anyone that was paid interest of \$10 or more in the course of your business. Form 1098 is required to be sent to any business or individual that has that has paid you \$600 or more in mortgage interest. All other forms 1099 are due to the IRS by February 28. The penalties for not complying with this law are as follows:

- 1) \$50 per information return if you correctly file within 30 days (by March 30 if the due date is February 28), maximum penalty of \$191,000 per year (\$545,000 for large businesses).
- 2) \$100 per information return if you correctly file more than 30 days after the due date but by August 1: maximum penalty of \$545,500 per year (\$1,637,500 for large businesses).
- 3) \$270 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$1,091,500 per year (\$3,275,500 for large businesses).

In light of these penalties, we cannot overemphasize the importance of the timely filing of required 1099s.

Electronic filing using iWire is now required by the state of Oregon no matter how many forms you have to report. Form 1099-MISC with amounts in box 7 are due to the state by January 31, 2019. The rest are due by March 31, 2019.

The requirements are as follows:

- 1) Any Business that issues **any** forms 1099 must also submit their information returns by iWire. The state does not accept them in any other format.
- 2) They may also assess penalties of up to \$25,000 for not filing electronically, filing incorrect 1099s or filing late.
- 3) The required 1099s are the 1099-G, 1099-MISC, and 1099-R. Other 1099s – including 1099-DIV and 1099-INT are NOT required.

If you are required to file 1099 forms and you want our office to prepare your forms for you, we will need the following information for each payee **by January 14, 2019**, or we cannot guarantee preparation by the deadline:

- 1) Payee's name, address and identification number.
- 2) The total amount of payment(s) to each payee and the type (rent or services).

We are available to call your vendors for the above information. However, this will increase the fees for the 1099 preparation.

We will gladly clarify the requirements or advise you about obtaining the data needed to prepare the forms and provide information regarding iWire to the Oregon Department of Revenue upon request. Please contact us as soon as possible if we can be of assistance.

Sincerely,

Hogue Accountancy, CPA , LLC