



Tax Year 2024

## 2024 1099 Forms

In our efforts to prepare for this upcoming tax season we would like to send out a friendly reminder on 1099 filing requirements and information gathering.

To streamline the preparation of information returns, we use software that allows us to complete them more efficiently. This allows us to better meet IRS best practices, while ensuring the most accurate filings on your behalf. These best practices include filing forms without a TIN for vendors who have failed to supply Form W9 or the required information for forms 1099 preparation. The IRS has increased funds allocated to departments focusing on taxpayer compliance in this area. Penalties are noted later in this document.

Please review the following information and use the additional documents referenced to ascertain all necessary information.

### **Processing 1099s**

The most efficient way for us to process your information is for you to provide us a list of vendors with name, address, EIN/SSN, amount, and type of payments made. Please use the *1099 Reporting* spreadsheet to do so. **We do not accept information in any other format.**

The *1099 Reporting* spreadsheet is set-up for easy use. It identifies required fields in red and includes notes identifying what specific information should be entered in each field. Simply input your information in the required Payer fields and each vendor's information, including the total payments made in 2024, in the Recipient fields.

If we have prepared your 1099s in previous years and you would like us to continue preparing your 1099s, it is still important that you confirm that all vendor information is current and correct. If vendors are missing from the *1099 Reporting* spreadsheet, forms will not be filed for them.

Please note the following:

- If an EIN/SSN is not present we will file the 1099 for that business/individual, as that is the best practice advised by the IRS. Note - this will likely generate a notice and related penalties/interest.
- If an individual's SSN is used, the individual's legal name (not business name) must be indicated.
- If a business's EIN is used, the business's name (not the individual's name) must be indicated.
- We will utilize the IRS's TIN Matching service to ensure we are filing forms using the correct name/TIN combination.

#### **Mailing Address**

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Suite 300  
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**503-362-9152**  
Fax: 503-362-9186  
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## Cost

We charge for 1099 preparation based on form type and the number of forms filed.

- Processing – fees will be charge on a flat fee basis for each type of 1096 filed and number of 1099s required
  - \$280 per each 1096 and first 1099
    - Separate 1096s are required for each type of 1099 being filed (i.e. – 1099-MISC, 1099-NEC, 1099-INT, etc.)
  - \$35 per each additional 1099 processed

All the necessary information should be supplied to us in the proper formatting no later than **January 10, 2025** to allow for adequate time to prepare the required forms. If information is received after January 17, 2025 additional processing fees will be charged and we cannot guarantee timely filing if information is received after this date. Fees will increase to the following:

- \$340 for each 1096 and first 1099
- \$45 per each additional 1099 processed

## 1099 Requirements - Basics

- 1099s are due to the recipient by January 31, 2025.
- Form 1099-NEC that reports non-employee compensation is required to be filed by January 31, 2025. All other 1099s are to be filed by February 28 (paper filing) or March 31, 2025 (electronically filing).
- All 1099s require the name, address, and EIN/SSN (also referred to as TIN – Taxpayer Identification Number) of the recipient. Use the enclosed *Form W-9* to get this information from your vendors if needed.
- Detailed filing requirements can be found on the IRS website but the most common types of payments requiring 1099s are listed below. 1099s are required if during the course of business in 2024 you paid any individual or non-corporate entity (which could include LLCs or Partnerships):
  - \$600 or more of
    - rents (including equipment rental or rents paid to a related party)
    - services (Especially repairs, maintenance, cleaning, or contracted labor)
    - attorney’s fees (even if to a corporation)
    - payments of other income not reported on a W-2 (non-employee compensation)
  - Interest, dividends or royalties of \$10 or more
- One vendor may receive multiple types of payments. A 1099-MISC with Rents (Box 1) must be issued/filed separate from a 1099-MISC with any other box filled in.
- The IRS requires electronic filing if you file 10 or more information returns. This includes Forms W-2 e-filed with the Social Security Administration. See the IRS e-file link at the end of this letter for more details.

- The state of Oregon requires all 1099s be filed electronically via iWire. A specifically formatted file (typically software generated), ODR supplied spreadsheet or manual entry is required for uploading. See the iWire link at the end of this letter for more detail.

### **1099 Penalties - IRS**

If you fail to file a correct information return by the due date 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 file on paper when you were required to file electronically,
- If you report an incorrect TIN
- If you fail to report a TIN, or
- If you fail to file paper forms that are machine readable.

The amount of the penalty is based on when you file the correct information return and annual gross receipts. A business is considered large if average gross receipts over the last three years are \$5 million or more. They are considered small if their average gross receipts over the last three years are \$5 million or less. The penalty is as follows:

- \$60 per information return if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty \$630,500 per year (\$220,500 for small businesses).
- \$120 per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$1,891,500 per year (\$630,500 for small businesses).
- \$310 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$3,783,000 per year (\$1,261,000 for small businesses).

If **intentional disregard** is determined the penalty increases to \$630 per return and there is no limitation on the penalty amount. This applies to both large and small businesses. The IRS identifies intentional disregard as the filer knowingly or willfully failing to comply with the filing requirements of the 1099s.

### **1099 Penalties - Oregon**

The state of Oregon may assess penalties of up to \$25,000 for the following:

- Not filing electronically,
- Filing incorrect or incomplete 1099s, or
- Filing late.

### **Backup Withholdings**

Certain types of reportable payments (i.e. – interest, dividends, rents, non-employee compensation, etc.) may be subject to backup withholding at a rate of 24%. The most common situations in which this applies are:

- When a payee fails to furnish his or her TIN in the manner required,

- The IRS notifies the payer to impose backup withholding because a payee furnished an incorrect TIN,
- A notice from the IRS states the payee is subject to backup withholding due to notified payee underreporting, or
- The payee fails to certify that he or she is not subject to back-up withholding.

Please contact our office or Melissa Casciato ([1099@anthem.cpa](mailto:1099@anthem.cpa)) if you have any questions, or if we have prepared them in the past and you will be doing your own this year.

Thank you,

*Anthem Strategists*

Resources: <https://www.irs.gov/instructions/i1099gi>  
<https://www.oregon.gov/dor/programs/businesses/pages/iwire.aspx>  
<https://www.irs.gov/filing/e-file-information-returns>



TAX YEAR 2024

Dear valued client,

We appreciate the opportunity to work with you on the preparation of 1099s (information returns). This letter is to specify the terms of our engagement, clarify the nature and extent of the services we will provide, and confirm an understanding of our mutual responsibilities.

We will prepare your 1099s based on the information received. We may contact you regarding a change in our level of service should additional work be required to produce accurate and complete filings. Our services are not intended to determine whether you have filing requirements in other taxing jurisdictions or 1099 form types than the one(s) you have informed us of.

You are aware that it is your responsibility to determine the recipients of your 1099s from your company's books and/or records, to gather the recipient's correct information required to issue the 1099s, to retain proper receipts and other documents in your office to stay in compliance with 1099 filing guidelines. You are also responsible for the timely filing of your 1099s. We have no responsibility for any penalty that may arise from our client's failure to provide 1099 information to our office, for late filing or failure to file, or for incorrect information reported on these forms.

You represent that the information you provide will be accurate and complete to the best of your knowledge. We will not audit or otherwise verify the information provided, although we may ask for clarification if the information appears to be incorrect, inconsistent, or incomplete. Our work in connection with the preparation of your 1099s does not include any procedures designed to discover errors or other irregularities, should any exist. You have the final responsibility for the 1099s filed and, therefore, you should review the information carefully before you supply it to us. Submission of the 1099 Reporting spreadsheet to Anthem is authorizing us to file the listed information returns on your behalf.

Filers are required to maintain all the documents that form the basis of the 1099s filed. If you have any questions as to the type of records required, please ask us for advice in that regard. Your signature on this letter confirms that we have advised you of the record keeping requirements.

The information on your filed 1099s may go through a matching process by the tax authorities. Incorrect or missing information may result in notice issuance. For example, Anthem policy is to file the forms

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even if they are missing a vendor TIN, as this is in line with IRS best practices. In such an event, we would be pleased to assist you with resolving the matter under the terms of a separate engagement.

Your 1099s will be required to be filed electronically with the IRS. We will provide you with a copy of your final information returns and they will be set for electronic transmission by the required deadline. E-filing of state copies varies by tax authority. If e-file is not available, paper copies will be filed.

The issuance deadline for recipient copies of information returns is January 31, 2025. To meet this deadline, the information needed to complete the 1099s should be received in this office no later than January 10, 2025. If we receive your information after this date, we will make every effort to complete your 1099s but will give priority service to clients who submitted information on time. The filing deadlines for government copies of 1099s are as follows –

- 1099-NEC – January 31, 2025
- All other 1099s –
  - February 28, 2025 if paper filed
  - March 31, 2025 if electronically filed

Any 1099s not filed by the filing deadline may be subject to late filing penalties.

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  - \$35 per each additional 1099 processed

If information is received after January 17, 2025 additional processing fees will be charged and we cannot guarantee timely filing if information is received after this date. Fees will increase to the following:

- \$340 for each 1096 and first 1099
- \$45 per each additional 1099 processed

The balance is due upon completion of the information returns. Amounts not paid within 60 days will be charged interest at a rate of 1.5% per month (18% per year). Checks should be made payable to "Anthem Strategists."

You may terminate this engagement at any time. Should you do so, however, you remain liable for all unpaid fees as discussed above. We reserve the right to withdraw from this engagement at any time because of unpaid fees, the guidance of our professional standards, or for any other reason. We will notify you in advance of any decision by us to withdraw and will take all reasonable steps to assist in the orderly transfer of your information. Otherwise, this engagement will be considered complete upon acceptance of your e-filed 1099s by the tax authorities.

If the foregoing is in accordance with your understanding, please sign the enclosed copy of this letter in the space indicated and return it to us with your tax information. If you have any questions, please do not hesitate to contact us. We appreciate the opportunity to work with you.

Sincerely,

*Anthem Strategists*

I have read the above terms of the engagement letter and agree with the terms of this engagement.

Accepted By (Printed): \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Comments/Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SERVICE ADDENDUM**

Additional data mining services can be engaged, which would include Anthem preparing the 1099 Reporting spreadsheet on your behalf. This service is outside the scope of typical information return preparation and requires the attention of the Senior Staff most familiar with your business and operations. Due to this, the service will be billed for on an hourly basis at a rate of \$240/hour. This billing will be in addition to the fees previously stated for 1099 preparation.

Data mining would include the review of your company’s current QuickBooks file (or other accounting system) to identify vendors who require a form 1099 for the year 2024. The amount of time to do so will vary based on many factors, including but not limited to – volume of activity, utilization of 1099 tracking functions and/or the completeness of vendor information.

You will be required to approve the 1099 Reporting spreadsheet completed by Anthem staff. Lack of response after two business days will be taken as approval and result in the filing of the forms identified.

Due to the condensed filing deadline for information returns and the time necessary to perform additional data mining services, we cannot guarantee timely filing of 1099s if this request, including your complete and current bookkeeping file, is received after January 10, 2025.

If you understand and agree to the terms of this additional service and wish to proceed, please sign and date below.

Accepted By (Printed): \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Signature: \_\_\_\_\_



