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2020 Forms 1099-MISC and 1099-NEC Engagement Letter

Bookkeeping Clients

For 2020, the filing deadline for issuing Forms 1099-MISC and 1099-NEC is January 31, 2021. Failure to file the form for 2020 could result in a penalty that could be as much as **1,000** per each omitted, late, or incorrect 1099-MISC. The IRS requires that business owners file a Forms 1099-MISC and 1099-NEC for every individual or non-corporate LLC that you paid over \$600 in 2020 for trade or business services. This includes the following:

- Services performed by someone who is not your employee (This would include independent contractors or individuals for construction, repair, or remodeling work, cleaning services, yard work, etc.)
- Professional services (This would include payments to accountants, attorneys, architects, engineers, etc.)
- Rents paid (This would include payments to a landlord for your place of business or for storage facilities.)

Because the penalties are so severe, we want to be very clear on the services we are providing, and what is expected from you. If you will be having us issue Forms 1099-MISC and/or 1099-NEC for your business, please be aware of the following:

Tax Preparer Responsibilities

We will prepare your 2020, and only your 2020 Federal Forms 1099-MISC and 1099-NEC based on information we've posted when doing your bookkeeping work. We will provide you with a listing of all payees who should receive a Forms 1099-MISC and 1099-NEC and will request a completed Form W-9 from you for any payee with missing information.

Taxpayer Responsibilities

In order to timely file your 2020 Forms 1099-MISC in agreement with this letter, all pertinent bookkeeping information must be received in our office no later than January 8, 2021. You must provide us with the following information for all eligible payees:

- Payee Name
- Payee Address
- Payee City, State, Zip
- Payee Federal ID Number (Will be either a Federal ID number or Social Security Number)

You can download a Form W-9 from the IRS's website here <https://www.irs.gov/pub/irs-pdf/fw9.pdf> to provide to your payees to collect the required information. One problem you may encounter is subcontractors that don't want you to issue them a 1099, so make sure you get them to fill out a W-9 form **before** you issue them their first payment.

Our fee to prepare and electronically file the 1099-MISC forms to payees as indicated by your bookkeeping work will be \$95 for the first four (4) Forms 1099-MISC and 1099-NEC statements issued, and \$5 for each additional form.

Failure to file Forms 1099-MISC and 1099-NEC to your payees who qualify could result in steep penalties that reach up to \$1,000 per form AND THE LOSS of legitimate expenses for your business. These penalties can have a serious negative impact on your bottom line.

If you will be having us prepare and submit your 2020 Forms 1099-MISC and 1099-NEC statements in agreement with this letter, please sign and date this form and return to our office.

Client Business Name

Date

Client Signature

I (We) have read the above terms of the engagement letter and agree with the terms of this engagement

Please print this document as PDF and provide a copy to Burr Business Service