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**Ciaschi • Dietershagen • Little • Mickelson
& Company, LLP**

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

December 23, 2011

Re: **REQUIREMENT FOR FILING FORMS 1099-MISC**

Dear Client,

Every person or entity engaged in a trade or business must file information returns for certain payments made during the calendar year in the course of that trade or business. A trade or business includes activities conducted by sole proprietors filing a Schedule C, farmers filing Schedule F, corporations, partnerships, limited liability companies, and not-for-profit organizations. Form 1099-MISC must be filed if the total amounts paid to a non-corporate payee (individual, partnership, or LLC) during the calendar year equal or exceed \$600. Payments to be reported include, but are not limited to, compensation such as fees or commissions paid to nonemployees for services.

Form 1099-MISC must be filed with the IRS by February 28th, if filed on paper or by April 2nd if filed electronically. A copy must also be furnished to recipients by January 31st.

The penalties for not filing Form 1099-MISC have recently been increased. Failure to file this form with the IRS on a timely basis will result in penalties ranging from \$30 to \$100 per statement. If any failure to file Form 1099-MISC is due to intentional disregard of the filing requirements, the penalty is \$250 per form. A separate penalty, ranging from \$30 to \$100, applies if a copy is not provided to the payee by the January 31st due date. If any failure to provide a payee statement is due to intentional disregard of the requirement to furnish such a statement, the penalty is \$250.

If you would like us to prepare Forms 1099-MISC, please provide us with the following information by January 20, 2012:

- Name, address and identification number (social security or employer identification number) of the payee. If you do not have this information, you can use form W-9 to obtain it from the employee. Form W-9 is available on the IRS website at www.irs.gov;
- Amount and nature of the payment (nonemployee compensation, rents, royalties, other income).

Please call us if you have any additional questions at 607-272-4444.

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