

Dear Client:

With the end of the 2023 calendar year approaching, we are sending you this reminder to begin gathering the information needed to prepare your 1099s that will be required to be filed for 2023.

As a reminder, independent contractor payments are now reported on either Form 1099-NEC or 1099-MISC. Payments of Non-Employee Compensation of more than \$600 are reported on the Form 1099-NEC, and are no longer reported in box 7 of 1099-MISC. Non-Employee Compensation and any related federal or state withholding are required to be reported on Form 1099-NEC. All other payments such as Rent, Royalties, Other Income, Gross Proceeds paid to an attorney for a settlement agreement, etc. are reported on Form 1099-MISC.

Beginning with tax year 2023, there has been a dramatic change in the IRS's requirements for E-filing Forms 1099. Previously, businesses were required to electronically file 1099s only if they had to file 250 or more 1099's with the IRS. The threshold has been significantly reduced to only 10 forms, which will force many more businesses to have to electronically file forms 1099 beginning in 2023. This change reflects the IRS's ongoing efforts to streamline the reporting process and to help increase the efficiency and accuracy of tax information being reported.

The due date to file Form 1099-NEC is January 31. All other 1099 forms, i.e. Form 1099-MISC, Form 1099-INT, Form 1099-DIV, etc. are now due on February 28 if filed on paper or April 1 if filed electronically. HOWEVER, the recipient's copy are still required to be provided to them by January 31.

To assist you in this process, and help ensure we meet the reporting deadline, please use the attached forms to secure the name, address and tax identification numbers for those unincorporated independent contractors that you paid \$600 or more during 2023.

If you do not already have a signed Form W-9 from the independent contractor, we ask that you provide a copy of Form W-9 to all of your independent contractors and have them complete the W-9 and return it to you as soon as possible. After receiving the completed Form W-9 from your independent contractors, please complete the attached Form 1099 Organizer and send to our Client Services Department (tcheney@frankel.cpa).

As a reminder, all recipient 1099s will be mailed from our office unless directed otherwise. Please ensure we have the correct mailing addresses for all recipients. Your client copies will be e-mailed to you at the e-mail address we have on file for your business.

If you have any questions or need any assistance whatsoever, please call us at 402-496-9100 or 402-702-1740.

Sincerely,



Frankel, LLC