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TIME TO REFRESH YOUR 1099-MISC DATA BASE FOR 2018!

To our clients and friends:

Forms 1040 Schedules C, E, & F and forms 1065, 1120, 1120-S specifically ask if you are required to file forms 1099-MISC AND if you do have you or will you do so.

As in prior years, you should be sure to have the appropriate W-9's from payees you are required to issue a 1099-MISC.

In addition, Pennsylvania now requires you to withhold PA individual income tax of 3.07% on payments to non-Pennsylvania resident payees on Pennsylvania source income. It is incumbent upon you to request form REV-1832 from payees to inform you of their withholding status. It may seem obvious that your business pays its rent to John Doe of Mohnton, PA. However, the instructions for PA REV-1832 state that "ALL" payees must complete and return to payer.

Now is the time to review your 2018 1099-MISC filing requirements and underlying documentation.

As in previous years the due date of Forms 1099-MISC returns continues to be January 31, even if e-filed. This means that your Forms 1099-Misc are due January 31, 2019 for eligible payments made during 2018.

The substantial federal penalties associated with late or non-filed returns are:

Penalties:

Late not more than 30 days	\$50 per 1099	Maximum \$186,000
31 days late but before August 31	\$100 Per 1099	Maximum \$532,000
After August 31 (or not at all)	\$260 per 1099	Maximum \$1,064,000
Intentional disregard	\$520 per 1099	No limitation

Any Pennsylvania withholding must be remitted according to payroll tax withholding rules. Late payments are also subject to penalties and interest.

It is your responsibility to determine the proper classification of workers among employees, independent contractors and statutory employees AND file the proper employment or information returns. This will be even more important in 2018 because of the now effective Tax Cuts & Jobs Act.

Attached please find the following:

Form W-9 to request a payees' correct name, SSN/EIN & address

Form REV-1832 to request a payee's Pennsylvania withholding status

A form letter to utilize to request the above documents

Now is the time to act!

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