

**KIYOHARA & TAKAHASHI LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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November 15, 2018

RE: Reporting Requirement for Forms 1099

Dear Client:

**In 2016, the IRS moved up the filing date for Forms 1099-MISC reporting non-employee compensation in Box 7. The reporting date to the IRS for 2018 is January 31, 2019. This deadline applies regardless of whether the forms are filed electronically or on paper. However, if you don't have amounts in Box 7, then the deadline remains February 28, 2019 for paper filings or April 1, 2019 for electronic filings.**

Kiyohara & Takahashi will *electronically* file Form 1096 & 1099 to the IRS. We will send you Form 1099 (the Recipient copy) so you can distribute them to the recipients.

Federal law requires businesses (as well as non-profit organizations) to issue Form 1099-MISC to all non-employee and non-corporate payees receiving \$600 or more during the year for services rendered to your trade or business. These 1099 forms must be distributed to such payees *no later than January 31, 2019*. Penalties for failure to timely file Form 1099 range from \$50 to \$270 per information return. A similar penalty also applies for failure to provide correct payee statements in addition to the information reporting penalties.

If you receive rental income from real estate and engage in a trade or business, you are subject to the same filing requirements as stated in the above paragraph. You are engaged in a trade or business if you operate for gain or profits.

State law requires that employers report to the Employment Development Department (EDD) these independent contractors within 20 days of EITHER making payments of \$600 or more OR entering into a contract for \$600 or more with an independent contractor in any calendar year, whichever is earlier. Penalties are \$24 for each failure to comply. You may either submit a paper Report of Independent Contractor(s) (DE 542) or file it online.

It is also important to have your independent contractor complete Form W-9, Request for Taxpayer Identification Number and Certification. The form can be used to request the correct name and taxpayer identification number or TIN of the workers. It is generally recommended that you request W-9s prior to issuing payment to ensure compliance from your vendor.

If you would like us to prepare Forms 1099 for you, please complete the enclosed Form 1099 Template. On the form, please provide the vendor name, address, social security number (or taxpayer's ID number), type of payments, and total amount paid for the calendar year 2018. It is important for you to verify that names and ID numbers are accurate to avoid IRS matching notices.

**You can find the 1099 template, Form W-9, and DE 542 on our website at [www.ktadvisors.com](http://www.ktadvisors.com) under "1099 Template." You may send us the information either by email or fax.**

Due to our increased workload at this time of year, we cannot guarantee that requests received after January 15, 2019 will be filed on a timely basis. If you don't have 2018 information ready, please let us know asap so we can file a 30 day extension which extends the due date to February 28, 2019. In order to ensure timely processing, please provide us with your list no later than February 15, 2019 if extension is filed.

We appreciate this opportunity to be of service to you. Should you have any questions, please contact Cam Kelly at 323-278-1300 x 237 or [ckelly@ktadvisors.com](mailto:ckelly@ktadvisors.com)

*Kiyohara + Takahashi LLP*