



# TOTAL BUSINESS CARE, LLC

39500 STEVENSON PLACE, SUITE 210, FREMONT, CA 94539

PHONE: (510) 797-8375 | FAX: (510) 797-9503

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## YOUR BUSINESS YEAR END REQUIREMENTS

### 1099 REQUIREMENTS

**Your business tax return, whether prepared by TBC or someone else requires you to answer a 2-part question on the tax return:**

1. Were you required to file 1099s?
2. If yes, were they filed?
  - a. If the answer to question 1 is yes, you must file 1099s before completing your tax return or risk further investigation and/or penalties.

### W-9 COMPLIANCE

**Prior to paying Subcontractors, Services, Professional Services, Rent or others who require 1099s, you must have them complete a W-9 with a Social Security Number or Employee Identification Number.**

If you are questioned by the IRS and do not have a W-9 on file for a payee you can be subject to paying backup withholding plus penalties and interest. At this point there would be nothing you could do to reduce or alleviate the costs.

### WHO NEEDS A 1099. PENALTIES FOR NOT FILING PROPERLY.

- **1099s are required for payments made for:**  
SUBCONTRACTORS, SERVICES, PROFESSIONAL SERVICES, RENT, JANITORIAL SERVICES, GARDENERS, ATTORNEYS, & INTEREST THAT HAS BEEN PAID TO INDIVIDUALS AND OTHER SIMILAR PAYMENTS MADE TO NON-CORPORATIONS
- **Properly classify your workers as:**
  - Employees **OR**
  - Independent Contractors/Subcontractors.

**Independent Contractors/Subcontractors require a 1099.**

- Use IRS.gov or EDD.CA.gov for determining factors

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- **Subcontractors/Independent Contractors require a completed W-9. Prior to paying, you must have a completed Form W-9.**

If you do not have a W-9 on file, you can be subject to back up withholding at 28% for federal and 12.3% for state. If you pay someone \$10,000 you can be held responsible for \$4,030 in taxes, plus additional penalties and interest

- **Once you pay a subcontractor \$600 or more in a year, report the worker as a subcontractor to the EDD on Form DE-542.**

- **Complete and file a Form 1099 for payments made only by cash or check to subcontractors. Debit or credit card payments are not calculated into the payments.**

If you fail to file a required 1099, the deduction will be disallowed and you may also be subject to backup withholdings. In the example where you pay someone \$10,000 in addition to the \$4,030 in backup withholding, you will lose the \$10,000 deduction thereby increasing your taxable income and your taxes on that year's tax return. Additionally, you will have a penalty for non-filing of the 1099 Form, which can be as low as \$30 per 1099 or as large as \$500K for small businesses and \$1.5MM for large businesses.

- **Form 1099 NEC:**

The IRS has a form for reporting payments to contractors. This form, called the **1099-NEC**, is short for Non-Employee Compensation and is used instead of the Form 1099-Misc "Box 7".

- **IMPORTANT NOTE:** The 1099-Miscellaneous form will still be required for reporting other income such as rent, royalties, healthcare payments, etc., which means most businesses will have to file two separate forms.

**Our services, pricing and deadlines for preparing your 1099s are on the next page.**

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## USE TBC'S SERVICES TO PREPARE AND FILE YOUR 1099S

- **TBC can prepare your 1099s.**
- **Please complete the 1099 Information Sheet and return it to our office by 1/10/22.**
- **The Information Worksheet in this PDF can be filled it out directly onto the form and returned using our website (directions follow) OR print your copy to complete and fax, hand deliver through our Fremont Mail Slot or mail it back to us.**

WHEN COMPLETING THE FORM: BE SURE TO INDICATE THE TYPE OF 1099 PAYMENT (i.e.: non-employee compensation, interest, dividends, rents or distributions).

- **TBC FEES FOR 1099s: Information received by 5:00 PM on 1/10/22**

\$50.00 for 1 – 5 1099s.

Each additional 1099 will be charged at the rate of \$12.00 per form.

- **TBC LATE FEES AFTER 5:00 pm 1/14/22 FOR 1099s:**

**We cannot guarantee timely completion of your returns.**

\$90.00 for 1 – 5 1099s when information is received after 5:00 pm on 1/14/22 Each additional 1099 will be charged at the rate of \$27.00 per form.

- **TBC MANUAL FILING FEES FOR PREPARATION AND FILING AFTER 5:00 PM 1/31/22**

**After 1/31/22 1099s may need to be manually prepared and mailed to the IRS.**

\$100.00 for 1 – 5 1099s Minimum fee for preparation and filing manually Each additional 1099 will be charged at the rate of \$34.00 per form

- **IMPORTANT NOTE:**

The fees are only for the preparation of the 1099 forms and e-filing services. If you use TBC's services for the process of determining amounts paid to and whom and determining who is required to receive your 1099 forms from your accounting records will be billed to you at our standard hourly rates in addition to the preparation fee outlined above.

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