

2023 Forms: 1098, 1099 DIV, 1099-INT, 1099 MISC or NEC Engagement Letter

1099 Forms

The IRS requires that individuals and/or business owners furnish 1099's for every individual or non-corporate LLC that you paid over \$600 in 2023 for Forms 1098, 1099-NEC, or 1099-MISC (amounts may vary for some MISC types) and \$10 for 1099-DIV and 1099-INT for trade or business services. These 1099s must be to the recipient by January 31, 2023. If you pay a lawyer corporation for trade or business services they must also receive the form. Failure to file the form for 2023 could result in a penalty that could be as much as \$1,000 per each omitted, late or incorrect 1099-MISC. The problem you may encounter is those sub-contractors that don't want you to issue them one, so make sure you get them to fill out a W-9 form **before** you issue them a payment.

Because the penalties are so severe we want to be very clear on the services we are providing, and what is expected from you.

This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call us before you sign it. **By signing this engagement letter, you are authorizing us to electronically submit your 1099's to the IRS and to Oklahoma on your behalf.**

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and us. The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements. We will prepare the returns from information which you will furnish to us. It is your responsibility to provide all the information required for the preparation of complete and accurate returns. We will furnish you with any questionnaires and/or worksheets that you request to guide you in gathering the necessary information. Your use of such forms will assist us in keeping our fee to a minimum. To the extent we render any accounting and/or bookkeeping assistance, it will be limited to those tasks we deem necessary for preparation of the returns.

Tax Preparer Responsibilities

We will prepare your 2023, and only your 2023 Federal Form 1099s **SOLELY** from information you furnish us. We will not audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information. We are not responsible for the preparation of any forms or schedules except Forms 1099 for the individuals for whom you provide us a written summary in a separate format as listed below. ***If you have forms or payees other than those specifically listed, we will not be preparing those forms unless specifically requested by you, in writing in a separate engagement letter, to prepare those forms. Any other required services, forms or other actions on our part require a separate engagement letter. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter.***

Taxpayer Responsibilities

In order to timely file your 2023 1099 Forms in agreement with this letter you must provide us, **IN WRITING**, a complete list of payees by January 15, 2024, as follows, **for each payee**:

Payee Name
Payee Address
Payee City, State, Zip
Payee Federal ID Number (obtained by you on Form W-9)
Amount paid during 2023 for non-employee compensation
Amount paid in 2023 for Rent

If you are in doubt whether to issue a 1099, the safest treatment is to issue the form.

Other Items

Our fee to prepare and electronically file 1099 forms solely for the payees listed in writing by you on a separate page will be a flat rate of \$60 for Electronic Filing and \$7 per 1099.

It is your responsibility to maintain the records, forms, documentation, Forms W-9 and copies necessary to file the 2023 appropriate Forms 1099s.

We will rely solely, without independent verification, on the information you provide to us in writing under paragraph 5 above to prepare your 2023 Forms 1099.

It is our policy to keep records related to this engagement for four years after which they are destroyed. **However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for 4 years or longer for future use, including potential examination by any government or regulatory agencies.**

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and the accounting firm have discussed and have agreed on the fair allocation of risk between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the accounting firm to the client shall not exceed the accounting firm's total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against us for errors and omissions. The one-year period will begin upon the date of your signature on this engagement letter.

We appreciate the opportunity to serve you. Please date and sign the enclosed copy of this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected, and all other provisions remain in full force and effect.

Sincerely,

Duncan, Onley & Watkins, PC

(Client Business Name)	
_____	Date _____
(Client Signature)	
I (We) have read the above terms of the engagement letter and agree with the terms of this engagement.	