



2017 Form 1099 Misc. Engagement Letter

1099 Forms

The IRS requires that business owners file a Form 1099-Misc by January 31, 2018 for every individual or non-corporate LLC that you paid over \$600 in 2017 for trade or business services. If you pay a lawyer corporation for trade or business services they must also receive the form. Failure to file the form for 2017 could result in a penalty that could be as much as \$1,000 per each omitted, late or incorrect 1099-Misc. **The 1099-Misc must be provided to the taxpayer, and filed with the IRS by January 31, 2018 or those penalties will apply.** 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.

1. 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.
2. 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 forms 1099 Misc. 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.

Tax Preparer Responsibilities

3. We will prepare your 2017, and only your 2017 Federal Form 1099-Misc **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-MISC 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

4. In order to timely file your 2017 Forms 1099-Misc in agreement with this letter you must provide us, ***IN WRITING***, a complete list of payees **by January 20, 2018** 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 2016 for non-employee compensation

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

Other Items

6. Our fee to prepare and electronically file the 1099-Misc forms solely for the payees listed in writing by you on a separate page will be \$30 per 1099, \$30 for the 1096 that will be sent to the IRS, and \$15 to e-file on or before the January 31st deadline. There will be no paper filings – all will be electronic

7. It is your responsibility to maintain the records, forms, documentation, Forms W-9 and copies necessary to file the 2017 Forms 1099-Misc. **It is your responsibility to ensure all information printed on form 1099**

is accurate and to distribute the 1099s to your contractors. You can do this

by snail mail, or electronically. We will not file your documents with the IRS until payment has been received in full. You may pay for your services in cash, check, bank draft (\$.50 fee), or on a credit/debit card (debit/credit transactions will be assessed an additional 2% processing fee).

8. We will rely solely, without independent verification on the information you provide to us in writing under item 4 above to prepare your 2017 Forms 1099-Misc.

9. It is our policy to keep records related to this engagement for three 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 three years for possible future use, including potential examination by any government or regulatory agencies.***

10. 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 we send copies of the 1099's for your review.

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,

K&R Tax Accounting Services, LLC

2235 S. Vincent

Mesa, AZ 85209

info@krtaxes.com

480-294-4967

This engagement must be signed before we begin your 1099 preparation

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

Payment Method – Choose One - then fill other text fields with
‘N/A’

ACH Bank Draft: No fee:

Bank acct: _____ Routing: _____ Phone: _____

OR

Credit/Debit Card: 3% fee:

Number: _____ Expiration: _____ CVV: _____ Billing Zip: _____