

2023 FORM 1099 MISC ENGAGEMENT LETTER

1099 FORMS

The IRS requires that business owners file a Form 1099-MISC by January 31, 2024 for every individual or non-corporate LLC that you paid over \$600 in 2023 for trade or business services. If you pay a lawyer or a veterinarian 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 omitted, late or incorrect 1099-MISC. The 1099-MISC must be provided to the taxpayer by January 31, 2024 and this year the IRS' copy must also be provided by January 31, 2024 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. We want you to know the limitations of the services you have asked us to perform.
2. This engagement letter represents the entire engagement 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 IRS imposes penalties of taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure and understanding of our mutual responsibilities, we ask all client 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 have attached a 1099 information sheet, fact sheet, and a W-9 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

3. We will prepare your 2023 and only your 2023 Federal Form 1099-MISC and 1096 Transmittal forms **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 schedule except Forms 1099-MISC for the individuals for whom you provide us on the 1099 information sheet attached. **If you have form 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 communication 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 2023 Forms 1099-MISC in agreement with this letter you must provide us, IN WRITING, a complete list of payees by January 10, 2021. 1099 information sheet is attached. Please provide your information below:
Payer Name for Fed ID provided _____ Payer Address _____
Payer City, State, Zip _____
Payer Federal ID Number (social security or federal tax identification number.) _____
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 \$80 for the first up to 5 1099's and \$12 for each additional 1099. This fee includes us mailing your 1099 out to your payees for you. The fee drops to \$80 for the first 5 1099's and \$10 for each additional 1099, if you mail them to the payees yourself no envelope will be provided, please let us know. _____ Please mail the 1099s to our payees for us _____ We will mail the 1099s to our payees ourselves
7. It is your responsibility to maintain the records, forms, documentation, Forms W-9 and copies necessary to file the 2023 Forms 1099-MISC.
8. We will rely solely, without independent verification on the information you provide to us in writing under item 4 above to prepare your 2023 Forms 1099-MISC.
9. It is our policy to keep records related tot 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 seven year 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 of the tax professional's signature on the tax returns covered by this engagement letter.
11. 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 responsibility 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,

Diane St Sauver CPA
Sartell Tax & Accounting Services Inc.

If you are confused at all by this letter or believe we have misunderstood what you need, please call us before you sign it. I (we) have read the above terms of the engagement letter and agree with the terms of this engagement.

Client Signature of Corporate Officer or Partner

Printed Name & Title

Date