



# MER Tax, Accounting, and Consulting

**Mary E. Richey, CPA**

4104 Laramie Street

Cheyenne, WY 82001

(307) 632-0841

fax: (307) 637-4737

e-mail: [merichey@MER-Tax.com](mailto:merichey@MER-Tax.com)

## **2016 Form 1099-MISC Engagement Letter**

### **Forms 1099**

The IRS requires that business owners file a Form 1099-MISC by January 31, 2017 for every individual or non-corporate LLC that you paid over \$600 in 2016 for trade or business services. If you pay a lawyer corporation for trade or business services of any amount, they must also receive the form. Failure to file these forms for 2016 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 by January 31, 2017 and **this year the IRS copy must also be provided by January 31, 2017** or those penalties will apply. The problem you may encounter is subcontractors that don't want you to issue them a Form 1099, so be sure you get them to fill out a Form W-9 **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. 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.
3. We will only prepare your 2016 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.
4. **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.**
5. 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

6. In order to timely file your 2016 Forms 1099-MISC in agreement with this letter you must provide us, ***IN WRITING***, a complete list of payees by January 23, 2017 as follows, **for each payee:**

Payee Name

Payee Address

Payee City, State, Zip Code

Payee Federal ID Number (SSN or EIN as appropriate, obtained by you on Form W-9)

Amount paid during 2016 for non-employee compensation

Amount paid in 2016 for Rent

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

8. Our fee to prepare and electronically file the Forms 1099-MISC solely for the payees listed in writing by you on a separate page will be \$7.00 per Form 1099-MISC and Form 1096.

9. It is your responsibility to maintain the records, forms, documentation, Forms W-9, and copies necessary to file the 2016 Forms 1099-MISC.

10. 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.**

11. We appreciate the opportunity to serve you. Please sign and date 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 signed 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,

**MER Tax, Accounting, and Consulting**

\_\_\_\_\_  
(Your Business Name)

\_\_\_\_\_  
Date \_\_\_\_\_  
(Your Signature)

I have read the above terms of the engagement letter and agree with the terms of this engagement.