

IRA's, 401(k)'s, & Defined Benefit Plans  
College 529 Plans

Investing & Wealth Accumulation  
Estate Planning

Life & Disability Insurance  
Long Term Care Insurance

Tax Preparation & Planning  
Small Business Accounting

# TARANTO & ASSOCIATES

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October 5, 2010

Dear Clients:

Please be advised that you may be required to issue 1099's for payments made to certain individuals during the calendar year. The 1099's must be sent to all individuals to whom you have paid at least \$600 during the year. Corporations do not need to have a 1099 sent to them, **unless it is for payment of legal services**. Should you make a payment to a corporation that has provided you with legal services, the gross proceeds paid must now be reported to the Internal Revenue Service. Also, you must obtain their Employer Federal I.D. Number or social security number. A 1099 form must be sent for the following:

1. Services
2. Rents and royalties
3. Prizes and awards
4. Interest
5. Legal Services

There are penalties for failure to file a 1099, and the state receives copies of the 1099's that are issued to you. So the reporting of all 1099's is a must. The law states that all 1099's must be completed and issued by January 31, 2010. We have the capability of producing 1099 forms, from information provided by you.

**Please note that the Healthcare Act will require you to report ALL payments on 1099s beginning in 2012.** Please contact us immediately if you need our assistance in the preparation of the 1099's for this year.

Respectfully,



Gregory Taranto, CPA

GT/tmg

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