

CLAUDIA A. TRAYNOR

CERTIFIED PUBLIC ACCOUNTANT

To: Business Clients

December 13, 2021

From: Claudia Traynor, CPA

New hours for January 2022: We will be open on Mondays & Wednesdays only (or by appointment). Feel free to use our secure lock box outside the front door. Starting February 1st we will go back to our tax season schedule of Monday-Friday hours.

1. **Filing of 1099/1096 and W-2/W-3: A reminder that along with the recipient copy, the State and Federal copies of the 1099/1096 and W-2/W-3 also need to be postmarked by January 31st, 2022.**

Filing continues to be watched closely. With the penalty of up to \$550 for each one not sent in, it is something that all businesses should address and not ignore. If you paid an individual for a repair that includes both parts and labor, the total amount should be reported on Form 1099-NEC if the total paid to that individual during the year amounts to \$600 or more. Also, if you paid a veterinarian, or attorney \$600 or more, a 1099 needs to be sent even if they are incorporated.

Let us know if you would like us to prepare them for you. Fill out our 1099 worksheet and return it to us before January 18th as they are due by January 31st. We are enclosing a form to assist you with gathering your information.

2. Payments made for non- employee/ sub-contractors need to be reported on a Form 1099-NEC, not Form 1099-MISC.
3. The IRS has completely revised Form W-4. So if you have a new employee or a current employee wants to change their withholding they need to use the new W-4.
4. I cannot stress the importance of keeping good books. If you are audited they will review your books in detail. The first step in an audit is to request your bank statements for the year in question. All deposits are considered to be taxable income to you unless you can prove that they aren't. So keep all of your receipts!
5. The IRS is concentrating on Real Estate activities. Depending on how much time is spent on each rental activity determines how much of a rental loss can be deducted. The rules are rather complex, so I recommend that you keep a log of your time spent on each rental. I have a form on my website for you to fill out for each rental.
6. If you don't keep a mileage log, the IRS will usually disallow any mileage/vehicle expenses.
7. Did you have any days unable to work due to COVID related illness for you or a family member? If yes, please fill out the new "COVID Sick Leave Credit Worksheet" found on our website.