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Mellon Johnson Reardon, LLP  
Certified Public Accountants & Advisors



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December 22, 2011

Dear Client:

Your 2011 Information Returns (Forms 1099) reporting payments for services performed are due to the recipients on January 31, 2012. You must prepare a form 1099 if you own a business or rental property and paid any individual or company \$600 or more for services. The IRS is now requiring Schedule C and Schedule E filers to indicate on the forms Schedule C and Schedule E whether there have been payments for such services and if so, whether or not the 1099s have been filed.

Services include, but are not limited to rent, management company fees, gardener fees, contract labor and other similar payments including accounting and legal services. Note that you are not required to send Form 1099's to corporations, unless it is for payment of legal services.

In order to prepare forms 1099, please be sure you receive a W9 from the individual or company for whom you will prepare a 1099. Although corporations are excluded from the 1099 requirement, you should have a W9 on file with the corporate name, address and ID number. We have attached a sample W9 form for you to use as a reference.

The penalty for not filing these forms is \$50.00 for each 1099 that is not reported. For intentional disregard of this law, the penalty is 10% of the 1099 amount. The IRS will enforce these penalties.

If you would like Mellon, Johnson, Reardon, LLP to prepare your 1099s for the 2011 year, please provide the following information to us no later than January 20, 2012, in order to allow time to meet the January 31<sup>st</sup> deadline.

1. A copy of the W9 showing the name of the individual or company, their address and either the social security number (if individual) or federal tax identification number (if trust, partnership, LLC, corporation, etc.). If your payment went to a business, please make sure to use the company's federal tax identification number.
2. Please update your records, including any software you use, with the above information.
3. Please also provide a recap or summary of the amounts paid in 2011 to each of these vendors.

If you prepare your own 1099's, please provide Mellon, Johnson, Reardon, LLP a copy of the 1096 transmittal form with your tax information for our records.

If there are any questions, please give us a call.

Sincerely,

**MELLON JOHNSON REARDON, LLP**