

February 1, 2016

Dear Client,

The IRS requires that you file informational returns (1099-MISC's) for services performed for your trade or business by people not treated as your employees.

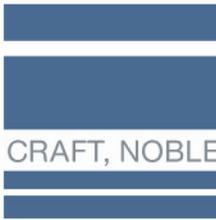
These services include such things as:

	<u>Amount Requiring Reporting</u>
Contract labor	600.00 or more
Commissions	600.00 or more
Directors fees	600.00 or more
Dividends	10.00 or more
Professional fees	600.00 or more
Interest	10.00 or more
Rents (except to real estate agents)	600.00 or more
Royalties	10.00 or more
Sales of real estate	600.00 or more
Payments for legal services & gross proceeds paid to attorneys (even when the payee is a corporation)	600.00 or more

With the exception of payments for legal services, PAYMENTS TO CORPORATIONS ARE EXEMPT.

You should also be aware of what must be included on your employees' W-2's for 2015. The following items must be included:

	<u>Subject to FICA Tax</u>
Wages	Yes
Tips	Yes
Cost of group life insurance policy in excess of \$50,000	Yes
Amounts paid to employees for business expenses under a non-accountable plan or payments in excess of allowed amounts	Yes
Moving expenses	In Some Cases
Scholarships and fellowship grants	In Some Cases
Sick pay	Yes
Fringe benefits:	
Automobiles furnished (personal portion)	Yes
Club Dues	Yes
Tickets to sporting events	Yes
Flights on company planes	Yes
Flights on commercial planes	Yes


CRAFT, NOBLE & COMPANY
PLLC

Certified Public Accountants
Post Office Box 827
Richmond, KY 40476
www.craftnoble.com

Discounts on property or services	Yes
Financial counseling plan benefits	Yes
Educational assistance payments	Yes
401K retirement contributions	Yes
SARSEP retirement contributions	Yes
Simple IRA retirement contributions	Yes
Legal & educational services	Yes
Health benefits or insurance coverage (for owners of partnerships or S Corporations)	Yes
Premiums for long-term care insurance	No
Employer contributions to Health Saving Account	No
Contributions paid to medical savings accounts	No
HIRE act exempt wages and tips	No

There are substantial penalties for improper filing of the 1099 and W-2 forms. These penalties range from \$70 to \$500, per 1099. If you need assistance or have any questions about filing these forms, please call as soon as possible.

These forms must be sent to the recipient by February 1, 2016, and copies must be sent to the IRS by February 29, 2016.

We will be glad to assist you in preparing these forms.

Sincerely,

Craft, Noble & Company, PLLC