

CLIENT ALERT

From

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New Filing Rules for Rental Property Owners

Starting in January, 2011, ANY recipient of rental income must file a Form 1099 for amounts paid in excess of \$600 to anyone providing services to the property.

Who Needs to File?

Any person owning rental property and receiving rental income from either residential or commercial real estate. This reporting affects all owners, both individuals and businesses.

What Should be Reported?

All annual payments of \$600 or more to service providers must be reported on Form 1099. A 1099 must be furnished to each service provider as well as to the IRS.

Which Services Need to be Reported & When?

All payments made for services received after December 31, 2010. Rental property owners will not have to issue the 1099s until January 2012, for the 2011 tax year.

What should you do *NOW*?

- Rental property owners will need the name, address and taxpayer identification number of each service provider. This information should be obtained through the use of Form W-9, which needs to be signed by the service provider. Please contact us if you need this form.
- Starting January 1, 2011, records of all payments made for services should be kept and documented in order to provide accurate amounts on each Form 1099 that you will be required to file.

Penalties will apply to taxpayers who fail to file and/or fail to file correct information on each required Form 1099. Be aware that penalties have also increased significantly.

Please contact your KOV advisor with any questions at (860) 678-5160