

Radakovich, Shaw & Blythe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Mike Radakovich, CPA
Edwin Shaw, CPA
Anne M. Blythe, CPA

Pamela Bower, CPA
Melissa Kasarjian, CPA
Ashley Woodring, CPA
Mark Harasym, CPA

December 30, 2009

Dear Clients and Friends,

To assist you in the preparation of your 1099 Information Returns due January 31, 2010, we have enclosed the following general information plus a guide to information returns and blank forms to identify payments to each recipient. No changes were made to prior 1099 reporting requirements that will affect the preparation of your 2009 1099's.

GENERAL INFORMATION

Information returns are required to be filed to report payments to individuals (non-employees), partnerships, estates, trusts and certain corporations. The federal and state governments impose stiff penalties for not filing these forms in connection with your trade or business.

Requirements for Payments to Attorneys

- Payments to attorneys of \$600 or more paid in the course of your trade or business are reportable in box 7 of Form 1099-MISC. Gross proceeds paid to attorneys of \$600 or more paid in the course of your trade or business are reportable in box 14 of Form 1099-MISC. The exemption from reporting payments made to corporations does not apply to payments for legal services. Therefore, you must report payments for attorneys' fees (in box 7) or gross proceeds (in box 14) regardless of whether or not the attorneys are incorporated.

Requirements for Medical and Health Care Payments

- Payments of \$600 or more made in the course of your trade or business to a physician, other supplier, or provider of medical or health care services must be reported in box 6 of Form 1099-MISC. The exemption from issuing Form 1099-MISC to a corporation does not apply to payments for medical or health care services provided by corporations, including professional corporations.

Requirements still in effect as of January 1, 2001

- Any business or government entity that is required to file a Federal Form 1099-MISC, must report specific information to the EDD regarding an independent contractor providing services through Form DE 542 – *Report of Independent Contractors*. Please visit the California EDD web site: www.edd.ca.gov to find a copy of Form DE 542. You must report independent contractor information to the EDD within 20 days of the earlier of either:
 1. Making payments totaling \$600 or more, or
 2. Entering into a contract with an independent contractor, which equals or exceeds \$600.

Social Security Number/Employer Identification Number (SSN/EIN)

As the PAYOR, you are required to use your name exactly as it appears on other tax returns you file with the IRS, and use either an Employer Identification Number (EIN) or a Social Security Number (SSN) but NOT BOTH, as follows:

1. If you are a sole proprietor and have an EIN, use that number; if you do not have an EIN, use your SSN (sole proprietors are not required to have EIN's unless they file excise or employment tax returns). Use Form SS-4 to request an EIN.
2. All others, including partnerships and corporations, must use their EIN.

3220 S. HIGUERA STREET, SUITE 201 - SAN LUIS OBISPO, CA 93401-3689
805 544-1557 fax 805 544-1573

www.Radshaw.com

Form 1099 Information Return
December 30, 2009

For a RECIPIENT who is an individual and/or sole proprietor, you are required to:

1. Use their individual name exactly as it appears on their social security card or on their individual tax return, which may be followed by their business name or their “doing business as” name on a second line.
2. For a sole proprietor, use their SSN or, if they have one, their EIN.
The IRS prefers you enter the SSN.

For all other RECIPIENTS, use the name and EIN exactly as they appear on other tax returns filed with the IRS.

You are required to make a good faith effort to obtain the information you need to complete Form 1099. Sometimes a telephone call will suffice. Form W-9 (copy attached) must also be used and kept to prove due diligence. If the recipient has no number, he should use Form SS-5 to request a social security number or SS-4 to request an employer identification number. If the recipient does not provide an identification number, leave the box for this number blank on Form 1099.

Failing to comply with the requirements set out above, the IRS may require you to file corrected 1099's at a later date and possibly implement back-up withholding. Please contact our office if you are having a problem acquiring the information needed.

Nominee/Middleman Returns

If you receive a 1099 for income that actually belongs to another person, you should file a Form 1099 showing the actual (or nominee) owner as the recipient and you as the payer. You are responsible for filing this 1099 form.

If you would like our firm to prepare your 1099's this year, please sign the attached signature page and return it to our office along with the completed input forms no later than **January 15, 2010**. Otherwise, we will assume you will be taking responsibility for preparing these forms.

Please contact our office if you need any further assistance.

Have a Happy New Year!

Sincerely,

Radakovich, Shaw & Blythe, LLP
Certified Public Accountants

Enclosures

Guide to Information Returns (If any date shown falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.)

Form	Title	What to Report	Amounts to Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1042-S	Foreign Person's U.S. Source Income Subject to Withholding	Income such as interest, dividends, royalties, pensions and annuities, etc., and amounts withheld under Chapter 3. Also, distributions of effectively connected income by publicly traded partnerships or nominees.	See form instructions	March 15	March 15
1098	Mortgage Interest Statement	Mortgage interest (including points) and certain mortgage insurance premiums you received in the course of your trade or business from individuals and reimbursements of overpaid interest.	\$600 or more	February 28*	(To Payer/Borrower) January 31
1098-C	Contributions of Motor Vehicles, Boats, and Airplanes	Information regarding a donated motor vehicle, boat, or airplane.	Gross proceeds of more than \$500	February 28*	(To Donor) 30 days from date of sale or contribution
1098-E	Student Loan Interest Statement	Student loan interest received in the course of your trade or business.	\$600 or more	February 28*	January 31
1098-T	Tuition Statement	Qualified tuition and related expenses, reimbursements or refunds, and scholarships or grants (optional).	See instructions	February 28*	January 31
1099-A	Acquisition or Abandonment of Secured Property	Information about the acquisition or abandonment of property that is security for a debt for which you are the lender.	All amounts	February 28*	(To Borrower) January 31
1099-B	Proceeds From Broker and Barter Exchange Transactions	Sales or redemptions of securities, futures transactions, commodities, and barter exchange transactions.	All amounts	February 28*	February 15**
1099-C	Cancellation of Debt	Cancellation of a debt owed to a financial institution, the Federal Government, a credit union, RTC, FDIC, NCUA, a military department, the U.S. Postal Service, the Postal Rate Commission, or any organization having a significant trade or business of lending money.	\$600 or more	February 28*	January 31
1099-CAP	Changes in Corporate Control and Capital Structure	Information about cash, stock, or other property from an acquisition of control or the substantial change in capital structure of a corporation.	Amounts of stock or property valued at \$100 million or more	February 28*	(To Shareholders) January 31
1099-DIV	Dividends and Distributions	Distributions, such as dividends, capital gain distributions, or nontaxable distributions, that were paid on stock and liquidation distributions.	\$10 or more, except \$600 or more for liquidations	February 28*	January 31**
1099-G	Certain Government Payments	Unemployment compensation, state and local income tax refunds, agricultural payments, and taxable grants.	\$10 or more for refunds and unemployment	February 28*	January 31
1099-H	Health Coverage Tax Credit (HCTC) Advance Payments	Health insurance premiums paid on behalf of certain individuals.	All amounts	February 28*	January 31
1099-INT	Interest Income	Interest income.	\$10 or more (\$600 or more in some cases)	February 28*	January 31**
1099-LTC	Long-Term Care and Accelerated Death Benefits	Payments under a long-term care insurance contract and accelerated death benefits paid under a life insurance contract or by a viatical settlement provider.	All amounts	February 28*	January 31
1099-MISC	Miscellaneous Income (Also, use to report direct sales of \$5,000 or more of consumer goods for resale.)	Rent or royalty payments; prizes and awards that are not for services, such as winnings on TV or radio shows.	\$600 or more, except \$10 or more for royalties	February 28*	January 31**
		Payments to crew members by owners or operators of fishing boats including payments of proceeds from sale of catch.	All amounts		
		Section 409A income from nonqualified deferred compensation plans (NQDCs).	All amounts		
		Payments to a physician, physicians' corporation, or other supplier of health and medical services. Issued mainly by medical assistance programs or health and accident insurance plans.	\$600 or more		
		Payments for services performed for a trade or business by people not treated as its employees. Examples: fees to subcontractors or directors and golden parachute payments.	\$600 or more		
		Fish purchases paid in cash for resale.	\$600 or more		
		Crop insurance proceeds.	\$600 or more		
		Substitute dividends and tax-exempt interest payments reportable by brokers.	\$10 or more		
		Gross proceeds paid to attorneys.	\$600 or more		
				February 15**	
				February 15**	
1099-OID	Original Issue Discount	Original issue discount.	\$10 or more	February 28*	January 31**
1099-PATR	Taxable Distributions Received From Cooperatives	Distributions from cooperatives passed through to their patrons including any domestic production activities deduction and certain pass-through credits.	\$10 or more	February 28*	January 31

*The due date is March 31 if filed electronically.

**The due date is March 15 for reporting by trustees and middlemen of WHFITs.

Guide to Information Returns (Continued)

Form	Title	What to Report	Amounts to Report	Due Date	
				To IRS	To Recipient (unless indicated otherwise)
1099-Q	Payments From Qualified Education Programs (Under Sections 529 and 530)	Earnings from qualified tuition programs and Coverdell ESAs.	All amounts	February 28*	January 31
1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	Distributions from retirement or profit-sharing plans, any IRA, insurance contracts, and IRA recharacterizations.	\$10 or more	February 28*	January 31
1099-S	Proceeds From Real Estate Transactions	Gross proceeds from the sale or exchange of real estate and certain royalty payments.	Generally, \$600 or more	February 28*	February 15
1099-SA	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA	Distributions from an HSA, Archer MSA, or Medicare Advantage MSA.	All amounts	February 28*	January 31
3921	Exercise of an Incentive Stock Option Under Section 422(b)	Transfer of an employer's stock to an employee pursuant to the exercise of an incentive stock option under section 422(b).	All amounts	February 28*	January 31
3922	Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)	Transfer(s) of stock acquired through an employee stock purchase plan under section 423(c)	All amounts	February 28*	January 31
5498	IRA Contribution Information	Contributions (including rollover contributions) to any individual retirement arrangement (IRA) including a SEP, SIMPLE, and Roth IRA; Roth conversions; IRA recharacterizations; and the fair market value (FMV) of the account.	All amounts	May 31	(To Participant) For FMV/RMD Jan 31; For contributions, May 31
5498-ESA	Coverdell ESA Contribution Information	Contributions (including rollover contributions) to a Coverdell ESA.	All amounts	May 31	April 30
5498-SA	HSA, Archer MSA, or Medicare Advantage MSA Information	Contributions to an HSA (including transfers and rollovers) or Archer MSA and the FMV of an HSA, Archer MSA, or Medicare Advantage MSA.	All amounts	May 31	(To Participant) May 31
W-2G	Certain Gambling Winnings	Gambling winnings from horse racing, dog racing, jai alai, lotteries, keno, bingo, slot machines, sweepstakes, wagering pools, poker tournaments, etc.	Generally, \$600 or more; \$1,200 or more from bingo or slot machines; \$1,500 or more from keno	February 28*	January 31
W-2	Wage and Tax Statement	Wages, tips, other compensation; social security, Medicare, withheld income taxes; and advance earned income credit (EIC) payments. Include bonuses, vacation allowances, severance pay, certain moving expense payments, some kinds of travel allowances, and third-party payments of sick pay.	See separate instructions	To SSA Last day of February*	To Recipient January 31

*The due date is March 31 if filed electronically.

1099 Instructions for 2009

Regarding the 1099's which are **due on 1/31/2010**, enclosed you will find a General Information Letter, an Engagement page requiring your signature, a list of past Recipients of 1099's as well as 1099 Input Sheets for any new recipients in 2009 that will need to be reported.

To engage our services please return the following information to our office no later than January 15, 2010.

- The Signed Engagement Page
- Completed 1099 Input Sheets that have been attached for your convenience for any new Recipients for your form 1099, make sure you have the correct SSN# or EIN#, this is a must for all informational returns. This number will be the same number Recipients use on any and all IRS reporting forms. **(A Recipient is anyone you have paid money to in conjunction with your trade or business).**
- List of prior Recipients of your 1099's reviewed and marked with dollar amounts for current year.

Form 1099 Information Return
December 30, 2009

I would like Radakovich, Shaw & Blythe, LLP CPA's to prepare my 1099 Information Returns for 2009.

I understand to have my 1099's filed timely I must submit all accurate and complete information to Radakovich, Shaw & Blythe, LLP by **January 15, 2010**.

Signature

Date

Company Name (Please Print)

1099 INPUT SHEET
*****PLEASE PRINT ALL INFORMATION*****

PLEASE FILL OUT A FORM FOR EACH PAYEE AND EACH TYPE OF PAYMENT.

PAYMENT FOR: RENT SUBCONTRACT INTEREST DIVIDENDS
(CIRCLE ONE)
MEDICAL SERVICES MORTGAGE INTEREST (Non-Corporate Payees)

PAID TO (NAME): _____

ADDRESS: _____

SOCIAL SECURITY OR EMPLOYER IDENTIFICATION NUMBER: _____
(NOT BOTH)

TOTAL AMOUNT PAID (JAN. 1 – DEC. 31, 2009) _____

PAYMENT FOR: RENT SUBCONTRACT INTEREST DIVIDENDS
(CIRCLE ONE)
MEDICAL SERVICES MORTGAGE INTEREST (Non-Corporate Payees)

PAID TO (NAME): _____

ADDRESS: _____

SOCIAL SECURITY OR EMPLOYER IDENTIFICATION NUMBER: _____
(NOT BOTH)

TOTAL AMOUNT PAID (JAN. 1 – DEC. 31, 2009) _____

PAYMENT FOR: RENT SUBCONTRACT INTEREST DIVIDENDS
(CIRCLE ONE)
MEDICAL SERVICES MORTGAGE INTEREST (Non-Corporate Payees)

PAID TO (NAME): _____

ADDRESS: _____

SOCIAL SECURITY OR EMPLOYER IDENTIFICATION NUMBER: _____
(NOT BOTH)

TOTAL AMOUNT PAID (JAN. 1 – DEC. 31, 2009) _____