



PARKS ASSOCIATES PLLC

CERTIFIED PUBLIC ACCOUNTANTS



March 3, 2022



Kelly Right International Inc.
140 S Arthur St, Ste 600
Spokane, WA 99202

Re: Form 1099 Reporting

IRS requirements are that a Form 1099 must be filed for gross commissions and referral fees paid in excess of \$600.00 for 2021.

The 2021 Forms 1099 for Kelly Right International agents report the gross amount of commissions and referral fees earned by each agent. This gross amount reported on the 1099 is not always the same amount that was paid to the agent. The net amount paid to the agent is the gross commission and referral fees minus transaction fees, referral fees and other costs as agreed to in the agent contract.

Agents should report their gross amount of income from their Form 1099 on their tax return for 2021. The deductions for transaction fees, referral fees and other costs are expenses that are deducted on the agent's tax return against the gross income. This results in the taxable income being the amount of the net payment the agent received. Of course, there are other deductions paid by the agent that will further reduce their taxable income such as mileage expense, supplies, business meals, a home office, and, business use of their cell phone and computer.

There is no double taxing of commissions or referral fees because although they are included in the Form 1099, they are deducted against that income by the agent that paid them.

This information is an explanation of the tax law however every agent will have a different situation. This is not to be construed as personal tax advise and agents should contact their personal accountant to apply the tax law specific for their situation.

Sincerely,

Robyn R Parks,
Certified Public Accountant

