

Federal Tax Day - Current, C.1 Senate Approves Repeal of Expanded Form 1099 Reporting Requirements, (Feb. 3, 2011)

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The Senate on February 2 approved by a 81-to-17 margin an amendment to the FAA reauthorization bill (Sen 223) currently under debate in the Senate that would repeal new IRS Form 1099 reporting requirements for businesses. The measure, offered by Sen. Debbie Stabenow, D-Mich., is offset by retracting \$44 billion in previously approved but unobligated discretionary spending, barring the spending of those funds by the Defense and Veterans Affairs Departments and the Social Security Administration.

The requirement was signed into law as part of the Patient Protection and Affordable Care Act (PPACA) ([P.L. 111-148](#)) and has been widely decried by small businesses as an unnecessary paperwork burden. The provision mandated that all businesses file a return for payments to vendors in excess of \$600 beginning in 2012 and was estimated to raise some \$19 billion over 10 years to help offset the cost of health care reform.

The repeal has widespread bipartisan support and White House backing, but previous attempts to repeal the bill have failed as lawmakers could not reach agreement on how to offset the legislation. Ironically, Democrats in November 2010 defeated, by a 61-to-35 margin, a repeal measure offered by Sen. Mike Johanns, R-Neb., that also called for offsetting the cost with unused federal funds. A repeal bill with no offsets was offered at the same time by Senate Finance Committee Chairman Max Baucus, D-Mont. and fell by a 44-to-53 margin.

Stabenow estimated that, if Congress failed to repeal the requirement, Form 1099 filings for businesses would increase an estimated 2,000 percent. "If left unchecked, this 1099 provision would tie up 40-million small businesses in red tape and burdensome IRS reporting requirements, so we need to fix it now," said Stabenow. "This amendment is a common-sense solution for business owners who need to be focused on creating jobs, not filling out paperwork for the IRS."

By Jeff Carlson, CCH News Staff

[Amendment to Sen 223 to Repeal the Expansion of Information Reporting Requirements for Payments of \\$600 or More to Corporations](#)