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## Lawmakers Call for Repeal of IRS Rule

Last Thursday, three Democrats in the Senate wrote a letter to House Speaker John Boehner urging him to call for a House vote on the 1099 provision set by the IRS. The now infamous 1099 provision is a new rule that makes it compulsory for all businesses to submit a 1099 Form to the IRS for all transactions worth \$600 or more in one tax year starting from 2012. The new law is to close the gap between income that is made and what is actually reported to the IRS currently estimated at \$300 billion every year. The additional revenue is meant to help fund the government's new healthcare reform.

The 1099 form is used to report income for individual workers other than wages and salaries. It is given to freelancers and businesses send them out. This additional administrative work is viewed by most people as onerous especially to small business owners who might have to employ additional staff to keep track of such transactions and comply with the law.

The three senators, namely Maria Cantwell, Ben Nelson and Amy Klobuchar, said they "are confident that the Senate can quickly act" on the repeal once the House has moved it along. In an effort to repeal the IRS provision in the House of Representatives, Republican Rep. Dan Lungren

of California introduced a bill called The Small Business Paperwork Mandate Elimination Act 2011.

In a written statement, Lungren remarked, “The engine of our economy is small business — and we cannot afford to do anything that would stall our economic recovery. We should be supporting policies that contribute to job growth, not imposing yet another new government mandate on the backs of small business owners.”

The present move is not the first time efforts have been made to repeal the provision. Two other attempts at doing so have been carried out, once in September and another time in November last year but to no avail. Both times Congress failed to muster enough votes. According to an estimate from the Joint Committee on Taxation, a repeal of the provision would cost about \$19.2 billion between 2011 and 2020.