



July 16, 2010

## **Small Businesses Cry Foul over New Tax Paperwork Requirement**

Many small businesses will suffer as a result of a relatively unknown legislation in President Obama's health care reform (dubbed Obamacare) that effectively increases the paperwork these businesses have to submit in relation to taxes. This is the overwhelming consensus among experts on Section 9006 of the Patient Protection and Affordable Care Act.

According to the Act, businesses have to submit a Form 1099 each time they spend in excess of \$600 on any business related expenditure, including such common expenses like buying computers, office supplies or paying contractors. This requirement is set to go into effect in 2012. This would put small businesses at a greater disadvantage compared to larger companies as they may not have the manpower to cope with the increased paperwork.

While all companies are used to submitting Forms 1099 for their expenses above \$600, few are keen on the idea of keeping track of all their expenses in such minute detail, an activity that would multiply their paperwork. Joe Antos a healthcare policy expert at the American Enterprise Institute in Washington D.C. is of the opinion that this requirement would not generate additional revenue but instead contribute to an additional inconvenience to small businesses. Ed Haislmaier, a health care researcher at the Heritage Foundation, also feels the same way.

Another expert, Bill Rhys of the National Federation of Independent Businesses feels that Section 9006 will contribute to more job losses. Rhys goes on to say that this requirement is 'purely a revenue provision, an attempt to bring down the Congressional Budget Office's score of the total cost of Obamacare'.

The major purpose of the legislation is to eliminate areas where income is earned without being reported to the IRS. At present, businesses are only required to submit Form 1099 if they are an unincorporated business, a sole proprietorship, or a partnership and if they provide services of more than \$600. But with the enforcement of Section 9006, other forms of businesses such as incorporated, c-corp, and s-corp businesses will also have to comply with the 1099 reporting requirements. This effectively encompasses all businesses in America.

Chris Edwards, a tax-policy expert with the Cato Institute, believes that the legislation will trigger a massive call by small businesses for it to be repealed. Rep. Dan Lungren (R-CA) has

already drafted a bill to repeal Section 9006. It is known as HR 5141 and it already has 67 sponsors.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.