

April 18, 2011

Repeal of Expanded Form 1099 Reporting Requirements Signed into Law

On April 14, 2011, the President signed into law H.R. 4, the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011 (the Act), which repeals the expanded Form 1099 reporting requirements for businesses and rental property owners that had been added to the Internal Revenue Code by the Patient Protection and Affordable Care Act and the Small Business Jobs Act of 2010. The Senate had considered and approved the legislation the previous week and had sent the legislation to the President on April 5, 2011.

In accordance with the Act, corporate taxpayers and taxpayers receiving rental income from real estate do not have to submit to the IRS a Form 1099 for payments made to any single vendor for goods and services totaling more than \$600 annually. The expanded Form 1099 reporting requirements for corporate taxpayers had been scheduled to apply to payments made after December 31, 2011, while the requirements for taxpayers receiving rental income from real estate applied to payments made after December 31, 2010.

The Act's repeal of the expanded Form 1099 reporting requirements is offset by raising the amount of a healthcare tax credit that can be recaptured from taxpayers in cases of overpayment. The credit will be available to those who enroll in a health insurance plan offered through an "exchange" beginning in 2014. The Joint Committee on Taxation estimated that this offset will raise \$24.9 billion over 10 years and that repealing the expanded Form 1099 reporting requirements will save taxpayers \$24.7 billion over 10 years.



If you have any questions about this development, please feel free to contact any of the attorneys listed below or the Sutherland attorney with whom you regularly work.

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