

On September 28, 2010, NYSSCPA President Margaret A. Wood contacted the members of the NYS Congressional Delegation via email, regarding IRS 1099 reporting requirements:

On behalf of the New York State Society of Certified Public Accountants (NYSSCPA) and our 27,000 members, I want to make you aware of the significant compliance burdens placed on businesses by section 9006 of the *Patient Protection and Affordable Care Act* (P.L. 111-148) (“the Act”). **NYSSCPA respectfully requests that you take action to repeal section 9006, which imposes unreasonable and extremely burdensome Form 1099 reporting requirements on all business taxpayers, but particularly on small businesses.**

As you know, the Act made two significant changes to the law that will take effect in 2012. First, the Act overturned a long-standing tax regulation providing that corporations were generally exempt recipients for Internal Revenue Code section 6041 reporting purposes. Second, the Act expanded information reporting requirements to business payments for goods (which is in addition to business payments for services, as required by current law). Therefore, in 2012, if a business purchases \$600 or more in goods or services from another entity, the new provision requires the business to provide the vendor and the IRS with a Form 1099-MISC information return. We believe this new requirement imposes extremely burdensome information reporting requirements on business taxpayers that cannot be justified in terms of the limited utility this information will provide to government, and accordingly, we support repealing this new provision.

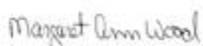
This expansion of information reporting may prove to be so burdensome to small businesses that we believe it will contribute to the hurdles to growth and formation that businesses face. Businesses will be faced with substantial increased costs to gather this limited-use information, and to prepare and mail additional Forms 1099-MISC. In addition, many corporations operate on a fiscal year basis rather than on a calendar year, which simply adds to the morass of increased costs, because it will trigger a burdensome income reconciliation procedure for the taxpayer that would be necessary to interpret the data. Indeed, the information reported to the IRS will be of little value to the government due to the great difficulties the IRS will have trying to reconcile the massive number of Forms 1099-MISC with the income reported by the vendor on its tax return.

The business implementation costs associated with generating and receiving millions of forms, and the potentially mind numbing reconciliation processes for businesses should be weighed against the uncertainty of the benefit to be derived by the government.

NYSSCPA strongly supports efforts to reduce the tax gap, but we believe the extraordinary burden in this instance far outweighs the potential benefit. Therefore, we support the repeal of section 9006 as the best solution for American businesses, and we hope you will support any effort that rolls back this onerous, unworkable provision.

If you have any questions regarding this issue, or we can be of any assistance to you, please contact me at president@nysscpa.org or at (212) 719-8300.

Sincerely,



Margaret A. Wood, CPA
NYSSCPA President