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## Progress Made Toward Repeal of New 1099 Reporting Rules, But Future Still Uncertain

Beginning in 2012, all businesses must issue IRS Form 1099s to all individuals and corporations from which they purchase more than \$600 in goods and services annually. The provision was intended as a revenue raiser under the PPACA by increasing compliance on business income tax returns. The business community has expressed strong opposition to this reform measure due to the expected onerous paperwork and accounting burden, particularly on small businesses.

Repeal of the new 1099 reporting rules has bipartisan support, including from the Obama Administration, which acknowledged this “flaw” in the healthcare reform framework. However, the debate now shifts to how to eliminate the measure, and whether such repeal requires offsetting cost savings to account for the lost revenues the measure was expected to generate.

The Senate has approved an amendment to the Federal Aviation Administration Reauthorization bill to repeal the new 1099 reporting rules by offsetting the estimated \$22 billion of lost revenues with budgetary rescissions. On March 3, 2011, the House passed a measure that repeals the new 1099 reporting rules and offsets the lost revenues by increasing the repayment limits for ineligible individuals that receive premium assistance in the healthcare exchange subsidy program. Senate and House leadership have not yet indicated how they intend to proceed to compromise on this legislation.

### Works Cited

McGuireWoods Healthcare Reform Guide: Installment No. 18 - Recent Health Care Reform Updates

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