



Issue Fact Sheet

NMHC/NAA Joint Legislative Program • Suite 540 • 1850 M Street, NW • Washington, DC 20036 • (202) 974-2300 • Fax (202) 775-0112 • www.nmhc.org

ONEROUS 1099 INFORMATION REPORTING REQUIREMENTS

Background

Under current law, businesses must send information reporting forms (Form 1099) to all individuals who provide more than \$600 worth of services to that business in a calendar year. The health care reform bill enacted in July 2010 (P.L. 111-148) included provisions to greatly expand the requirement as of 2012. First, payments made to corporations would have no longer been automatically exempt from the reporting requirement. Second, it would have applied to the purchase of goods as well as services. The change was justified as a means of collecting tax on unreported income and was used to partially offset the cost of the healthcare bill.

If left unchanged, this provision would have exerted an onerous compliance burden on all businesses, including apartment firms, and it would have significantly increased accounting costs. Companies would have had to begin tracking all payments to all vendors to determine whether they exceeded the \$600 threshold over the course of the calendar year. If they did, they would have had to collect taxpayer IDs from them and send the vendor a 1099. The change would have dramatically increased the paperwork burden on firms, requiring 1099s for extremely common transactions, such as purchasing equipment, hiring maintenance companies and even establishing telephone service.

NMHC/NAA Position

NMHC/NAA strongly supported full repeal of this extremely onerous provision.

Current Status

NMHC/NAA secured one of our top legislative priorities on April 14 when President Obama signed into law legislation (P.L. 112-9) to repeal onerous 1099 reporting requirements enacted as part of last year's health care reform law (P.L. 111-148).

P.L. 112-9 also repealed separate 1099 changes enacted last year under a small business law (P.L. 111-240). Those changes require passive real estate owners to comply with all present-law 1099 requirements. That provision went into effect in 2011.

Relevant Committees

Senate Finance
House Ways and Means
Joint Committee on Taxation

Contact Information

Matthew Berger
Vice President of Tax
NMHC/NAA Joint Legislative Program
202/974-2362
mberger@nmhc.org

Last Updated: April 2011