



**SMALL BUSINESS
LEGISLATIVE
COUNCIL**

NEWS RELEASE

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SMALL BUSINESS LAUNCHES REPEAL FORM 1099 WEBSITE

As a result of a new law signed this year, beginning with payments made in 2012 every business will be required to issue to any vendor of services OR property to which the business has paid more than \$600 a year for those services or property, an information reporting form known as Form 1099. The Form 1099 must also be sent to the Internal Revenue Service. In addition to issuing the forms, a business will have to get Taxpayer Identification Numbers (TINs) from all of those vendors and withhold payments to any such vendor until it receives the TIN. Penalties apply if the business fails to issue the Forms 1099.

Under the existing law, businesses issue the Form 1099 only to individuals who provide services to a business. The new law makes two changes: the Form 1099 must be issued to corporations of all sizes and shapes as well as to individuals AND a Form 1099 must also be issued to individuals and corporations that provide property to a business.

The payments that are included under this are not only those made directly by check but also those made by other means such as credit cards, for example. Think about the airlines, hotels, rental cars, and restaurants that appear on a business' credit card bill. Most small businesses might not think of those companies as vendors of goods and services, but that is what they are. Also, if the business is in the business of selling or distributing goods, all of the business' suppliers of products are also vendors under the new law. (Under existing law there are regulations that provide narrow exceptions for some types of vendors (telegrams, telephone, freight, storage) and some individual vendors that accept payment from the business by credit card and meet qualifications set forth by the IRS. Even if some regulatory exceptions are carried over under the new law, the innocent tax-paying business will still be the one responsible and liable for issuing the information report and it will not be easy.) And Congress is considering doubling the penalties.

TAKE ACTION

To send emails to Senators and Representative, go to www.stopform1099.org.

But do not stop there, call Senators and Representatives (202-224-3121) and deliver the message found at www.stopform1099.org."

The Small Business Legislative Council is a permanent, independent coalition of over 60 trade and professional associations that share a common commitment to the future of small business. Our members represent the interests of small businesses in such diverse economic sectors as manufacturing, retailing, distribution, professional and technical services, construction, transportation, and agriculture. Our policies are developed through a consensus among our membership. Individual associations may express their own views.

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