

BACKGROUND

As a result of the current economic climate, federal, state and local governments are reviewing taxation policy and seeking ways to increase revenues. At the federal level, proposals have focused on programs to generate revenue through greater compliance with federal tax laws. To achieve this goal, the federal government has implemented a significant change in the federal tax reporting system for 2012 by expanding the 1099 reporting requirements. Specifically, beginning for payments made after December 31, 2011, companies will be required to furnish and file form 1099 for payments made to all for-profit companies regardless of corporate status. In addition, all payments for goods, materials, merchandise, supplies, and other property will need to be reported as well. These changes will likely cause the 1099 reporting volume to increase significantly for most companies. ASID opposes these changes because it will disproportionately increase the reporting burden on small business.

TALKING POINTS

- . Additional 1099 requirements would place a disproportionate burden on smaller firms because they do not have the same resources as larger firms (e.g., legal and accounting services). This will limit small business development.
- . The expansion of information reporting is so burdensome to small businesses that it will significantly contribute to the limitation on job creation and overall growth.
- . The information collected on the 1099 forms will not be helpful to the IRS in collecting unpaid taxes by vendors because it will be difficult to reconcile payments reported on the forms and income reported by the vendor.
- . Businesses providing services or selling property may face backup withholding on payments made to them if there is a problem with the TIN, further increasing cost to small business.
- . There is no evidence that the increased reporting requirements will actually increase revenue, rather they will only serve to increase cost to small business who are tax compliant.

ACTION

ASID urges its members and coalition partners to support federal legislative language to strike section 9006 the 2010 Health Care Act because the provision imposes extremely burdensome information reporting requirements on business taxpayers.

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About ASID: The American Society of Interior Designers (ASID) is a community of people—designers, industry representatives, educators and students—committed to interior design. Through education, knowledge sharing, advocacy, community building and outreach, the Society strives to advance the interior design profession and, in the process, to demonstrate and celebrate the power of design to positively change people's lives. Its more than 36,000 members engage in a variety of professional programs and activities through a network of 48 chapters throughout the United States and Canada. www.asid.org