



What Small Businesses & Small Business Advocacy Organizations Are Saying In Support of Full Repeal of 1099 Provisions Enacted in 2010

“Imagine picking up donuts every Friday for your staff meeting and then having to send the donut shop a 1099. Or how about a 1099 for your cell phone bill. Does the U.S. Post Office get a bill if we use over \$600 a year in postage?”

- John C. Gregory, IOM, President/CEO, Northern Rhode Island Chamber of Commerce, Lincoln, RI and Member of the U.S. Chamber of Commerce

“...a pending threat to small business that I can best describe as formidable, frustrating, and frightening...According to the government website, it only takes 18 minutes for me to fill out a 1099 form...I conduct transactions with about 200 jewelry suppliers each year and will invest more than \$600 with each of them. That means an additional 60 hours of work to fill out those 1099 forms.”

- Seth Shipley, owner of Shipley's Diamonds and Fine Jewelry in Hampstead, Maryland and member of the National Retail Federation (NRF)

“A prime example of the burden exists with a client of mine who travels extensively. Under the law he would need to get the EIN of every hotel he may stay at in the chance that he pays them over \$600 throughout the year. His travel is mainly to the same regions of the country and he may stay at the same hotel, eat at the same restaurant a few times during the year. Many hotels are franchisees so you can't just issue Hilton Hotels a 1099, but each franchisee. So when his credit card bill arrives his bookkeeper will need to track every payee, find out who the owners are, and get their EIN. If the law does remain in effect my client would most likely need to hire an additional person to assure he remains compliant. The cost for salary alone would be in the range of \$25,000 to \$30,000.”

- American Institute of CPAs member from Alpharetta, GA

“A bookbinding business in Denver, Colorado would see an increase in 1099 filings from less than a dozen last year to more than 1,000. The business does not have an in-house accountant and would have to consider hiring a part-time employee just to complete the forms. The owner said, ‘If I have to hire a part-timer, I don't want them filling out government forms, I want them to be binding books.’”

-National Federation of Independent Business (NFIB)

“The requirements of this provision are unnecessarily burdensome on our senior living providers. Our members predict that they will have to generate thousands of new 1099s per year – an extraordinarily expensive and unnecessary exercise. In addition, our senior living providers will also have the expense of buying new data collection software necessary for complying with these new requirements.”

- Assisted Living Federation of America

“Small business issues directly affect many physical therapists, as owners of community based practices for physical therapy and rehabilitation. The expanded 1099 filing requirements as outlined in PPACA would present a significant burden on our physical therapy practitioners and business owners. Overcoming these obstacles will undoubtedly result in decreased efficiencies and/or increased costs for small businesses as they look to offset the new administrative burden.”
- *American Physical Therapy Association (APTA)*

“A 2005 study published in the *Annals of Family Medicine* estimated that paperwork, or documentation, takes up as much as a third of a physician’s workday. Physicians already deal with piles of charts, and encounter and billing forms from innumerable insurance companies, which takes away from their time with patients. Under Section 9006, more 1099 reporting forms will be added to that paperwork burden.”
- *American Medical Association*

“Further, a separate unintended consequence could happen if small businesses consolidate advertising to fewer outlets or cut back altogether to avoid more paperwork. Since each ad dollar lost compounds to a net economic loss of 4 to 10 times or more, this would be a disaster for our hometown economies.”
- *The Free Community Paper Industry*

“One California member has 25 employees and provides IT management, monitoring and security. For the 2009 tax year, this business filed 25 Forms 1099; under the new requirement, it estimates that it would have [to] file about 300 forms, an increase of 275 forms for an 1100% increase.”
- *CompTIA*

“Along with their drug and pharmaceutical supply inventory, most independent community pharmacies maintain an inventory of ‘front end’ items. Such items include over-the-counter drugs, health products, and sundries. Because of the number of vendors at issue, independent community pharmacists, under the new Form 1099 reporting requirements, will be forced to file an additional 50 to 100 Form 1099’s for these ‘front end’ goods that they purchase on an annual basis.”
- *National Community Pharmacists Association (NCPA)*

“The negative impact of new reporting requirements on farmers and ranchers is further compounded by increased penalties for the failure to comply that were passed [and] included in the *Small Business Jobs Act of 2010*...Not only will farm operators be required to prepare additional 1099 forms, they will also face a new administrative burden from reconciling the forms they receive from the sales of their products.”
- *American Farm Bureau Federation*

“Many individuals own a single rental property: a home inherited from a family member; a home that a financially strapped former homeowner has had to rent out because the house would not sell; a modest flat or apartment in a home; a property or two held for its potential appreciation by a person with a ‘day job.’ These owners often are not sophisticated taxpayers. Rather, these ‘little guy’ landlords may be unaware of reporting requirements. Even if they were aware of the requirements, they would often be uninformed about how one goes about making Form 1099 reports. Hence, this reporting requirement is not only another paperwork burden, but a trap for all small landlords.”
- *National Association of Realtors®*