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BAUCUS, REID INTRODUCE AND PLEDGE TO PASS REPEAL OF 1099 REPORTING REQUIREMENTS

Senators hope for bipartisan cooperation to ease requirements for businesses

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Senate Majority Leader Harry Reid (D-Nev.) today introduced and pledged to pass a bipartisan bill that would repeal certain new reporting requirements for businesses. Business owners have said that these new reporting rules would be too time consuming for businesses to meet. Baucus and Reid said today they hope to pass a repeal of these rules with strong bipartisan support.

“We have heard small businesses loud and clear and are responding to their concerns,” said Baucus. **“Small businesses need to focus on creating good-paying jobs – not filing paperwork. Many of my colleagues on both sides of the aisle want to work with the small business community to eliminate these requirements, and it is my hope we can come together to pass legislation quickly.”**

“Small businesses, the engine of our economy, told us the 1099 provision was burdensome, and we are responding quickly to ensure that they can keep running smoothly,” said Reid. **“Making it easier for small businesses to thrive should be something Republicans and Democrats can agree on. I hope we can come together on common-sense reforms like these to improve a law that is already saving money and saving lives.”**

The bipartisan legislation would repeal requirements for businesses to report payments made for goods and certain services to the IRS using tax form 1099. This expansion of the 1099 reporting requirements was proposed by the Bush administration to help better keep track of what businesses spend and earn, which in turn helps better keep track of tax liability. The Treasury Department estimates that more than \$345 billion in owed taxes go unpaid each year. As Chairman of the Finance Committee, Baucus worked together with the Bush Administration to begin crafting the policy, which was designed to collect more of those unpaid taxes and help keep taxes lower for all taxpayers. However, after the policy was finalized late last year and became law in early 2010, more businesses owners became aware of the new paperwork requirements and raised concerns about the resources that would be required to complete the forms when they would need to begin doing so in January 2012. Baucus previously introduced legislation to repeal these form 1099 reporting requirements during the 111th Congress in November 2010.

Baucus and Reid have long worked to bolster small business and provide the tools small businesses need to grow. They recently worked to pass the Small Business Jobs Act, which helps small businesses access capital, stimulates investment in small businesses and promotes entrepreneurship. Baucus and Reid said today they intend to continue partnering with the small business community to craft innovative solutions to enhance tax administration to make our nation’s tax system fairer and without raising taxes on anyone.

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