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U.S. Senate Passes 1099 Repeal; Sends Measure to President

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Employers in Massachusetts and elsewhere will not face onerous new 1099 tax reporting requirements now that the U.S. Senate has passed and sent to President Barack Obama a repeal of the controversial health-care reform provision.

Senators voted 87-12 today to repeal the controversial law that would have required businesses beginning in 2013 to file 1099 tax forms for every vendor that sold them more than \$600 worth of goods and services. Both Massachusetts senators – Democrat John Kerry and Republican Scott Brown – supported the measure.

President Obama has expressed concern about the funding portions of the repeal but is expected to sign it.



The Senate vote apparently spares 38 million businesses, charities and non-profit organizations from a bureaucratic nightmare that some experts estimate would have increased paperwork by 2,000 percent. Associated Industries of Massachusetts has strongly supported repeal of the provision, which would have saddled employers with significant administrative and accounting expense at a time when many are already struggling with the soft economy.

“AIM and its member employers commend Senator Kerry, Senator Brown and their colleagues for taking a stand against a regulation that would have placed an intolerable burden on millions of small companies across the country. We urge President Obama to sign the repeal,” said Richard C. Lord, President and Chief Executive of the Association.

Today’s Senate vote approved an earlier version of the 1099 repeal approved by the House of Representatives on March 3.

The 1099 filing requirement was projected to raise nearly \$25 billion over the next decade by ensuring that vendors pay their taxes. Now, the money will be made up by changing another part of the health care law, requiring more families to repay tax credits designed to help them cover insurance premiums, if their incomes increase beyond certain levels.

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