



## Form 1099 Reporting Requirements Repealed

By Robert C. Lickwar, CPA, MST  
Tax Partner

Businesses and landlords can breathe a collective sigh of relief. Potentially onerous informational return (Form 1099) filing requirements have been repealed before they became effective for businesses and retroactively for real estate property owners.

### Background:

Prior to the Health Care Reform legislation passed last year, businesses were only required to issue 1099s to unincorporated service providers. Under Health Care Reform, businesses would have been required to furnish 1099 forms to corporate taxpayers for both services provided and the purchases of goods beginning in 2012.

The Small Business Jobs Act, signed into law in September 2010, brought with it many favorable tax provisions intended to stimulate the economy and create jobs. It also included a requirement that landlords report payments made to businesses and individuals performing services. For example, Jane owns a three family apartment house and hires Joe to paint the property. Prior to the Small Business Jobs Act, Jane need not worry about reporting this amount on a Form 1099 issued to Joe. However, if the services were performed by Joe in 2011 or after, Jane would have been required to obtain Joe's taxpayer identification information and issue a 1099 to him. If she failed to obtain the information, tax withholding and penalties could have applied.

### Relief:

President Obama signed H.R. 4, the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011 into law on April 5, 2011. Expanded 1099 reporting under both the Health Care Reform legislation and the Small Business Jobs Act discussed above have been repealed.

### Our Advice:

Business taxpayers should continue to issue 1099 forms to unincorporated service providers. The IRS is still concerned with reducing the federal deficit and will continue to vigorously monitor informational reporting requirements and worker classification issues.

Form 1099 Reporting Requirements Repealed  
Page 2

Landlords who had received Form W-9's from their service providers can shred them, as they are no longer required to collect this information. If federal income tax has been withheld from service providers, it can presumably be returned to the payee.

Should you have any questions on this new round of legislation, please feel free to contact Bob Lickwar at (860) 255-0108 or [rlickwar@dhascpa.com](mailto:rlickwar@dhascpa.com).