

## ALERT

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**April 7, 2011**

### Congress Passes Bill to Repeal the Expanded Form 1099 Information Reporting Requirements

Dear Clients and Friends,

On April 5, 2011, the U.S. Senate voted to repeal the controversial information reporting requirements that were enacted as part of the package of last year's Health Care Reform and Small Business Tax Incentives. The bill was previously approved by the House on March 3, 2011 and is now headed to President Obama, who is expected to sign the bill into law shortly. This bill effectively reverts the information reporting rules under Form 1099 back to the way they worked pre-enactment of the health care legislation.

Form 1099 has traditionally been used to report payments to non-corporate recipients for services. For example, amounts paid to an independent contractor would generally be considered a reportable transaction. Beginning in 2012, businesses would have been required to file a Form 1099 for every vendor selling them more than \$600 in goods or services each year.

In addition, the bill also repeals a similar provision set to begin in 2011 that would impact rental income recipients who make payments of \$600 or more to a service provider such as a plumber or electrician. Both of these reporting requirements were projected to raise nearly \$22 billion over the next decade to help offset the cost of the Health Care overhaul.

If you have any questions about the impact of this repeal on your business, please contact your Green Hasson Janks advisor at (310) 873-1600.

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