

**April 28, 2011**

**ALERT: Bill repeals expanded 1099 reporting requirements**

Two onerous new 1099 reporting requirements put into place in the health care reform legislation were repealed on Thursday, April 14.

- The original legislation, part of the Patient Protection and Affordable Care Act, had expanded 1099 reporting so that an entity making total payments of \$600 or more in a calendar year to any payee – including corporations – would be required to send a 1099 to that payee. The repeal returns the 1099 reporting requirement to its earlier version, which requires reporting of total payments of \$600 or more in a calendar year for services by sending a 1099 to the service provider.

Payments totaling \$600 or more in a calendar year made to a corporation or payments made for property no longer require sending a 1099 to the payee.

- In addition, the Small Business Jobs Act had added a requirement that any individual who receives rental income and pays any service provider more than \$600 total related to the rental property would need to send the provider a 1099. Previous legislature required filing 1099s only if an individual or entity “in the trade or business of renting property” paid more than \$600 total for services related to the property in a calendar year. The Small Business Jobs Act had expanded that requirement to any individual who receives rental income. That expansion has been repealed and the reporting requirement returns to its original definition.

Even in its original form, the definition of who may be considered “in the trade or business of renting property” can be confusing – as always, consult your tax professional for any questions.

Both of these reporting requirements were designed to raise revenue (in particular for health care reform). Both measures had been criticized as placing a significant burden on small businesses.

If you have questions or need more information about this change in 1099 requirements, please contact your AGH professional or AGH vice president of tax services Curtis Dean at (316) 291-4189 or [curtis.dean@aghlc.com](mailto:curtis.dean@aghlc.com).

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