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# Health bill floods business in paper

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By Michael Tanner

The health care bill that the Democrats rammed through Congress at the end of March seems to be the gift that keeps on giving.

Unfortunately, most of what it is giving is about as welcome as those little treats your cat

drags in.

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But the new rule will mean that even the smallest of businesses will have to issue a form — and file with the IRS — for virtually every purchase or payment.

To pay your rent, you have to issue a 1099. Buy a new set of tools, issue another one. Software, office supplies, airline tickets, gas for your truck, they all could require filing a 1099 — and entail a huge new administrative burden.

The burden falls on the other partner in the transaction too. The business providing the goods and services would have to collect 1099s from all its customers and integrate them with the rest of its tax records.

This would be a significant burden even for businesses with computerized record keeping. For the millions of small businesses that still do bookkeeping by hand, the cost in both time and money will be devastating.

Furthermore, businesses will be required to collect all the requisite information from everyone they do business with, including their taxpayer ID, to file the required form. This, in turn, poses a whole new set of threats to privacy.

Consider how many business transactions go on every single day in a \$14 trillion U.S. economy. Millions, perhaps hundreds of millions, of forms will be winging their way between businesses and between businesses and the IRS. The potential for mistakes and lost forms would be tremendous. And with errors would come audits and penalties.

No wonder the IRS is seeking thousands of new agents to administer the health bill. This is an IRS full employment act.

New reports suggest the health bill is going to increase health care spending and end up costing more than advertised, yet another unpleasant shock (though it should not be a surprise).

So we can understand why the Democrats in Congress would want to wring every last dime they can get out of American businesses.

But those businesses will already be laboring under hundreds of billions of dollars of new taxes on

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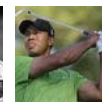
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the bill, as well as a mandate that they provide their workers with insurance. This new reporting requirement will just be one more straw on the camel's already overburdened back.

Unemployment is still nearly 10 percent. Do we really think this is a good time to bury businesses under a blizzard of costly new paperwork?

After all, every dollar spent collecting data, filling out forms, reprogramming computers, hiring accountants and wrestling with the IRS bureaucracy is a dollar that can't be used to hire or pay workers.

As for the rest of us, we will just wait and wonder what surprise the health care bill will bring us next.

Michael Tanner is a senior fellow at the Cato Institute.

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