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Another Pelosi Easter egg in ObamaCare: IRS mandate on business

posted at 10:55 am on April 29, 2010 by Ed Morrissey

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Remember this?

[Cato's Chris Edwards](#) has found another of Nancy Pelosi's surprises in ObamaCare, and this one's a doozy. We have already noted the strange assignment of health-insurance approval to the IRS, an agency with no expertise in the field whatsoever. Now it appears that the IRS will have to hire a lot more people to track an avalanche of paperwork, too:

Most people know about the individual mandate in the new health care bill, but the bill contained another mandate that could be far more costly.

A few wording changes to the tax code's section 6041 regarding 1099 reporting were slipped into the 2000-page health legislation. The changes will force millions of businesses to issue hundreds of millions, perhaps billions, of additional IRS Form 1099s every year. It appears to be a costly, anti-business nightmare.

Under current law, businesses are required to issue 1099s in a limited set of situations, such as when paying outside consultants. The health care bill includes a vast expansion in this information reporting requirement in an attempt to raise revenue for an increasingly rapacious Congress.

This comes from claims routinely made by Congress that businesses dodge their tax liabilities through fraud. Even if one accepts that premise, the cost of collection to both the IRS and the economy eventually meets a point of diminishing returns, if you'll pardon the pun. Where does that point lie? I'd guess well above the [threshold set](#) by the new law, emphasis mine:

The 2010 Health Care Act adds “amounts in consideration for property” (Code Sec. 6041(a) as amended by 2010 Health Care Act §9006(b)(1)) and “gross proceeds” (Code Sec. 6041(a) as amended by 2010 Health Care Act §9006(b)(2)) to the pre-2010 Health Care Act categories of payments for which an information return to IRS will be required **if the \$600 aggregate payment threshold is met in a tax year for any one payee**. Thus, Congress says that for payments made after 2011, the term “payments” includes gross proceeds paid in consideration for property or services.

That means any time a business pays any one entity \$600 or more in a year, they will have to create a 1099 to file with the IRS. That means that the businesses have to get all of the tax information for every vendor, provide separate accounting for every payee, and then send the forms to both the IRS and the payees at the end of every year — as the payees do the same with their vendors, and so on. Edwards puts the scope in context:

For the \$14 trillion U.S. economy, that's a hell of a lot of 1099s. When a business buys a \$1,000 used car, it will have to gather information on the seller and mail 1099s to the seller and the IRS. When a small shop owner pays her rent, she will have to send a 1099 to the landlord and IRS. Recipients of the vast flood of these forms will have to match them with existing accounting records. There will be huge numbers of errors and mismatches, which will probably generate many costly battles with the IRS. ...

Private transactions are the core of a market economy, and the source of America's growth and prosperity. Now the federal government is imposing a vast new web of red tape on perhaps billions of these growth-generating private exchanges.

And they did it as part of a *health-care bill*. Instead of directing capital towards growth-stimulating efforts, Nancy Pelosi and the Democrats just buried the private sector in an avalanche of compliance costs.

Update: Attorney and HA reader Meric1837 sends this clarifying note:

What you didn't explicitly say in it is the big change is that businesses have to file 1099s with other businesses. Before you didn't have to file with corporate entities. I had to read the CATO story to get that out of it, but that's the killer. The line about “**And for the first time, 1099s are to be sent to corporations**” should be quoted, highlighted, and made clear. Not everyone in the comments

seem to understand that because 1099s are required for a wide range of transactions but it's the change to inter-corporation transactions that will cause the explosion in compliance costs. It's pretty technical, but for small businesses, technicality matters.



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I'm going into the paper business, who'd a thunk that the health care bill was a stimulus.

tim c on April 29, 2010 at [11:55 AM](#)

Excuse me, but WHAT is that thing behind Pelosi? Is that a ringer they brought in to make Pelosi look passable?

D2Boston on April 29, 2010 at 11:48 AM

Looks like Perry Farrell (Jane's Addiction). No, that's not fair – Perry's not that fugly.

Midas on April 29, 2010 at [11:56 AM](#)

RE: Post photo of Queen Nancy

Why is Nancy Pelosi hanging out with Perry Farrell?

forest on April 29, 2010 at 11:55 AM

LOL. beat me to it!

Midas on April 29, 2010 at [11:57 AM](#)

Democrats HATE trees!

GarandFan on April 29, 2010 at [11:58 AM](#)

May be OT, but has anyone heard about this checking account tax? I think that's what they call it. Need more coffee...brain not working well this morning..ugh

sicoit on April 29, 2010 at [11:59 AM](#)

I see a windfall here...for the Post Office. Imagine having to process all of these 1099's by January 31st. So, does this help keep the Post Office afloat or the union minions in business?

For full disclosure purposes, I will probably see more overtime in January since I work in an industry that produces 1099s.

JohnnyD on April 29, 2010 at [12:01 PM](#)

Businesses will now break down payments into \$599 installments.

darwin on April 29, 2010 at 11:13 AM

Won't work – *it is \$600 for the entire year*, regardless of the number of payments.

And it has never been indexed for inflation, otherwise, at this point, it would be something like a several thousand dollars per year threshold.

[kj1291](#) on April 29, 2010 at [12:01 PM](#)

This is part of Obamacare? Who knew that filling out forms could make people healthier?

Oh wait, it's filling out forms for **The One**. Of course that will make people healthy; *and they will see unicorns*.

westerncanadian on April 29, 2010 at [12:09 PM](#)

Quick IRS question to readers:

Anyone notice a return is taking months – with bs “requests for more info” in between to stall payouts?

For the first time in years, my wife and I did a 1040, no deductions – 2 W-2's. We received our federal return email on Feb 24th, with tracking info – which said “March 10th” as the date for our direct deposit return. Upon tracking each week – the date for the return keeps changing and/or says “processing”

We called the IRS, to which they said “we will send documents for more info – which may take up to 14 days to receive, then expect another 14-20 days for review, then a return can take an additional 14 days afterwards.

All in all – 4 1/2 months from the date of the original “payment” after filing well ahead of the deadline – again on a 1040 filing.

I am well aware the gov is broke, with revenues down 20% from last year – but do they have a duty to pay you in a timely manner, like the doomsday “April 15th” filing date? And have they done a cost assesment of paying out billions, compared to hiring thousands of IRS “agents” to delay returns?

Also – I have spoken to 3 couples – 2 are in the same “request for more info” (they do have considerable deductions) boat – with the 3rd being audited... on a 1040 filing...

Just another snapshot of effective federal government payouts...

Odie1941 on April 29, 2010 at [12:11 PM](#)

This will be how the dear leader determines if a business has made enough money. Nanzi did promise the creation of 400,000 new jobs with the passage of health care.

Kissmygrits on April 29, 2010 at [12:12 PM](#)

Democrats are mean bastards.

The weasels' hubris must be punished, and harshly.

Schadenfreude on April 29, 2010 at [12:14 PM](#)

Don't you have to have the customer's social security number for a 1099? So I'd have to provide my SSN to buy a TV and Best Buy? Is that right?

Meric1837 on April 29, 2010 at [12:15 PM](#)

I was just curious, I'm yet to see any mention on here about the ever growing oil slick off the Gulf of Mexico. It is happening, right? Not something made up by the 'lamestream media' is it?

dr_duke09 on April 29, 2010 at 11:31 AM

Yes, and those evil cows are still farting and causing global warming. Thank God that at least [the oceans stopped rising the day Obooba was nominated to the Democrat ticket.](#)

Akzed on April 29, 2010 at [12:19 PM](#)

Naw, Demodunks don't hate trees – they hate business (unless it's their own).

Question: Since Madam Nancy employs temporary workers at her Marin Count vineyard, where's her exemption from this law?

SeniorD on April 29, 2010 at [12:19 PM](#)

Wow – this is going to put A LOT of small companies out of businesses and destroy a huge amount of jobs, and raise costs for those that are left, large and small – which will be passed on to all individuals.

Hmmmm – Higher costs of living + higher taxes + higher unemployment = STIMULUS?

(NOT! WTF!)

[kj1291](#) on April 29, 2010 at [12:20 PM](#)

I see a windfall here... for the Post Office. Imagine having to process all of these 1099's by January 31st. So, does this help keep the Post Office afloat or the union minions in business?

For full disclosure purposes, I will probably see more overtime in January since I work in an industry that produces 1099s.

JohnnyD on April 29, 2010 at 12:01 PM

No. If you have at least a certain number (200 I think), you are *required* to file them electronically.

[ButterflyDragon](#) on April 29, 2010 at [12:20 PM](#)

Don't you have to have the customer's social security number for a 1099? So I'd have to provide my SSN to buy a TV and Best Buy? Is that right? Meric1837 on April 29, 2010 at 12:15 PM

Between that and your cell phone's GPS they'll pretty much have you in their sights 24/7.

Akzed on April 29, 2010 at [12:21 PM](#)

Don't you have to have the customer's social security number for a 1099?

Not exactly – the customer (either an individual or a business) who is paying for a good or service is responsible for preparing and filing the 1099.

So I'd have to provide my SSN to buy a TV and Best Buy? Is that right?

Meric1837 on April 29, 2010 at 12:15 PM

For this example YOU would have to issue the 1099 to BB (and obtain their FEIN (Federal Employer Identification Number) and legal business address.

[kj1291](#) on April 29, 2010 at [12:24 PM](#)

/jimbo mode on

You people are idiots. The money this costs is not being put to any constructive use, anyway. Plus, the hiring boom this will cause, will lower unemployment. A win win for all.

/jimbo mode off

[MNHawk](#) on April 29, 2010 at [12:25 PM](#)

May be my last year in business; goin' Galt...

yubley on April 29, 2010 at [12:27 PM](#)

Finding out what's in the bill after it passed.

BowHuntingTexas on April 29, 2010 at [12:29 PM](#)

Probably a pre-cursor to the VAT.

If they can track all the transactions, they can TAX all the transactions.

Vancomycin on April 29, 2010 at 11:51 AM

DING DING! You win a cookie.

[bitsy](#) on April 29, 2010 at [12:32 PM](#)

So, what happens if some bunch of weasely tax protesters decided to flood the system with bogus 1099's. The IRS would have a hell of a time chasing down mythical transactions.

Not that I would suggest this. I welcome our new tax overlords with open arms.

trigon on April 29, 2010 at [12:39 PM](#)

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Vancomycin on April 29, 2010 at 11:51 AM

Yeah – but it also already sounds like a bastardized version of the VAT:

Business A buys \$600+ in material for their product to sell to Business B who has to buy \$600+ in other items to finish production to sell to Business C who must purchase \$600+ for the next stage of manufacture.....ad nauseum until it finally hits the consumer, the price is prohibitive due to the addition of labor on paperwork and taxes.

[tru2tx](#) on April 29, 2010 at [12:41 PM](#)

Commie freaks! Seriously.

I think it was Kafka (or some other dissident writer?) that wrote that it is the goal of the statists to make the rule of law so complicated, so difficult to understand, so impossible to follow, that everyone is in violation of some statute at all times. And that is how they control you. There is *always* a law or violation for which the ruling party can fine or imprison critics.

[bitsy](#) on April 29, 2010 at [12:42 PM](#)

So, what happens if some bunch of weasely tax protesters decided to flood the system with bogus 1099's. The IRS would have a hell of a time chasing down mythical transactions.

Not that I would suggest this. I welcome our new tax overlords with open arms.

trigon on April 29, 2010 at 12:39 PM

You now have a reservation at the Bill Ayers Institute for Capitalist Re-habilitation.

[bitsy](#) on April 29, 2010 at [12:43 PM](#)

And they did it as part of a health-care bill. Instead of directing capital towards growth-stimulating efforts, Nancy Pelosi and the Democrats just buried the private sector in an avalanche of compliance costs.

If you can't astound them with your brilliance, baffle them with bullshit.

There will be so many of these documents created that the IRS will not have the ability to analyse them all properly. It was looking for a needle in a haystack to find tax cheats before — now it will be looking for a needle in a very, very, large haystack.

It's going to be good to be a developer of tax software.

[unclesmrgol](#) on April 29, 2010 at [12:45 PM](#)

Hmmmm – Higher costs of living + higher taxes + higher unemployment = STIMULUS?kjl291 on April 29, 2010 at 12:20 PM

Democrats apparently get a STIMULUS (better than sex!) out of creating misery for as many citizens as possible. Obama has succeeded in creating more misery than Carter (double digit interest rates) by causing double-digit unemployment accompanied by double-digit tax increases for EVERYONE!!!PS – If you think you've escaped tax increases because your income is less than \$75,000, you haven't been paying attention!!!

landlines on April 29, 2010 at [12:46 PM](#)

You had to know a major attack on small business was coming. This is it. Nobody will start small businesses with this enormous burden. Even the smallest proprietor has dozens or hundreds of transactions annually over \$600. Doing the accounting for them will make it nearly impossible for people with a skill to go into business.

Nobody will start small businesses anymore.

Which is probably the objective. Small businesses are so messy to control. It's much easier for the fascists to have a few hundred lapdog GM's and Goldman Sacks to rule than hundreds of thousands of small fry running around and trying to find ways to get around the system.

notagool on April 29, 2010 at [12:47 PM](#)

Called my accountant, he said "there's no way that can be right, the compliance cost would be astronomical." Sent him the link. The big one on this is having to send a 1099 to other businesses. My family's business does thousand of \$600+ transactions a year. AAAHHH!!!! This is infuriating.

Oh and by the way, I was also informed that accountants are REQUIRED to tell the IRS if they suspect tax fraud. So now when I give records to someone I once trusted with the intimate details of my business I have to wonder, "is he working against me? Have I done anything suspicious?"

Meric1837 on April 29, 2010 at [12:48 PM](#)

We pretty much do that anyway. Stick to things that matter.

Thanks,

Pablo Snooze on April 29, 2010 at [12:49 PM](#)

JohnnyD on April 29, 2010 at 12:01 PM

No. If you have at least a certain number (200 I think), you are required to file them electronically.

ButterflyDragon on April 29, 2010 at 12:20 PM

Well then who benefits, other than gov't? I guess this means computer services will then, i.e. servers, comm gear, etc. Oh and CPA's too!

JohnnyD on April 29, 2010 at [12:50 PM](#)

Odie1941 on April 29, 2010 at 12:11 PM

I prepare about 300 returns a year. Federal refunds were running about 3 weeks. Request for more information means you may have made a mistake. Most likely you did not attach Schedule M to support claiming the \$800 Making Work Pay credit for you and your wife. One pet peeve: You are waiting for a **REFUND**. You claim your refund (or pay your balance due as the case may be) by filing a **RETURN**.

Ted Torgerson on April 29, 2010 at [12:51 PM](#)

Sounds like that is laying the groundwork for some sort of business tax, if not a VAT, something similar.

echosyst on April 29, 2010 at [12:57 PM](#)

A farmer sells a cow, they have to obtain SS# for the other farmer and submit a 1099. A used little fishing boat, same deal. This bill opens up a 500 fold increase for opportunity of identity theft. If Obama is drooling over a value added tax. Every transaction must initiate a paper trail. If I buy a new set of tires, a 1099 to the tire store.

seven on April 29, 2010 at [12:58 PM](#)

seven on April 29, 2010 at 12:58 PM

hummmm and massive identity theft will lead the gov. to create a whole new national ID overhaul...hummm

[katy](#) on April 29, 2010 at [1:03 PM](#)

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Ted Torgerson on April 29, 2010 at 12:51 PM

Thanks Ted. Perhaps I missused the words "refund" and "return", as I mentioned – our return was filed 2 months ahead of time, whereas it was accepted and our refund was listed on the first March date.

What exactly is this Schedule M – Making Work Pay and Gov Retiree Credits? I read over the form and qualifications and re read our filed return – this stuck out at the end of the IRS.gov website :

“Though all eligible taxpayers must file Schedule M to claim the making work pay credit, most workers got the benefit of this credit through larger paychecks, reflecting reduced federal income tax withholding during 2009”

I respect your profession, perhaps we erred... but damn the requirements for a tax credit are both confusing.. and well – if its more money to be taken off our tax liability... are you suggesting (non professional advice, of course ;)) it will benefit our refund???

Last question – why havent they contacted us to file the Schedule M in the past 2 1/2 months?

Odie1941 on April 29, 2010 at [1:05 PM](#)

Don't you have to have the customer's social security number for a 1099? So I'd have to provide my SSN to buy a TV and Best Buy? Is that right?

Meri1837 on April 29, 2010 at 12:15 PM

This only requires business to file the 1099.

If you buy a TV from Best Buy, then you just bought a TV from Best Buy.

If your company bought a TV from Best Buy, then you'd have to get their Tax ID numbers or whatnot. Businesses have a Tax ID instead of a SSN.

uknowmorethanme on April 29, 2010 at [1:07 PM](#)

For the first time in years, my wife and I did a 1040, no deductions – 2 W-2's. We received our federal return email on Feb 24th, with tracking info – which said “March 10th” as the date for our direct deposit return. Upon tracking each week – the date for the return keeps changing and/or says “processing”

Odie1941 on April 29, 2010 at 12:11 PM

Could be many things, Schedule M as another poster suggested or simply the fact that you filed 1040 for the “first time in years.” The IRS is always skeptical of change.

Deanna on April 29, 2010 at [1:13 PM](#)

Anybody see in the bill when this provision takes effect?

ConstantSorrow on April 29, 2010 at [1:14 PM](#)

A farmer sells a cow, they have to obtain SS# for the other farmer and submit a 1099. A used little fishing boat, same deal. This bill opens up a 500 fold increase for opportunity of identity theft. If Obama is drooling over a value added tax. Every transaction must initiate a paper trail. If I buy a new set of tires, a 1099 to the tire store.

seven on April 29, 2010 at 12:58 PM

I think you nailed it here. They are putting the mechanism in place to collect the VAT they want to shove down our throats.

karenhasfreedom on April 29, 2010 at [1:18 PM](#)

This would mean that every little business that buys \$600 worth of copier paper from Staples will need to aggregate these transactions and then produce 1099's for both Staples and the IRS.

hmmmm

So this would mean that a restaurant that buys 500 products over the course of a year will now be tracking every purchase to see if/when they reach this threshold.

hmmmm

Sorry, but this is simply not going to be done. This will leave most every small business out of compliance and subject to seizure/shutdown by the IRS.

Talk about a police state. The collection agents for the IRS are now going to become the same people that shake down small businesses for cash payments like they do in Chicago.

Corruption all the way under the most corrupt president and congress in the history of the USA.

Freddy on April 29, 2010 at [1:19 PM](#)

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Talk about a police state. The collection agents for the IRS are now going to become the same people that shake down small businesses for cash payments like they do in Chicago.

Freddy on April 29, 2010 at 1:19 PM

It's a feature, not a bug!

[bitsy](#) on April 29, 2010 at [1:21 PM](#)

Time to say **no** to the IRS and to congress

[Vashta.Nerada](#) on April 29, 2010 at [1:23 PM](#)

This is from Lexis-Nexis analysis:

§ 1.21 Information Reporting on Payments to Corporations

The Act adds a new reporting requirement [IRC § 6041(h), (i) added by Act § 9006(a)]. Under the Act,

a business is required to file an information return for all payments aggregating \$600 or more in a calendar year

to a single payee (other than a payee that is a tax-exempt corporation), notwithstanding any regulation promulgated

under IRC Section 6041 prior to March 23, 2010. The payments to be reported include gross proceeds

paid in consideration for property or services [IRC § 6041(a)]. The provision does not override specific provisions

elsewhere in the Code that exempt certain payments from reporting, such as securities or broker transactions

as defined under IRC Section 6045(a).

The provision is effective for payments made after December 31, 2011 [Act § 9006(c)].

mikhail1973 on April 29, 2010 at [1:24 PM](#)

So we have four branches of Gov't now?

ConstantSorrow on April 29, 2010 at [1:41 PM](#)

Odie1941 on April 29, 2010 at 1:05 PM

The Making Work Pay credit was Obama's campaign promise to cut taxes \$500 to everyone under \$150,000. It ended up getting reduced to \$400 for everyone under \$75,000 (\$150,000 for married filing jointly). If your Adjusted Gross Income (in your case the total of your W-2's) is less than \$150,000 you will be eligible to get an extra \$800 with your refund. As the IRS website explains the guidelines for tax withholding were adjusted so that your employer withheld \$400 less from your paycheck (about \$8/week) so the size of most people's refund was not affected. The idea was the stimulative effect of having more money in your pocket right away might spur some consumer spending in the aggregate. You can call the IRS to find out if that was the problem or it was something else. You'll need your filing status and anticipated refund. Call 800 829-1040, and press 1. If that was the problem you can file the form and they will send you the check.

Ted Torgerson on April 29, 2010 at [1:53 PM](#)

The IRS only knows what you tell them. The underground economy is about to get a lot bigger. My timing of an early retirement/partial going Galt looks better every day.

I'm sorry young people. Working for the govt is the only decent deal left in America.

Meremortal on April 29, 2010 at [2:15 PM](#)

Easter egg in ObamaCare

Ummm, that is not an Easter egg in that punchbowl.

barnone on April 29, 2010 at 11:12 AM

...more like the chocolate bar in the pool...Caddyshack...

PatriotRider on April 29, 2010 at 11:14 AM

Comment of the Day Couplet™

[steveegg](#) on April 29, 2010 at [2:21 PM](#)

If we spend \$600 at Staples on supplies (who doesn't?), does this thing mean we send Staples a 1099?

EconomicNeocon on April 29, 2010 at 11:14 AM

If that's related to a business activity, yes (and you also need to send it to the IRS).

[steveegg](#) on April 29, 2010 at [2:22 PM](#)

Don't you have to have the customer's social security number for a 1099? So I'd have to provide my SSN to buy a TV and Best Buy? Is that right?

Meric1837 on April 29, 2010 at 12:15 PM

No – Best Buy needs to provide its TIN to you if that TV is for your business. However, if you sell your used business equipment for more than \$600 (in aggregate over the course of a tax year), you would have to provide your SSN to whoever buys it.

[steveegg](#) on April 29, 2010 at [2:25 PM](#)

Is not this good for employment? Businesses will now have to hire employees specifically to monitor the 1099s. With billions of new 1099s being produced, private business will need to hire millions to produce these forms. This should create a 100,000 new job openings in the public sector monitoring the private sector which might have to hire at least one million to track and issue the 1099s.

We will also need to hire more loggers for the additional billion reams of paper and envelopes needed. The environmentalist will go bonkers with all the trees that will have to be cut down.

Finally, they might get the USPS on a positive financial footing. Mailing out two forms for every 1099 currently is 88 cents. Just one billion 1099 forms will net the USPS a gross of 880 million.

Methinks Ed protests too much about a few billion measly 1099s.//

PrettyD_Vicious on April 29, 2010 at [2:27 PM](#)

Expected POR (Pelosi-Obama-Reid) Economy (©[Tom Blumer](#)) response:

We have altered the deal. Pray we don't alter it any further to require either itemized reporting or reporting of consumer activity."

[steveegg](#) on April 29, 2010 at [2:29 PM](#)

For sole proprietors and individuals, their Tax Identification Numbers are their social security numbers.

Won't it be awesome to have millions of forms floating around with your SS number on them? What could go wrong?

And if they don't have the number and form a business needs to do tax withholding on the payment. I think we're getting to the bottom of things here.

forest on April 29, 2010 at 11:34 AM

Yes!!!

I doubt this is meant to apply to private transactions one makes for their own benefit, but in the context of a business, it would. And people like me, who freelance, are not incorporated. We operate as sole proprietorships using our own SS number for tax purposes. As it stands now, only my vendors have my SS number. If I'm reading this correctly, I will now have to supply it on a 1099 everytime I buy a new computer, new software, art

4/30/2010

Hot Air » Another Pelosi Easter egg in ...

supplies, etc. in excess of \$600??? Yeah, sorry Dr. Utopia: That's not going to happen. I'll pay the penalty, just like I pay the penalty for not giving you an interest-free loan every three months in the form of estimated tax payments.

NoLeftTurn on April 29, 2010 at [2:33 PM](#)

steveegg on April 29, 2010 at 2:25 PM

Check that – you would have to supply your SSN to everybody you do more than \$600 of business with (thanks for prompting me to check my 1099-INT, NoLeftTurn).

[steveegg](#) on April 29, 2010 at [2:45 PM](#)

There will come a time when we will either have to cry “Uncle!” or cry “Revolt!”.

This cannot continue. It is “unsustainable” to use a fashionable word.

Don't forget, also as part of the health care bill, they are now requiring employers to put the “value” of benefits received through your employer on your W2.

They say it is only for informational purposes... horse hockey... they will be taxing that too soon.

And then there is the plan to “appropriate” (fancy word for steal) 401K and IRA accounts in exchange for a “guaranteed” (HA!) IOU from Uncle Sam.

Now that the Social Security lock box is empty, our 401K and IRA is their next multi-trillion dollar target. Gotta have money to pay for all those entitlement programs.

Doesn't pay to earn anymore, doesn't pay to save anymore.

Going Galt or becoming a willing slave to their redistributionist system is all we have to choose between.

Sucks.

painesright on April 29, 2010 at [2:57 PM](#)

Can we now say that congress didn't take enough time to review, and debate all of the particulars of the health care bill in the both houses of congress before they voted on it? The new health care law just keeps getting uglier with each passing day, doesn't it? When you don't legislate at the behest of the people who elected you to represent them, then the people no longer can trust the elected officials to represent them.

Americannodash on April 29, 2010 at [3:15 PM](#)

If you're a member of congress who voted in favor of this legislation without debating all of it thoroughly, how can any one of them in congress reconcile to the American people that Obamacare was a good law with all the private sector pitfalls being slowly revealed to all of us now? How can the congress members come away with a clear conscience when they performed with indifference to the majority of Americans wishes? Congress members cannot be disregardful of consequences when voting for a destructive piece of legislation in such a hurried manner without receiving political repercussions.

Americannodash on April 29, 2010 at [3:18 PM](#)

The 111th congressional incumbents who voted in favor of Obamacare became an endangered species because of their lack of patience, and incompetence. The people tried to warn them, but they were ignored. This debate about the best ways to deliver health care so that all Americans should and could benefit has been going on for years, and it was only by hook and by crook that the democrats passed a very poor piece of legislation. This happened despite all of the pleas by the majority of Americans telling them not to do it. In the real world, you don't get rewarded for voting irresponsibly for a piece of legislation that harms the private sector severely. What you should get is what's coming to you for acting profoundly reckless. The November 2010 election results were cast in stone when those in congress voted in favor of Obamacare. The majority of Americans didn't want it, and now they don't want you.

Americannodash on April 29, 2010 at [3:21 PM](#)

If I recall correctly, congress members were told by the majority of people beforehand that if you voted in favor of Obamacare in its current form that it would be similar to you going on a kamikaze mission dictated by your democrat leadership. You still wouldn't listen to the people. Evidently, not only do you not read bills or debate them in their entirety, you also don't have access to dictionaries. You should have asked yourselves, "What is all of this kamikaze talk about, or at least did a search through the library of congress to find out how many Japanese pilots returned alive after flying their planes into US naval vessels?"

Americannodash on April 29, 2010 at [3:26 PM](#)

Why does congress usually say after the fact of a law are better known to them that there was never enough time to draft legislation right the first time round– but there seems to be enough time to get it right once it affects their congressional incumbency status? The chances of remaining in congress dwindle when you vote against the will of the people.

Americannodash on April 29, 2010 at [3:29 PM](#)

Talk about a police state. The collection agents for the IRS are now going to become the same people that shake down small businesses for cash payments like they do in Chicago. Freddy on
April 29, 2010 at 1:19 PM

That's why they bought the shotguns.

[Jason Coleman](#) on April 29, 2010 at [3:34 PM](#)

Why is it as more of the facts become known of what is actually in the law, the consequences of what these congress members took then affects their reelectability in November? The answer is quite simple in this instance, they literally voted in favor of the democrat parties interest ahead of the overall general welfare of country. They may come out and say to their electorate that they were pressured to do so by their leadership, but by not listening to the people who sent them to congress, they had sealed their own demise because of their haste, and the obvious lack of legislating with diligence.

Americannodash on April 29, 2010 at [3:36 PM](#)

Currently, our small business sends out between 5 – 10 1099's a year and provide/collect about 2-3 W-9's each week. A pain, but not that big of a deal. Under the new law, based on my current vendor list I'll be sending out about 460 1099's and providing/collecting about 50 W-9's a week.

This is a law with massive unintended consequences. First and foremost is the very high error rates involved in 1099 reporting. One of the most famous 1099 error cases was from our community involving a contractor who

put a decimal in the wrong place on the form he sent to the government. That one was in court for over 10 years until it was straightened out.

Calculating the totals will not be as simple as adding up the total on a vendor ledger, sales tax will need to be deducted from each transaction.

Record keeping: Vendors are not going to be able to “wait” until you hit the \$600 mark to get your information on file. They will have to track every customer transaction which means every customer will have to be in their database.

Incorrect reporting of what is paid to vendors.... many businesses are franchisees, state divisions, or regional operations. Say that you deliver Subway to your customers when you make sales calls. You pick up from the Subway nearest their office. Subways are independently owned. You will now need to keep track of each Subway and what you buy from each one and send each one a 1099 and they must be able to verify that you did pay them that amount during the year because it will be compared to your tax returns.

This leads to a couple of unintended consequences....

Every Subway will require that business people submit a W-9 and be on file in order to make purchases. Each store will need at least one knowledgeable employee to handle those transactions at all times and be able to provide their vendor/taxpayer information to each customer on the spot. (I feel sorry for the guy standing in line behind me, but sorry buddy.... I'm spending a \$100 and you're spending \$5)

In the meantime, the sales guy is going to get fed up having to keep records for every single Subway and he is either going to only buy his goodies from the one Subway near his own office or just quit taking the goodies altogether. Either way, you have now reduced a valuable revenue stream from multiple business.... and this doesn't even take into account if I accidentally record a couple of Subway A's receipts under Subway B's vendor file.

We're also going to see business people shift purchases away from multiple independent vendors and utilize 1 or 2 “big box” suppliers in order to control paperwork. Since I travel quite a bit, I will stop at the corporate owned Diamond Shamrocks to fuel up rather than the quaint Mom & Pop station where I'll also be able to buy a bag of the local praline pecans off the counter.

And I'm only thinking on the very small scale of my 1 man business.... can you imagine the scale involved with businesses like Office Depot, CompUSA, or Sam's Club?

At one time, businesses only purchased from major suppliers, but over the last 20 years we have seen a huge growth in business – business service at the local level. There are lots of services that I get locally because they're roughly the same cost and they're immediately available.

I do believe that this will eventually reach into the individuals who have a garage sale or e-bay that old laptop. This will also affect your high school's band boosters and the inexpensive Charity Closet ran by your church.

2nd Ammendment Mother on April 29, 2010 at [3:38 PM](#)

Agree with earlier poster: Everyone who voted in favor of Obamacare needs to be “voted out of there,” just like the song/warning said.

GaltBlvnAtty on April 29, 2010 at [4:00 PM](#)

Your attorney correspondent is spot on. I'm an accountant for several small businesses (I'm semi-retired). They have no employees, just the owners. I do their 1099's.

They *seldom* have the required info on *most* of the non-corporate payees for the year. It's a pain gathering phone numbers and collecting the information. It always turns into leave-a-message, keep track of messages left, wait for reply. Add the corporations to it...well, a LOT of people are going to be spending a LOT of time just on the phone! (Most of my clients use manual ledgers. I'll spend a week at each one just toting up total pmts to all those corporate vendors. Clients won't be happy with the cost.)

I would also be a little concerned about such an exponential increase in all those tax ID numbers floating around.

jeanneb on April 29, 2010 at [4:04 PM](#)

Hey, Cap'n:

Similar story. Back in the 80's Congress required all employers to have an I-9 form on file for each employee. I worked in California, where many of our hundreds of employees provided a green card as one of their ID's. So we had to track when their green card expired and get a new I-9...it was a royal pain in the neck. (This was before computer programs were available)

Then I was watching one of the Judiciary Committee hearings during the "nanny tax" craze. Howell Heflin was bloviating about Zoe Baird's not paying taxes on her nanny or something. An aide handed him a piece of paper, he glanced at it, and drawled: "Did you get one these **ONE-NINE** forms?".

Of course, viewers knew it was an **EYE-NINE** form. Here we were, watching the very Congress that imposed it on us...and not one of them *even knew how to pronounce the name*.

jeanneb on April 29, 2010 at [4:14 PM](#)

Is there a "1099 Workers Local" in the SEIU?

jeanneb on April 29, 2010 at [4:18 PM](#)

No wonder Nanzi said this was a jobs bill!

stvnscott on April 29, 2010 at [5:31 PM](#)

As other matters fill the headlines, including possibly suspect accounts of an improving economy, this sort of revelation **NEEDS TO BE WIDELY PUBLICIZED**. Of course, this post is reaching many people! — but we need to reach those who aren't following Obamacare or politics in general all that closely. Ideas, anyone?

[kawyle](#) on April 29, 2010 at [6:00 PM](#)

So if I buy inventory for my business *on ebay* I will have to supply the seller and the IRS with a 1099 (including my EIN and/or SSN)? ARE YOU KIDDING ME?

It's just me here. How am I going to run my business and keep up with all this?

LEBA on April 29, 2010 at [6:03 PM](#)

One ironic aspect of all this: because this provision has no business in a health care bill, it may well be viewed as severable, and thus could survive even if the USSC strikes down the individual mandate and any provisions that

can't be separated from the mandate....

[kawyle](#) on April 29, 2010 at [6:27 PM](#)

I do believe that this will eventually reach into the individuals who have a garage sale or e-bay that old laptop. This will also affect your high school's band boosters and the inexpensive Charity Closet ran by your church.

This is the truth. I used to be the treasurer of a band booster club. We were incorporated as a charity. We sent out 2 or 3 1099s a year to coaches and others providing services to the band, this was not too bad, but if we had to keep track and send 1099s to all the businesses we spent over \$600 it would be a nightmare. To make things worse most purchases were done by members of the club (serving on various committees) and we would reimburse them. So they would have to get all the financial information or all purchases would have to be done by the treasurer or a small set of designated buyers. During our best years our budgets exceeded \$500,000 and most of the years I was treasurer it was over \$100,000 that is a lot of 1099s. We had no paid staff, finding people who would volunteer to be officers was tough enough without adding all this extra burden.

[Fredlike](#) on April 29, 2010 at [6:55 PM](#)

Fredlike: Ditto, Band Boosters happens to be one of the two organizations I volunteer for.... as the treasurer AND we already employ an accountant (for a nominal fee) to keep us on the right side of the school district and the IRS.

I've had blood coming out of my eyes all day while I consider the "cascade" on this thing. I just picked up a couple of bottles of wine to send to a new client that pre-paid for a year of services.... and I wondered whether I trusted that clerk with my credit card that I paid with, much less with all my business information.

[2nd Ammendment Mother](#) on April 29, 2010 at [7:09 PM](#)

Ted Torgerson on April 29, 2010 at 1:53 PM

Really appreciate the guidance, thank you.

[Odie1941](#) on April 29, 2010 at [7:12 PM](#)

So, if my dinky little side business pays over \$600 in Federal income tax in a year, I need to provide a 1099 to the IRS. And then provide a copy to the IRS.

Right?

What is the IRS's TIN?

[SagebrushPuppet](#) on April 29, 2010 at [7:21 PM](#)

Everybody just relax. She's/they've done us all a favor. As the complexity and onerousness (that a word?) increases, it makes it more likely that even straight up law abiding folks and larger businesses will just give up and not file all the crap. Eventually, when there is no comeback, folks will begin to fudge in other areas of their taxes and filing requirements which will in turn beget more scofflaws.

A law that can't be enforced is no law and when the cost of obeying the law equals or exceeds the cost of NOT obeying the law then law enforcement collapses under the weight of non-compliance. Our system of taxes and government relies upon perception of it's fairness and even handedness. When that perception diminishes to a

hotair.com/.../another-pelosi-easter-eg...

certain point, the entire construct will collapse.

Thus the Income tax laws collapse. Unfortunately so will a lot/or all of the government but quite frankly at this point that's looking like a good thing more and more.

jcw46 on April 29, 2010 at [7:57 PM](#)

Side note for those of you freaking out about the Person to the right of SanFranNan; that's Rosa L. Delauro. Dem Rep. for New Haven CT. (that's why no one recognized her; not too many Yalies or New England Liberals on this site) (no, not me either, I just used to work there and so know the politics/ians.)

I've always thought she was Keith Richards twin sister; separated at birth!

See! You DID learn something today. >

jcw46 on April 29, 2010 at [8:18 PM](#)

Here is the accountant website and their take on this stupid act by Congress:

<http://www.accountingweb.com/topic/tax/costly-changes-1099-reporting-health-care-bill>

karenhasfreedom on April 29, 2010 at [8:53 PM](#)

Okay everyone, repeat after me:

.
FAIR TAX!

.

JeffVader on April 29, 2010 at [10:17 PM](#)

This seems to me to be in place so that the government can more easily track transactions so it can impose a VAT. Also, upon further reflection, it will do away with "cash" transactions.

JeffVader on April 29, 2010 at [10:24 PM](#)

Soon, we will all technically be criminals because, I believe, that nobody can actually comply with everything in Obamacare. :/

Theophile on April 30, 2010 at [4:52 AM](#)

Oh, You short term thinkers! In one fell swoop our gal Nancy will brighten our unemployment picture and guarantee 4% unemployment forever. We are saved. Just think of how many office staff will be hired to create these 1099's, how many postal employees will be hired to deliver these little missives. No telling how many lawyers to defend those non-compliers of the law will be employed. Hope our businesses and citizens see the benefits of this thinking and don't go overseas to a friendlier business environment.

Herb on April 30, 2010 at [10:04 AM](#)

I don't know about you, but I feel healthier already!

DuctTapeMyBrain on April 30, 2010 at [12:31 PM](#)

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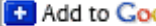


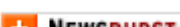
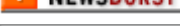



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