



AT&T covers 97% of all Americans\*  
so it's possible to talk, text or go online from almost anywhere.

\*Claim based on licensed and roaming areas.



Rethink Possible

Friday, May 7, 2010

# WeeklyStandard.com

SUBSCRIBE TODAY to THE WEEKLY STANDARD! ▶



HOME

BLOG

IN PRINT

STORE

CRUISE

FEEDS

SUBSCRIBERS ONLY

ABOUT US

NEWSLETTER **FREE!**

## Obamacare's Giant, Hidden Tax Change for Small Businesses

*Take one down, pass it around, 1099 IRS forms on the wall.*

BY [MARY KATHARINE HAM](#) (/AUTHOR/1897)

May 6, 2010 12:02 PM

[Small business owners and freelancers, meet your new administrative burden:](#)

[http://money.cnn.com/2010/05/05/smallbusiness/1099\\_health\\_care\\_tax\\_change/?hpt=C2](http://money.cnn.com/2010/05/05/smallbusiness/1099_health_care_tax_change/?hpt=C2)

But under the new rules, if a freelance designer buys a new iMac from the Apple Store, they'll have to send Apple a 1099. A laundromat that buys soap each week from a local distributor will have to send the supplier a 1099 at the end of the year tallying up their purchases.

As if the federal government didn't already make being self-employed hard enough. So, how does the new law make this ridiculousness necessary?

The bill makes two key changes to how 1099s are used. First, it expands their scope by using them to track payments not only for services but also for tangible goods. Plus, it requires that 1099s be issued not just to individuals, but also to corporations...Eliminating the goods exemption could launch an avalanche of paperwork, he says Bill Rys, tax counsel for the National Federation of Independent Business: "If you cater a lunch for other businesses every Wednesday, say, that's a lot of information to keep track of throughout the year."

Why'd they go and do that? You know why:

The idea seems to be that using 1099 forms to capture unreported income will generate more government revenue and help offset the cost of the health bill.

A Democratic aide goes on to defend the move, in this article, lauding the clever way the government is extracting more money from small businesses without actually raising their taxes.



IRS logo

ADVERTISEMENT

**Sign our petition to repeal Obama Care**

Join George Pataki  
in Protecting  
America's Freedom



Paid for by Revere America

ADVERTISEMENT

A CPA tells the Cato Institute this will be a nightmare for businesses, and Cato laments that we didn't discuss this massive change before it was passed. That's the nifty thing about passing a 2,000-page bill that messes with a sixth of the American economy. [The public and the media can miss large, intrusive parts of it.](#) (<http://www.cato-at-liberty.org/2010/04/26/costly-irs-mandate-slipped-into-health-bill/>)

I'm stunned that there wasn't a broader debate before such a costly mandate was enacted. If it goes into effect, it will waste vast quantities of human effort in filling out forms, reworking computer systems, collecting and organizing data, and fighting the IRS. The struggling American economy can't afford anymore suffocating tax regulations. This mandate is a giant deadweight loss. It should be repealed.

The new rules go into effect January 1, 2012. Get ready.

TAGS: [1099](#) (/keyword/1099), [health care reform](#) (/keyword/health\_care\_reform/), [Obamacare](#) (/keyword/Obamacare/), [small business](#) (/keyword/small\_business/), [Taxes](#) (/keyword/Taxes)

[Go Back \(javascript: history.go\(-1\);\)](#)

**CLICK HERE TO BROWSE  
THE WEEKLY STANDARD ARCHIVES**  
14 YEARS OF THE WEEKLY STANDARD

- [Cover Stories](/browse/cover-stories) (</browse/cover-stories>)
  - [Casual](/browse/casual) (</browse/casual>)
  - [Scrapbook](/browse/scrapbook) (</browse/scrapbook>)
  - [Articles](/browse/articles) (</browse/articles>)
  - [Editorials](/browse/editorials) (</browse/editorials>)
  - [Books & Arts](/browse/books-and-arts) (</browse/books-and-arts>)
- [COVER ARCHIVE](/tws/Search/SearchIssues.asp) (</tws/Search/SearchIssues.asp>)      [PARODY ARCHIVE](/browse/parodies) (</browse/parodies>)      [OUR WRITERS](/browse/authors) (</browse/authors>)