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BAUCUS TO INTRODUCE BILL TO REPEAL FORM 1099 INCOME REPORTING REQUIREMENTS FOR SMALL BUSINESSES

Finance Chairman says small business owners have been heard

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today announced he would introduce legislation to repeal requirements for businesses to file forms that would report payments made for goods and certain services to the IRS. The proposal was originally written to keep taxes low by giving the IRS more tools to ensure all owed taxes were paid. However, following passage of the law, some business owners expressed concern that when the provision does go into effect, the forms would place too large of a paperwork burden on businesses struggling in a still-recovering economy. In response to those concerns, Baucus said today that he would repeal the new reporting requirements and look for other ways to improve tax compliance and keep taxes low.

"I have heard small businesses loud and clear and I am responding to their concerns," Baucus said. **"Small businesses are the backbone of our economy in my home state of Montana and across the country, and they need to focus their efforts on creating good-paying jobs – not filing paperwork. I have fought hard for small businesses and worked hard this year to pass a Small Business Jobs bill that improves access to capital, stimulates investment and promotes entrepreneurship. It's my job to work for small business owners in Montana and across the country and that's exact what this bill will do."**

This type of reporting, which uses Form 1099 to indicate how much money businesses pay to corporations, was an idea proposed by the Bush administration to help better keep track of what businesses spend and earn, which in turn helps better keep track of tax liability. The Treasury Department estimates that more than \$345 billion in owed taxes go unpaid each year. As Chairman of the Finance Committee, Baucus worked together with the Bush Administration to begin crafting the policy, with the hopes that more of those unpaid taxes could be collected, helping to keep taxes lower for all taxpayers. However, after the policy was finalized late last year and became law in early 2010, more businesses owners became aware of the new paperwork requirements and raised concerns about the resources required in January 2012 to complete the forms, when the policy was set to go into effect. Baucus's actions to repeal the reporting requirements today come after recent consultation with small business owners in Montana and across the country.

Baucus has long worked to bolster small business and provide the tools small businesses need to grow. He recently co-authored the Small Business Jobs Act, which helps small businesses access capital, stimulates investment in small businesses and promotes entrepreneurship. Baucus said today he intends to continue partnering with the small business community to craft innovative solutions to enhance tax administration to make our nation's tax system fairer and without raising taxes on anyone.

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