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Small Businesses Unhappy Over New IRS Ruling

The IRS requirement for more filing for businesses had continued to gain resistance from small businesses. Beginning from 2012, all businesses have to file Forms 1099 for payments worth more than \$600 a year to every contractor and vendor of goods and services. This represents a massive administrative headache especially to small business owners who do not have much manpower or facilities to comply with the ruling.

The law was passed in March and will only be effective in 2012 but already small businesses have expressed their concerns over the burdens imposed on them. Many feel that the need to fund the health care reform costs falling on the shoulders of small business owners is uncalled for.

Some public office aspirants in the upcoming primary in New Hampshire also feel the same way. John Stephen, the gubernatorial candidate through his spokesman Greg Moore, said, "Small businesses will now have a new requirement to fill out forms and chase down their contract workers. It's a much higher reporting requirement and all this paperwork and bureaucracy increases problems for these folks at a time when we should be making it easier and trying to create a more robust economy".

Expressions of concern have reached Washington. US Senator Jeanne Shaheen and other senators have written a letter to IRS Commissioner Doug Shulman that reflected their views. Part of the letter reads, "The new requirements may place a hardship on small businesses by creating an extra paperwork burden. Not only will a 1099 form be necessary for millions of new transactions, the stricter requirements force business owners to collect taxpayer identification information from vendors, contractors and other companies".

Shulman has moved to pacify the discontent by various quarters. He gave his assurance that the IRS will take all necessary steps to reduce the burden of businesses in complying with the new requirements and avoid duplicate reporting. He also highlighted that transactions made by businesses using credit and debit cards do not

have to be reported under the new regulations because they would have been already reported by the card issuers.

However, not all parties have decried the new regulations. Witmer Jones, director of the New Hampshire Small Business Administration, said it is too early to tell if the new requirements would bring about a negative impact on small businesses. On the contrary, Jones is of the opinion that most small businesses will not have much problems complying because they have computerized their operations to a large extent and it would only be those who still administrate their businesses manually that would find the new regulations a problem.