

*FGMK, LLC*

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## **REPEAL OF EXPANDED FORM 1099 REPORTING REQUIREMENTS**

On April 14, 2011, President Obama signed into law a bill (the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011 (HR 4)), which **repeals** the expanded Form 1099 reporting requirements. The potentially burdensome expanded 1099 reporting requirements were included in previously passed bills and were set to go into effect in 2011 and 2012.

The expanded reporting requirements would have required businesses to file 1099 forms for all payments (for services as well as for goods) made during the year of \$600 or more (including payments to corporations). The provision would have also required owners of rental real estate to report all payments (for services as well as for goods) made during the year of \$600 or more relating to the rental property.

The repeal means that owners of rental properties will not be required to file 1099 forms for payments of goods and services. Businesses (including rental real estate trade or businesses; i.e. management companies and other companies in the trade or business of rental real estate) will still be required to issue 1099 forms to report payments for services (not goods) of \$600 or more to individuals and entities other than corporations (and for all payments to attorneys whether or not incorporated).

The repeal of the Form 1099 reporting requirement does not change the requirements to maintain proper books and records necessary to support deductions claimed on a tax return. Businesses and owners of rental properties will still need to keep receipts, invoices, and other documentation.

Please contact us to discuss the change in reporting requirements and how this will affect you.

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