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## 1099 Filing Could Become Burdensome for Dental Offices

Small business may have extra tax reporting requirements starting in 2012 due to the passage of the Patient Protection and Affordable Care Act (Health Care Act) signed by the President on March 31, 2010.

In the past, businesses have been required to prepare and file IRS Form 1099-MISC for each person they have paid at least $600 in rents and services (including parts and materials) to during the year.

Under the Health Care Act passed in March 2010, businesses that pay more than $600 during the year to providers of property and services will have to file an information report with each provider and the IRS (**for Payments made after December 31, 2011**). This will now include all types of entities as the previous exemption for corporate providers is no longer available. Businesses will have to file information returns for any individual, partnership or corporation that receives $600 or more from the business for services, property and merchandise.

Basically, if a business pays any vendor (corporate or individual) for the purchase of property or merchandise, or for services totaling $600 or more, they are required to prepare an information return for that vendor. The information to be reported includes name, address, and federal identification number (or social security number) of the vendor as well as the amount paid to the vendor.

Unless this portion of the Health Care Act is repealed or revised prior to 2012, small businesses are looking at substantial costs (time in collecting information, costs for someone to prepare the returns, and handling any resulting correspondence from the IRS for missing information) related to the new reporting requirements.

On July 30 a bill to repeal this section (Sec. 9006) of the Health Care Act was taken up by the House of Representatives (H.R. 5982 the "Small Business Tax Relief Act of 2010"). Unfortunately the bill was defeated on the same day. So, at this point, the reporting requirements are still scheduled to go into effect as of January 1, 2012.

*Lance Jacob joined Naden/Lean, LLC in 1991. Lance provides accounting, tax, and consulting services for individuals and businesses which include dentists, other healthcare providers, retail, and equine.*

*Lance provides start-up services to new businesses including working with banks to help obtain financing. With his equine clients, Lance works to ensure they are in compliance with the federal, state, and local taxing authorities with respect to employment, business tax and reporting issues.*

*Lance grew up on farms with horses. He has owned horses for the last ten years (or could better be classified as chief stall cleaner for his wife's horses). His home zoo consists of four horses, three dogs, three cats, two sons and a goat.*

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**Sources**

www.IRS.gov
Checkpoint RIA Research