

## **ONE HIDDEN COST OF OBAMACARE: MORE RED TAPE FOR ARKANSAS SMALL BUSINESS**

(June 2010) Arkansas small businesses face increased red tape as the result of a little-noticed provision in Obamacare that requires them to file a 1099 tax form with the Internal Revenue Service (IRS) each time they make total annual purchases of \$600 or more from any individual or corporation.

Obamacare creates a new administrative burden for Arkansas small business by requiring them to track payments for services *and* tangible goods, and to individuals *and* corporations, an expansion of current reporting requirements.

Section 9006 of Obamacare is listed under the heading "Expansion Of Information Reporting Requirements." Section 906 states:

(a) In General- Section 6041 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsections:

(h) Application to Corporations- Notwithstanding any regulation prescribed by the Secretary before the date of the enactment of this subsection, for purposes of this section the term `person' includes any corporation that is not an organization exempt from tax under section 501(a).

(i) Regulations- The Secretary may prescribe such regulations and other guidance as may be appropriate or necessary to carry out the purposes of this section, including rules to prevent duplicative reporting of transactions.'

(b) Payments for Property and Other Gross Proceeds- Subsection (a) of section 6041 of the Internal Revenue Code of 1986 is amended—

(1) by inserting `amounts in consideration for property,' after `wages,'

(2) by inserting `gross proceeds,' after `emoluments, or other', and

(3) by inserting `gross proceeds,' after `setting forth the amount of such'.

(c) Effective Date- The amendments made by this section shall apply to payments made after December 31, 2011.

Obamacare is the popular name for the federal Patient Protection and Affordable Care Act of 2010, approved by Congress and signed into law by President Barack Obama in March.

*Source: THOMAS (The Library of Congress): <http://thomas.loc.gov/>*