



July 19, 2010

To the Members of the United States Senate:

The American Institute of Certified Public Accountants is very concerned about the significant compliance burdens placed on businesses by section 9006 of the *Patient Protection and Affordable Care Act* (P.L. 111-148) (“the Act”). The Act made two significant changes to the law that will take effect in 2012. First, the Act overturns a long-standing tax regulation providing that corporations were generally exempt recipients for Internal Revenue Code section 6041 reporting purposes. Second, the Act expanded information reporting requirements to business payments for goods (which is in addition to business payments for services, as required by current law). Thus, beginning in 2012 (reports due in 2013 for 2012 purchases), if a business generally purchases \$600 or more in goods or services from another entity (including a corporation), the new provision requires the business to provide the vendor entity and the IRS with a Form 1099-MISC information return. For the reasons discussed in detail below, we believe section 9006 of the Act should be repealed because the provision imposes extremely burdensome information reporting requirements on business taxpayers that cannot be justified in terms of the limited utility such information reports will provide to government.

This expansion of information reporting may prove to be so burdensome to small businesses that we believe it will significantly contribute to the hurdles to growth and formation that businesses face. When businesses start tax compliance planning for 2012, section 9006 will impose a significant increase in costs on business with respect to the accumulation of relevant information and the preparation and mailing of Forms 1099-MISC. In addition, many corporations operate on a fiscal year basis rather than on a calendar year. Receipt of Forms 1099-MISC by these fiscal year corporations would not provide useful information as the corporations would be receiving calendar year information, triggering a burdensome income reconciliation procedure for the taxpayer that would be necessary to interpret the data. Indeed, the information reported to the IRS will prove of little value to the government due to the great difficulties the Service will face when trying to reconcile payments made for goods and services reported on Forms 1099-MISC and income reported by the vendor entity on its tax return. The business implementation costs associated with the likely generation and receipt of millions of forms, the difficulty of establishing that Forms 1099-MISC were actually received, and the potentially mind numbing reconciliation processes for businesses should be weighed against the uncertainty of the benefit to be derived by the government. The AICPA strongly supports efforts to reduce the tax gap, but we believe the extraordinary burden in this instance far outweighs the potential benefit.

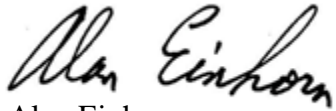
Repeal of section 9006 of the Act is the best alternative to imposition of an overwhelming compliance burden on the nation’s small business community. IRS Commissioner Douglas Shulman has acknowledged publicly that the business community is concerned about the compliance burdens associated with this provision. In May 2010, Commissioner Shulman stated that the IRS plans to use its “administrative authority to exempt from this new requirement business transactions conducted using...credit cards and debit cards.” This potential exemption may mitigate some burden; however, we are still concerned with the overall level of burden placed on taxpayers. Thus, we remain convinced that repeal of section 9006 is the best solution for American businesses.

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If you have any questions regarding this letter, please contact me at aeinhorn@deloitte.com, or (202) 879-4966; Benson S. Goldstein, AICPA Senior Technical Manager-Taxation, at (202) 434-9279, or bgoldstein@aicpa.org; or Peter Kravitz, AICPA Director, Congressional and Political Affairs, at (202) 434-9218, or pkravitz@aicpa.org.

Sincerely,

A handwritten signature in black ink that reads "Alan Einhorn". The signature is written in a cursive, flowing style.

Alan Einhorn
Chair, Tax Executive Committee