



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

New Tax Provision May Be Problematic for Businesses

EDWARDSVILLE, IL, September 7, 2010 - Vicki Rolens, managing director for the Federation of American Consumers and Travelers (FACT), says that members who own businesses have expressed concern about a tax provision in the new health care law.

“This particular provision,” says Rolens, “requires that businesses file 1099 forms for any supplier -- including a corporation -- from which they buy more than \$600 in services or goods. The members who have brought up this issue are entrepreneurs who believe that the rule will create yet another paperwork nightmare, particularly for small businesses.”

Currently, a business is required to file 1099s only on items or services purchased from unincorporated providers.

Rolens reports that the new rule is scheduled to go into effect after 2011. It is estimated to raise less than \$1 billion per year between 2012 and 2019 to help pay the costs incurred by the health care legislation.

“The savings,” says Rolens, “would be derived, at least theoretically, by making it more difficult for incorporated businesses to underreport income and thereby underpay taxes.”

According to Rolens, there has been a large enough outcry from the private sector that the new rule may be scrapped between now and its proposed effective date. “Since the matter is one of obvious interest to so many of our members, we’ll keep on top of any changes and will continue reporting on the issue.”

This news release has been issued by the Federation of American Consumers and Travelers (FACT), a consumer organization formed under the not-for-profit corporation laws of the District of Columbia in 1984. FACT serves more than 1 million consumers nationwide. Additional information on FACT may be found in the Encyclopedia of Associations, and by visiting the association's Web site (www.usafact.org). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. The association does not offer support to -- and does not receive support from -- any political party or movement. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from medical insurance and dental discounts to prescription drug savings and scholarships. FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025