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President Obama Signs Repeal of PPACA 1099 Provision into Law

On April 14, 2011, President Obama signed the Small Business Paperwork Mandate Elimination Act, (H.R.4) into law. This repeals the expanded Form 1099 information reporting requirements under the Patient Protection and Affordable Care Act (PPACA). The House of Representatives approved H.R. 4 on March 3, 2011 and the Senate approved the measure on April 5, 2011.

This provision within the healthcare reform law required businesses to use tax form 1099 to report payments made for goods and certain services to the IRS. This expansion of mandatory Form 1099 reporting was originally designed and included in PPACA to improve tax compliance and thereby raise more tax revenue to pay for the massive costs of PPACA. However, many employers, especially small business owners, expressed great concern that the additional filing requirements would have represented an unreasonable paperwork burden. Almost from inception, businesses rallied against this provision. Ultimately, the President remarked in his State of the Union address that this particular provision needed to be re-tooled.

It remains certain that in the near term a wholesale repeal of the PPACA is unlikely. However, isolated and individual measures designed to address, repeal or alter certain provisions of the law are expected.

To pay for the tax revenue that will be lost by the repeal of this provision, the measure signed by the President changes the way the federal government recaptures improperly paid premium subsidies.

For more information about the PPACA and how it impacts employers and Plan Sponsors, visit www.connerstrong.com or contact your Conner Strong account representative toll-free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong, visit our online [Resource Center](#).



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