

Resources

Congress Repeals 1099 Requirements for Real Estate Property Owners

April 20, 2011

We recently wrote how the federal Small Business Jobs Act, signed into law on September 27, 2010, included a little noticed and controversial provision (Section 2101) that extended the information reporting requirements applicable to taxpayers engaged in a trade or business to real estate rental property owners. The new law for the first time would have required those rental property owners to issue a Form 1099 to each service provider to which the property owner made a payment of \$600 or more in any year.

Retroactively Repealed

With the ink barely dry on the 2010 legislation, the U.S. House and U.S. Senate recently approved H.R. 4,¹ which retroactively repeals this new information reporting provision and permits real estate rental property owners to proceed as if Section 2101 of the Small Business Jobs Act were never enacted. The principal impacts of this retroactive repeal are that real estate rental property owners will not be required to make informational filings for payments to their service providers or implement the expanded record-keeping program that the filing requirement would have necessitated.²

For more information, or if you have questions, please contact **Brian J. Page**, at 616-776-7509, or Wayne D. Roberts at 616-776-7514, who are both resident in Dykema's Grand Rapids office.

¹H.R. 4, the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011, was signed by the President on April 14, 2011.

²This repeal does change previously existing law under which certain reporting obligations might apply to a real estate rental owner whose activities arise to the level of conducting a trade or business under applicable IRS guidelines

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