



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 1, 2011
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4 – Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011

(Rep. Lungren, R-California, and 273 cosponsors)

The Administration strongly supports efforts to repeal the provision in the Affordable Care Act that established information reporting requirements for tax purposes that place an unnecessary bookkeeping burden on small businesses. The Administration is committed to reducing the gap between taxes legally owed and taxes paid, but believes that the burden created on businesses by the new information reporting requirement on purchases of goods that exceed \$600, as included in Section 6041 of the Internal Revenue Code as modified by Section 9006 of the Affordable Care Act, is too great.

However, the Administration has serious concerns about the approach the Congress has taken to paying for the repeal. The Administration strongly opposes the House's offset to pay for this repeal in H.R. 4, which would undo an improvement enacted with nearly unanimous support in the Medicare and Medicaid Extenders Act that eliminated an egregious "cliff" in the tax system affecting middle income taxpayers. Specifically, H.R. 4 would result in tax increases on certain middle-class families that incur unexpected tax liabilities, in many cases totaling thousands of dollars, notwithstanding that they followed the rules. The Administration also notes that a provision repealing the same information reporting requirements in the FAA Air Transportation Modernization and Safety Improvement Act would pay for the repeal with an unspecified rescission of \$44 billion that, in combination with other proposals currently under consideration in Congress, could cause serious disruption in a wide range of services provided by the Federal government.

The Administration looks forward to continuing to work with the Congress on the repeal of the information reporting requirements in the course of the legislative process, including finding an acceptable offset for the cost of the repeal.

* * * * *