

THE COALITION FOR FAIRNESS IN TAX COMPLIANCE

May 5, 2010

The Honorable Dan Lungren
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Lungren:

On behalf of the Coalition for Fairness in Tax Compliance (CFTC)¹, we are writing in support of H.R. 5141, the Small Business Paperwork Mandate Elimination Act. H.R. 5141 helps small businesses by repealing an expensive and burdensome new tax paperwork requirement included in the Patient Protection and Affordable Care Act.

Tax paperwork and compliance are already major expenses for small businesses and the new reporting requirements included in the Patient Protection and Affordable Care Act will only increase these costs. The new filings substantially increase the current requirement by expanding both the types of businesses and transactions considered reportable.

This new and expanded requirement means that almost every business-to-business transaction is potentially reportable to the IRS. According to an SBA study, the cost of complying with the tax code is 66 percent higher for small business as compared to a large business. The new requirements will dramatically increase these costs, pulling capital out of the business that could be better used to reinvest in the business and create jobs.

The new reporting has nothing to do with health care, but is deemed as a way to raise revenue by closing the tax gap. Yet, little data exists to demonstrate that the newly collected information is a source of the tax gap and it is unclear whether and how the IRS can use the paperwork. Even worse, under this proposal, the burden of finding noncompliant taxpayers is placed on the compliant taxpayers required to file these new forms.

¹ *The mission of the Coalition for Fairness in Tax Compliance (CFTC) (www.taxfairnesscompliance.org) is to fight for the rights of tax compliant small business owners by:*

- *Supporting the accurate use and collection of information on the source, size, and scope of the problem of tax non-compliance that forms the foundation for policy decisions.*
- *Supporting targeted, sensible, regulatory and legislative measures that will reduce tax non-compliance without generating undue burdens on the general small business community.*
- *Encouraging tax compliance by developing tax simplification proposals for sections of the tax code that are confusing and complicated.*
- *Opposing regulatory and legislative strategies proposed by lawmakers in an attempt to increase tax compliance that impose excessive and obtrusive burdens on honest small business owners.*

We appreciate your efforts to remove this new and onerous burden on small business and look forward to working with you to advance this legislation.

Sincerely,

National Federation of Independent Business
U.S. Chamber of Commerce
Small Business Legislative Council