

THE COALITION FOR FAIRNESS IN TAX COMPLIANCE

July 19, 2010

The Honorable Mike Johanns
404 Russell Senate Office Building
Washington, DC 20510

Dear Senator Johanns:

On behalf of the Coalition for Fairness in Tax Compliance (CFTC)ⁱ, we are writing in support of S. 3578, the Small Business Paperwork Mandate Elimination Act. S. 3578 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.

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
AMT – The Advanced Manufacturing Technology
The Alliance of Independent Store Owners and Professionals

Agricultural Retailers Association
American Bakers Association
American Council of Engineering Companies
American Council of Independent Laboratories)
American Farm Bureau Federation
American Foundry Society
American Hotel & Lodging Association
American Institute of Architects
American Nursery & Landscape Association
American Road & Transportation Builders Association
American Society of Association Executives
American Society of Interior Designers
American Subcontractors Association
American Veterinary Medical Association
Associated Builders and Contractors
The Associated General Contractors of America
Automotive Recyclers Association
Commercial Photographers International
Door and Hardware Institute
Hearth, Patio & Barbecue Association
Independent Community Bankers of America
Independent Electrical Contractors
Independent Office Products & Furniture Dealers Association
International Franchise Association
International Housewares Association
International Sleep Products Association
Money Mailer
Manufacturers' Agents Association for the Foodservice Industry
Manufacturers' Agents National Association
Manufacturing Jewelers and Suppliers of America
National Apartment Association
National Association for the Self-Employed
National Association of Home Builders
National Association of Manufacturers
National Association of RV Parks & Campgrounds
National Association of Theatre Owners
National Association of Wholesaler-Distributors
National Automobile Dealers Association/American Truck Dealers
National Christmas Tree Association
National Club Association
National Community Pharmacists Association
National Electrical Manufacturers Representatives Association
National Home Furnishings Association
National Lumber and Building Material Dealers Association
National Multi Housing Council
National Restaurant Association

National Roofing Contractors Association
 National Small Business Association
 Northeastern Retail Lumber Association
 North American Die Casting Association
 NPES The Association for Suppliers of Printing, Publishing and Converting Technologies
 Outdoor Power Equipment Aftermarket Association
 Outdoor Power Equipment Institute
 Petroleum Marketers Association of America
 Professional Golfers' Association of America
 Professional Photographers of America
 Promotional Products Association International
 S Corp Association
 Safety Equipment Distributors Association
 Saturation Mailers Coalition
 Secondary Materials and Recycled Textiles Association
 Service Station Dealers of America and Allied Trades
 Small Business Council of America
 Small Business & Entrepreneurship Council
 SMC Business Councils
 Society of American Florists
 Society of Sport & Event Photographers
 Specialty Equipment Market Association
 SPI: The Plastics Industry Trade Association
 Stock Artists Alliance
 Textile Care Allied Trades Association
 Textile Rental Services Association of America
 Tire Industry Association
 Women Impacting Public Policy
 Wood Machinery Manufacturers of America

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.*