



National Funeral Directors Association
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2011 POLICY

REPEAL THE NEW FORM 1099 PROVISION IN THE PATIENT PROTECTION AND AFFORDABILITY ACT

NFDA Position

That NFDA strongly advocate for the elimination of Section 9006 of the Patient Protection and Affordability Act (Public Law 111-148) that requires a business to issue a 1099 to any individual **or corporation** that provides \$600 or more in services **or merchandise** to the business annually.

BACKGROUND

Under Section 6041 of the IRS Code, funeral homes, like other businesses, are required to provide a Form 1099 to any person (other than an employee) that provides \$600 or more in services each year. For most funeral homes, this Tax Code requirement is a minor annoyance since generally 1099s will only have to be issued to trade embalmers, hair dressers, and a few other independent contractors. An average funeral home may issue anywhere from ten to twenty Form 1099s a year for services provided by outside contractors.

This will all change in 2012 unless Congress repeals Section 9006 of the Patient Protection and Affordable Act (Public Law 111-148). Section 9006 revises and expands the Tax Code provisions regarding who must receive a Form 1099. Starting in 2012, a business will have to issue a 1099 to any individual **or corporation** that provides \$600 or more in services **or merchandise** to the business annually.

DISCUSSION

The Health Care Act expands the obligation to issue 1099s in two meaningful ways. First, businesses will have to issue 1099s to corporations and not just individuals. Secondly, the \$600 threshold is triggered by purchases of merchandise as well as services. Therefore, starting in 2012, funeral homes will have to issue 1099s to casket companies, vault sellers, cemeteries, monument companies, embalming fluid suppliers, auto dealers, insurance companies, phone companies, utilities, etc. The minor nuisance funeral homes currently encounter every January will turn into a paperwork nightmare as payments must be tracked, tax identification numbers and addresses collected, and multiple 1099s issued.

NFDA will actively work independently and with other business groups to advocate Congress repeal this onerous provision. In addition, NFDA will bring the issue to the attention of the U.S. Small Business Administration and urge them to lobby Congress to eliminate this provision as well.

NFDA Governance History:

2011: Committee Action 1/27/11; Policy Board Action 3/09/11

Attest: NFDA Policy Board (original resolution) Date: March 9, 2011 File Code: RES095/Policybd