

Revenue Raiser under Small Business Jobs Act Of 2010

Rental property expense payments. The new law imposes information reporting requirements on certain recipients of rental income from real estate. Rental income recipients making payments of \$600 or more to a service provider in a tax year will file an information return with the IRS and the service provider. The new law permits the IRS to exclude individuals for whom reporting would be a hardship and individuals who receive only minimal amounts of rental income from the requirement. Certain members of the military and intelligence services are also excluded. The reporting provision applies to payments made after December 31, 2010.

Information return penalties. The Tax Code provides penalties for failing to file information returns. The penalty is tiered and capped. The maximum amount of the penalty varies depending when the information return is filed and if the taxpayer is a qualified small business. The new law increases the penalty generally across-the-board and imposes new maximum penalty amounts. The new law also revises the penalty for failing to furnish a payee statement to provide tiers and caps similar to the tiers and caps for failing to file the information return. The new penalty regime applies to information returns and payee statements required to be filed on or after January 1, 2011.