



The Association of  
Accountants and  
Financial Professionals  
in Business

August 26, 2019

Laurie Brimmer  
Internal Revenue Service,  
1111 Constitution Ave. N.W. Room 6526  
Washington, DC 20224

To the Laurie Brimmer:

The Small Business Committee (SBC) of the Institute of Management Accountants (IMA) appreciates the opportunity to express our views on the Invitation to Comment – 1099- NEC.

IMA®, named 2018 and 2017 Professional Body of the Year by *The Accountant/International Accounting Bulletin*, is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) program, continuing education, networking, and advocacy of the highest ethical business practices. IMA has a global network of more than 100,000 members in 140 countries and 300 professional and student chapters. Headquartered in Montvale, N.J., USA, IMA provides localized services through its four global regions: The Americas, Asia/Pacific, Europe, and Middle East/India. For more information about IMA, please visit [www.imanet.org](http://www.imanet.org)

The SBC addresses issues that impact small and medium-sized organizations. On behalf of IMA's members, the SBC engages and suggests solutions to standard-setters and regulatory agencies such as the Financial Accounting Standards Board (FASB), Securities and Exchange Commission, International Accounting Standards Board (IASB), Small Business Administration, American Bankers Association, Internal Revenue Service, and others. Information on the committee and past comment letters can be found at <https://www.imanet.org/about-ima/advocacy/small-business-committee>.

We understand the difficulties in batch processing informational returns after the initial due date of 1099-Misc with non-employee compensation with other 1099-Misc with other items filled in, thus erroneously creating letters for late filing with penalties and interest assessed, and that form 1099 NEC would help to eliminate these errors. While we understand this, there will be increased compliance costs, and potentially confused taxpayers who will receive this new form, when this most likely is a result of a flaw in the IRS processing system. Thus, in our opinion, instead of the IRS requiring the new form 1099-NEC to be filed, the IRS should instead work with their software vendors, or their own information systems department, to recognize the different information and corresponding deadlines on the existing 1099-MISC form. The system needs to be able to properly identify the 1099-MISC with non-employee compensation that is filed late and the 1099-Misc with no non-employee compensation.



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We understand that the PATH Act requires that 1099-Misc/NEC informational returns with non-employee compensation is due at the end of January, the logic behind different due dates for information returns does not make sense to many small taxpayers. The uncertainty of which forms to file and when they are due leaves small business owners/managers scrambling to comply. The introduction of yet another form such as the 1099-NEC will only increase confusion and costs. For example, many software vendors will have to re-write their software to accommodate the new form. For many small businesses and not-for-profit organizations, the costs for software and resource allocation and the additional time to prepare the forms is more than a minor inconvenience. The change from 1099-MISC to form 1099-NEC to report non-employee compensation invites many opportunities for compliance failures and misinformation that may result in IRS generated penalties. Keeping compliance simple increases levels of compliance and therefore, improves the quality of information IRS receives.

We are available to discuss these matters and to further express our views.

Respectfully yours,

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Chair, Small Business Committee  
Institute of Management Accountants  
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