

AMERICAN PAYROLL ASSOCIATION

October 28, 2020

Sunita Lough
Deputy Commissioner
Services and Enforcement
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224-0001

Jeff Tribiano
Deputy Commissioner
Operations Support
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224-0001

Dear Deputy Commissioners Lough and Tribiano:

Recently, on a monthly IRS Payroll Industry conference call, the American Payroll Association (APA)¹ learned that the IRS does not plan to include the Form 1099-NEC, *Nonemployee Compensation*, in the Combined Federal/State Filing (CF/SF) Program. The APA asks you to reconsider for 2021 filing beginning in early 2022.

Most states participate in the CF/SF Program. For employers, the use of one set of forms for filing at the federal and state levels is a significant reduction in administrative costs. When requested tax information is the same among federal and state government agencies, it makes sense to allow employers to electronically file once and for the agencies to share the information.

In addition, many companies utilize third-party vendors for the management of Form 1099 series filing. Vendor systems are currently structured to produce separate state copies of the Form 1099 series only in those few jurisdictions that require separate filing. There would be significant adjustment necessary to produce the Form 1099-NEC to file it separately with all states, especially if employers must manually file the form themselves.

Without use of the CF/SF Program, reporting to all states also creates the burden of integrating software with state systems either newly created to accommodate reporting of

¹APA is a nonprofit association serving the interests of about 20,000 payroll and accounts payable professionals nationwide. APA's primary mission is to educate its members and the payroll and accounts payable industry about the best practices associated with paying America's workers while complying with applicable federal, state, and local laws and regulations. APA members are directly responsible for administering and paying employment taxes.

the Form 1099-NEC or a separately designed state form. This will require programming, testing, and training that takes time and resources.

The APA would be pleased to discuss the value of adding Form 1099-NEC to the CF/SF Program. We can be reached through Alice Jacobsohn at ajacobsohn@americanpayroll.org or 202-669-4001. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Alice P. Jacobsohn".

Alice P. Jacobsohn, Esq.
Director, Government Relations
American Payroll Association

For
Chairs, Federal Issues Subcommittee:
Rebecca Harshberger, CPP
Jon Schausten, CPP

Chairs, State/Local Topics Subcommittee:
Pete Isberg
Carlanna Livingstone, CPP
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