

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

October 8, 2014

The Honorable John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue
Washington, DC 20224

Dear Commissioner Koskinen:

In mid-September, the Internal Revenue Service (IRS) published numerous draft forms and instructions for compliance with the tax provisions of the Affordable Care Act. These documents are lengthy, complex and confusing to tax preparers who serve America's small businesses.

For example, Form 8965 must be filed by those who want to claim an exemption to the individual mandate for health insurance. The Form 8965 draft, released on September 17, 2014, involves 15 pages of complicated forms, instructions and worksheets. As you know, the Congressional Budget Office estimated that 30 million people could be subject to the individual mandate penalty, and 23 million of them may qualify for an exemption. This means that millions of small business owners may be forced to rely on these forms and instructions to determine whether they are entitled to an exemption and to claim it. In addition, we are told that the Department of Health and Human Services (HHS) will issue some or all of the hardship exemptions. The forms mention those exemptions and that HHS or the exchanges will issue them, but do not explain when taxpayers must apply for them, when or how that decision will be communicated, what appeals process will be used, and how long the exemption will be effective.

Form 8962 is the form that must be filed by taxpayers who wish to claim a premium tax credit. The Form 8962 draft, released on September 15, 2014, involves 12 pages of forms, instructions and worksheets. Similarly, these documents are also lengthy and complicated.

In addition, we have been told by tax preparers for small businesses that the IRS has not released any guidance on the due diligence requirement that tax return preparers will face in the preparation of tax returns affected by the Affordable Care Act this year. Because not all reporting is required this year, preparers must rely on client representations on issues these businesses have never faced before and may not understand.

Most small businesses do not have tax advisors, attorneys or accountants on their staff. They must rely on outside assistance to navigate these complicated tax rules. On all of the above issues, is the IRS working with HHS to educate small business owners about these new forms and issues? What steps has the IRS undertaken to listen to the concerns of small business owners and their tax preparers?

As these issues are time sensitive and require advance preparation, I request that you respond by October 22, 2014. I look forward to hearing from you.

Sincerely,



Sam Graves
Chairman