

Government Withholding Relief Coalition

March 25, 2009

Mr. Douglas Shulman
Commissioner
CC:PA:LPD:PR (REG-158747), Room 5205
Internal Revenue Service
P.O. Box 7604, Ben Franklin Station
Washington, D.C. 20044

RE: Notice of Public Hearing on Proposed Rule on Withholding Under Internal Revenue Code Section 3402(t) [REG-158747-06]

Dear Mr. Shulman:

The *Government Withholding Relief Coalition* (the Coalition) and its member organizations are pleased to provide suggested topics for the public hearing on April 16, 2009 regarding the implementation of Internal Revenue Code Section 3402(t). We appreciate the Internal Revenue Service (IRS) holding this public hearing and hope it will further the debate and demonstrate the numerous issues that arise for companies and governments when attempting to implement this poorly thought-out law.

The Coalition would like five minutes to speak about the proposed rule, but will allow the individual associations and companies that are members of the Coalition to present on the specifics of the proposed rule. In addition, we have included a list of important issues that should be considered during the public hearing and when finalizing the rule.

- Regulatory Implementation: Feasibility, Practicality, and Cost-Effectiveness of Implementing
- Thresholds for impacted payments
- Bundled payments under a predetermined threshold
- Disputes on Amounts Withheld for Tax Reporting Purposes
- Taxpayer Ability to Recoup Withholding as Credit Against Estimated Tax Payments
- Impact on subcontractors
- Payment Card Transactions: threshold for impacted payments or exempted entirely
- Pass-Through Entities: How they are impacted and should they be exempted
- New and Materially Modified Contracts

- Disadvantages to Fiscal Year Tax Filers
- Impact on Farm Payments
- Application to Grants
- Determine When Political Subdivisions and Instrumentalities Hit the \$100 Million Threshold
- Exempting Compliant Vendors from Withholding

Sincerely,

Government Withholding Relief Coalition

- Aeronautical Repair Station Association
- Aerospace Industries Association
- Air Conditioning Contractors of America
- Air Transport Association
- America's Health Insurance Plans
- American Bankers Association
- American Clinical Laboratory Association
- American Concrete Pressure Pipe Association
- American Congress on Surveying and Mapping
- American Council of Engineering Companies
- American Farm Bureau Association
- American Health Care Association
- American Institute of Architects
- American Logistics Association
- American Moving and Storage Association
- American Nursery and Landscape Association
- American Road & Transportation Builders Association
- American Shipbuilding Association
- American Society of Civil Engineers
- American Subcontractors Association
- American Supply Association
- American Trucking Associations
- Associated Builders and Contractors
- Associated Equipment Distributors
- Association of National Account Executives
- Business and Institutional Furniture Manufacturers Association
- Coalition for Government Procurement
- Colorado Motor Carriers Association
- Computing Technology Industry Association
- Construction Contractors Association
- Construction Industry Round Table
- Construction Management Association of America
- Design Professionals Coalition
- Edison Electric Institute
- Engineering & Utility Contractors Association
- Federation of American Hospitals
- Financial Executives International's Committee on Government Business
- Financial Executives International's Committee on Taxation
- Finishing Contractors Association
- Gold Coast Hispanic Chamber of Commerce
- Independent Electrical Contractors, Inc
- International Council of Employers of Bricklayers and Allied Craftworkers
- International Foodservice Distributors Association
- Management Association for Private Photogrammetric Surveyors

- Mason Contractors Association of America
- Mechanical Contractors Association of America
- Medical Group Management Association
- Messenger Courier Association of the Americas
- Miami Dade County
- Modular Building Institute
- National Association for Self-Employed
- National Association of Credit Management
- National Association of Manufacturers
- National Association of Minority Contractors
- National Beer Wholesalers Association
- National Burglar and Fire Alarm Association
- National Defense Industrial Association
- National Electrical Contractors Association
- National Emergency Equipment Dealers Association
- National Federation of Independent Business
- National Institute of Governmental Purchasing
- National Italian-American Business Association
- National Precast Concrete Association
- National Office Products Alliance
- National Roofing Contractors Association
- National Small Business Association
- National Society of Professional Engineers
- National Society of Professional Surveyors
- National Utility Contractors Association
- National Wooden Pallet and Container Association
- North Coast Builders Exchange
- Office Furniture Dealers Alliance
- Oregon Trucking Association
- Plumbing-Heating-Cooling Contractors - National Association
- Printing Industries of America
- Professional Services Council
- Regional Legislative Alliance of Ventura and Santa Barbara Counties
- Santa Rosa Chamber of Commerce
- Security Industry Association
- Sheet Metal and Air Conditioning Contractors National Association, Inc.
- Small Business & Entrepreneurship Council
- Small Business Legislative Council
- Textile Rental Services Association of America
- The Associated General Contractors of America
- The Association of Union Constructors
- The Distilled Spirits Council of the U.S.
- The Financial Services Roundtable
- The Technology Association of America
- U.S. Chamber of Commerce
- United States Telecom Association
- Women Impacting Public Policy