

115TH CONGRESS  
2D SESSION

# S. 3097

To direct the Secretary of the Treasury to report on tax compliance with respect to non-employer business income, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JUNE 20, 2018

Mr. WARNER introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To direct the Secretary of the Treasury to report on tax compliance with respect to non-employer business income, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FINDINGS.**

4 Congress makes the following findings:

5 (1) Contingent and alternative work arrange-  
6 ments play a significant role in our economy and our  
7 labor force.

8 (2) More information about those in contingent  
9 and alternative work arrangements would lead to

1 better policymaking in areas affecting this popu-  
2 lation.

3 (3) The Census Bureau defines a non-employer  
4 business as a business which has no paid employees,  
5 has annual business receipts of \$1,000 or more (\$1  
6 or more in the construction industry), and is subject  
7 to Federal income taxes.

8 (4) Studying non-employer business income  
9 should provide some insight into the tax situation of  
10 contingent and alternative workers, and shifts be-  
11 tween wage and non-employee business income over  
12 time.

13 (5) Tax compliance for non-employer businesses  
14 is more complex as compared to compliance with re-  
15 spect to wage income, and could be made easier  
16 through updates to the withholding, reporting, and  
17 filing regimes.

18 (6) While the release of the Bureau of Labor  
19 Statistics' preliminary findings of the Contingent  
20 and Alternative Work Arrangement Supplement to  
21 the Current Population Survey provided valuable in-  
22 formation about this workforce, it also left unan-  
23 swered questions about workers who use contingent  
24 or alternative work arrangements to supplement  
25 their income from more traditional arrangements.

1           (7) Additional analysis by the Department of  
2           the Treasury could shed further light on these  
3           issues.

4 **SEC. 2. STUDY AND REPORT.**

5           (a) IN GENERAL.—The Secretary of the Treasury (or  
6           the Secretary’s delegate) shall conduct a study and pre-  
7           pare a report to the Committee on Finance of the Senate  
8           and the Committee on Ways and Means of the House of  
9           Representatives which evaluates—

10           (1) tax compliance with respect to non-employer  
11           business income, including whether there is signifi-  
12           cant over-reporting of non-employer business income  
13           due to underutilization of allowable deductions and  
14           other tax benefits (if feasible, reported separately for  
15           income earned through online and mobile platforms  
16           and income earned by other means);

17           (2) the current tax withholding, reporting, and  
18           filing systems to identify how they could be updated  
19           to reflect the growing numbers of workers earning  
20           non-employer business income; and

21           (3) how the earning of wage income and non-  
22           employer business income has changed over time,  
23           specifically, dividing by income decile and analyzing  
24           at least the most recent 10 years of available tax fil-  
25           ing information including—

1 (A) the percentage of taxpayers who earn  
2 wage income but do not earn non-employer  
3 business income;

4 (B) the percentage of taxpayers who earn  
5 non-employer business income but do not earn  
6 wage income;

7 (C) the percentage of taxpayers who earn  
8 both wage income and non-employer business  
9 income; and

10 (D) among those earning both wage in-  
11 come and non-employer business income, divid-  
12 ing by income decile, the average percentage of  
13 such taxpayers' income which comes from each  
14 category (if feasible, reported by separating  
15 capital asset income from other forms of non-  
16 employer business income).

17 (b) REPORT.—The report required by subsection (a)  
18 shall be provided not later than September 30, 2019.

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