

Form 1099-K

Form 1099-K

Form 1099-K is a report of payments you received during the year from:

- Credit, debit, or stored value cards such as gift cards (payment cards).
- Payment apps or online marketplaces (third-party payment networks).

Third-party payment networks are required to file Form 1099-K with the IRS and provide a copy to you by January 31 when the gross payment amount is more than \$600. Form 1099-K should not report gifts or reimbursement of personal expenses you received from friends and family. Use Form 1099-K with other tax records to help calculate and report your taxable income when you file your taxes.

Note: The Internal Revenue Service announced a delay in the new \$600 Form 1099-K reporting threshold. For 2023, reporting will not be required unless you receive over \$20,000 and have more than 200 transactions. The IRS is planning for a threshold of \$5,000 for tax year 2024 as part of a phase-in to implement the \$600 reporting threshold.

Who Gets Form 1099-K

You received any payments with payment cards. This includes credit cards, debit cards, and stored value cards (gift cards).

You received payments over \$600 with a payment app or online marketplace. This includes payments for a personal item you sold or for goods you sell, services you provide, or property you rent through any:

- Peer-to-peer payment platform or digital wallet.
- Online marketplace (sale or resale of clothing, furniture, and other items).
- Craft or maker marketplace.

- Auction site.
- Car sharing or ride-hailing platform.
- Real estate marketplace.
- Ticket exchange or resale site.
- Crowdfunding platform.
- Freelance marketplace.

Gifts or reimbursement of personal expenses from friends and family should not be reported on Form 1099-K. They are not payments for goods or services.

\$600 reporting threshold. Payment apps and online marketplaces are required to file a Form 1099-K if the gross payments to you for goods and services are over \$600. The \$600 reporting threshold starts with tax year 2025. There are no changes to what counts as income or how tax is calculated.

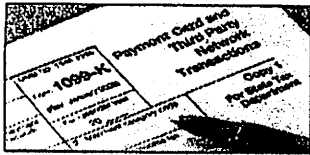
What Should Not Be Reported on Form 1099-K

Money you received from friends and family as a gift or reimbursement of a personal expense should not be reported on a Form 1099-K. For example: Sharing the cost of a car ride or meal, receiving money for birthday or holiday gifts, or getting repaid by a roommate for a household bill. These payments are not taxable income. Be sure to note these types of payments as non-business when possible in the payment apps.

What to Do With Form 1099-K

Check the information on the form. Review the information on Form 1099-K to make sure it is correct.

Review the gross payment amount. The gross payment amount (Box 1a) on Form 1099-K reports the total payments you received. It does not include adjustments for fees, credits, refunds, shipping, cash equivalents, or discounts. These



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items are not income. You can deduct them from the gross amount.

Compare the gross payment amount to your records. These may include reports from payment apps or online marketplaces, payment card receipts, or merchant statements. Use your records to:

- Confirm the gross payment amount is accurate.
- Check the gross amount for expenses you can deduct (fees, credits, refunds, shipping, refunds, etc.).

Good recordkeeping is important to support the income and deductible expenses you report on your tax return.

Use Form 1099-K to help report your income. Use Form 1099-K with your other tax records to help calculate and report your correct income on your tax return. How you report Form 1099-K payments on your tax return depends on the type of transactions you had.

- If you sold a personal item.
- If you sold goods, rented property, or provided services.

Give Form 1099-K to your tax preparer. Be sure to provide Form 1099-K to your tax preparer who will assist in the proper reporting of the form on your tax return.

If You Sold a Personal Item

You may get a Form 1099-K if you received payments for a personal item you sold through a payment app or online marketplace. A personal item is something you own for personal use such as a car, refrigerator, furniture, stereo, jewelry, silverware, etc. How you report these payments on your tax return depends on whether you sold the item at a loss or a gain. If you sold a mix of personal items at a loss and a gain, they are reported separately.

Personal items sold at a loss. A loss on the sale of a personal item is not deductible.

Personal items sold at a gain. A gain on the sale of a personal item is taxable.

If You Sell Goods, Rent Property or Provide Services

You may get a Form 1099-K if you received payments through payment cards, payment apps, or online marketplaces. These transactions can include payments you received as a gig

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worker, freelancer, or other independent contractor (self-employed). This may also include payments you received from selling items as a hobby.

Report Form 1099-K payments and other income on your tax return. You must report all income you receive on your tax return. This may include the gross payment amount shown on Form 1099-K and amounts on other reporting documents like Form 1099-NEC or Form 1099-MISC. It should also include amounts not reported on forms, such as payments you receive by cash or check.

If You Get a Form 1099-K in Error

You may get a Form 1099-K in error when the form:

- Reports payments that were gifts or reimbursements from family or friends.
- Does not belong to you or is a duplicate.

If this happens:

- Contact the issuer immediately.
- Keep a copy of the original form and all correspondence with the issuer for your records.

If Your Form 1099-K Is Incorrect

Request a corrected form from the issuer if any of the following information on the form is incorrect.

- Payee Taxpayer Identification Number (TIN).
- Gross amount of payment card/third-party network transactions.
- Number of payment transactions.
- Merchant Category Code (MCC).

If you do not recognize the issuer, contact the Payment Settlement Entity (PSE) on the bottom left corner of the form above your account number.

Keep a copy of the corrected Form 1099-K with your records, along with any correspondence you have with the issuer or PSE. Do not contact the IRS. They cannot correct your Form 1099-K.

Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Retirement.
- Significant change in income or deductions.
- Notice from IRS or other revenue department.
- Job change.
- Divorce or separation.
- Marriage.
- Self-employment.
- Attainment of age 59½ or 73.
- Charitable contributions of property in excess of \$5,000.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.