

Temporary Relief Provided for Form 1099-K Reporting

November 28, 2023



The IRS has announced partial relief for taxpayers, tax professionals and payment processors with respect to **the new Form 1099-K (the “form”) reporting requirements**. The form requires third party settlement organizations, such as payment card companies, payment apps, and online marketplaces to report payments of more than \$600 for the sale of goods and services starting in 2022. Copies of the Form 1099-K are submitted to the IRS and to taxpayers to help them file complete and accurate annual tax returns. **However, due to confusion about when to file the form, the IRS temporarily delayed the implementation last year.**

As questions still linger about the filing and the associated compliance burden of the new reporting requirement, **the IRS will now treat 2023 as an additional year of transition, and only mandate the filing of a Form 1099-K when a taxpayer:** (1) receives **over \$20,000**, and (2) has **more than 200 transactions** in the current year. In addition, **the IRS is raising the 2024 filing threshold to \$5,000** to help phase-in the reporting obligation.

It is estimated that, once fully implemented, more than 44 million Form 1099-Ks will be filed. However, the filing is not required in all circumstances. For example, gifts, sharing a meal and household bills are not taxable and, therefore, not part of the

disclosure requirement. Rather, reporting is necessary for goods sold, services provided or property rented for which payment is received via a payment app, community marketplace, ticket exchange or crowdfunding platform.

For more information on Form 1099-K, see our previous client [alert](#). If you have questions about the IRS' new implementation rules, please contact [Alan Goldenberg](#), Principal and Leader of the Tax Controversy and State and Local Taxation groups, or your Anchin Relationship Partner.