

## IRM PROCEDURAL UPDATE

**DATE: 12/05/2023**

**NUMBER: wi-21-1223-1148**

**SUBJECT: Delay of New \$600 Form 1099-K; Payment Card and Third Party Network Transactions Reporting Threshold for Third Party Settlement Organizations for Calendar Year 2023**

**AFFECTED IRM(s)/SUBSECTION(s): 21.7.4.4.23**

**CHANGE(s):**

**IRM 21.7.4.4.23(6) Note added for delay of the new \$600 Form 1099-K, Payment Card and Third Party Network Transactions reporting threshold for third party settlement organizations for calendar year 2023.**

(6) There is a de minimis exception from reporting for third-party settlement organizations. Section 9674(c), P.L. 117-2, of the American Rescue Plan Act of 2021, lowers and modifies the threshold below which a third-party settlement organization is not required to report payments to participants in its network, applicable to returns for calendar years beginning after December 31, 2021.

- Under this provision a third-party settlement organization is required to report third-party network transactions with any participating payee that exceed a minimum threshold of \$600 in aggregate payments, regardless of the aggregate number of such transactions.
- The provision also clarifies that third-party network transactions only include transactions for the provision of goods or services and is applicable to transactions after the date of enactment.

**Note:** On Dec. 23, 2022, the IRS announced that calendar year 2022 will be treated as a transition year for the reduced reporting threshold of more than \$600. For calendar year 2022, third-party settlement organizations who issue Forms 1099-K are only required to report transactions where gross payments exceed \$20,000 and there are more than 200 transactions. For more information regarding the delay in reporting thresholds for third-party settlement organizations, see Understanding Your Form 1099-K and Notice 2023-10.

**Note:** On November 21, 2023, the IRS announced (Notice 2023-74) another year delay of the new \$600 Form 1099-K, **Payment Card and Third Party Network Transactions**, reporting threshold for payment apps and online marketplaces (third-party settlement organizations) for calendar year 2023.