



IRS Nationwide Tax Forum | 2021

Gig Economy
Tuesday, August 3, 2021

Start Time: 2:00pm Eastern / 1:00pm Central
12:00 Noon Mountain / 11:00am Pacific

Note: You should be hearing music while waiting for webinar to start.

Having Technical Issues?

View the “Technical Issues” troubleshooting guide in the Materials drop-down menu on the left side of this page



Gig Economy

This presentation will provide an overview of Form 1099-K, Payment Card and Third-Party Network Transactions and how to accurately report amounts on tax returns to improve voluntary tax compliance.



At the end of this presentation, you will be able to:

- Define the Gig Economy
- Provide an overview of Form 1099-K, Payment Card and Third-Party Transactions
- Define a Payment Settlement Entity
- Describe how to accurately report amounts on tax returns
- Provide filing due dates



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What is the Gig Economy?

A labor market based on flexible, temporary or freelance jobs where an individual earns income by providing on-demand work, services or goods.



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What is Gig Work?

- Rideshare services
- Delivery services
- Renting space and properties
- Selling goods online
- On demand tasks or freelance work

What is Form 1099-K?

- Form 1099-K, Payment Card and Third-Party Network Transactions is an IRS information return used to report certain payment transactions from payment settlement entities.
- A taxpayer can receive none, one, or multiple Forms 1099-K in a given tax year





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When and Why is a Form 1099-K issued?

- Forms 1099-K are issued in order to increase voluntary tax compliance
- Required to be issued by January 31st



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Who issues a Form 1099-K?

- Payment Settlement Entities
 - Payment Card Processors
 - Third Party Settlement Organizations



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Merchant Acquiring Entities

- Process debt/credit card transactions
- Charge fees for facilitating transactions
- No minimum threshold for reporting



Third Party Settlement Organizations

- Intermediary between buyer and seller
- Charge fees for facilitating transactions
- \$20,000/200 transactions threshold
 - Beginning in Tax Year 2022
 - Minimum threshold is reduced to \$600
 - 200 transaction threshold eliminated



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How do I report Form 1099-K Income?

- Keep Records
- Information Returns
- Tax Forms and Schedules



Schedule C

SCHEDULE C | **Profit or Loss From Business** | OMB No. 1545-0047
(Form 1040) | (Sole Proprietorship) | **2020** | Attachment Sequence No. 09

Department of the Treasury | **Go to www.irs.gov/ScheduleC for instructions and the latest information.** | **2020**
Internal Revenue Service (IRS) | **Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.** | Attachment Sequence No. 09

Name of proprietor _____ Social security number (SSN) _____

A Principal business or profession, including product or service (see instructions) _____ **B** Enter code from instructions _____

C Business name, if no separate business name, leave blank. _____ **D** Employer ID number (EIN) (see instructions) _____

E Business address (including suite or room no.) _____
City, town or post office, state, and ZIP code _____

F Accounting method: (1) Cash (2) Accrual (3) Other (specify) _____

H Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on losses. Yes No

I If you started or acquired this business during 2020, check here. _____ Yes No

J Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions. _____ Yes No

J If "Yes," did you or will you file required Form(s) 1099? _____ Yes No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked. **1** _____

2 Returns and allowances. _____ **2** _____

3 Subtract line 2 from line 1. _____ **3** _____

4 Cost of goods sold (from line 40). _____ **4** _____

5 Gross profit. Subtract line 4 from line 3. _____ **5** _____

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions). _____ **6** _____

7 Gross income. Add lines 5 and 6. _____ **7** _____

Part II Expenses. Enter an expense for business use of your home only on line 30.

8 Advertising. _____ **8** _____ **18** Office expense (see instructions). _____ **18** _____

9 Car and truck expense (see instructions). _____ **9** _____ **19** Pension and profit-sharing plans. _____ **19** _____

10 Commissions and fees. _____ **10** _____ **20** Rent or lease (see instructions). _____ **20** _____

11 Contract labor (see instructions). _____ **11** _____ **a** Vehicles, machinery, and equipment. _____ **20a** _____

12 Depreciation. _____ **12** _____ **b** Other business property. _____ **20b** _____

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions). _____ **13** _____ **21** Repairs and maintenance. _____ **21** _____

14 Employee benefit programs (other than on line 16). _____ **14** _____ **22** Supplies (not included in Part III). _____ **22** _____

15 Insurance (other than health). _____ **15** _____ **23** Travel and license. _____ **23** _____

16 Interest (see instructions): _____ **16** _____ **a** Travel. _____ **23a** _____

a Mortgage (paid to banks, etc.). _____ **16a** _____ **b** Deductible meals (see instructions). _____ **23b** _____

b Other. _____ **16b** _____ **24** Utilities. _____ **24** _____

17 Legal and professional services. _____ **17** _____ **25** Wages (see employment credits). _____ **25** _____

26 Total expenses before expenses for business use of home. Add lines 8 through 27a. _____ **26** _____ **26** Other expenses (from line 40). _____ **26** _____

27 Tentative profit or (loss). Subtract line 26 from line 7. _____ **27** _____ **27a** Other expenses (from line 40). _____ **27a** _____

28 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. _____ **28** _____

29 _____ **29** _____

30 _____ **30** _____

31 Net profit or (loss). Subtract line 30 from line 29. _____ **31** _____

32 _____ **32** _____

32a All investment is at risk.
32b Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11204F Schedule C (Form 1040) 2020



Schedule E

SCHEDULE E Supplemental Income and Loss
(Form 1040) (From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

Department of the Treasury, Internal Revenue Service (IRS) | OMB No. 1545-0074 | **2020** Attachment Sequence No. 13

Name(s) shown on return: _____ Your social security number: _____

Part I Income or Loss From Rental Real Estate and Royalties Note: If you are in the business of renting personal property, use Schedule C. See instructions. If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

A Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions Yes No
B If "Yes," did you or will you file required Form(s) 1099? Yes No

1a Physical address of each property (street, city, state, ZIP code)

A	B	C

1b	Type of Property (from list below)	2	Fair Rental Days	Personal Use Days	QJV
A		For each rental real estate property listed above, report the number of rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	A		<input type="checkbox"/>
B			B		<input type="checkbox"/>
C			C		<input type="checkbox"/>

Type of Property:
1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental
2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe) _____

Income:	Properties:	A	B	C
3	Rents received	3		
4	Royalties received	4		
Expenses:				
5	Advertising	5		
6	Auto and travel (see instructions)	6		
7	Cleaning and maintenance	7		
8	Commissions	8		
9	Insurance	9		
10	Legal and other professional fees	10		
11	Management fees	11		
12	Mortgage interest paid to banks, etc. (see instructions)	12		
13	Other interest	13		
14	Repairs	14		
15	Supplies	15		
16	Taxes	16		
17	Utilities	17		
18	Depreciation expense or depletion	18		
19	Other (list) ▶	19		
20	Total expenses. Add lines 5 through 19	20		
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a loss, see instructions to find out if you must file Form 6198	21		
22	Deductible rental real estate loss after limitation, if any, on Form 8592 (see instructions)	22	()	()
23a	Total of all amounts reported on line 3 for all rental properties	23a		
b	Total of all amounts reported on line 4 for all royalty properties	23b		
c	Total of all amounts reported on line 12 for all properties	23c		
d	Total of all amounts reported on line 18 for all properties	23d		
e	Total of all amounts reported on line 20 for all properties	23e		
24	Income. Add positive amounts shown on line 21. Do not include any losses	24		
25	Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	()	()
26	Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2	26		

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11344L Schedule E (Form 1040) 2020



Schedule F

SCHEDULE F (Form 1040)

Profit or Loss From Farming

OMB No. 1545-0047

2020
Attachment
Sequence No. 14

Department of the Treasury
Internal Revenue Service (IRS)

▶ Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065.
▶ Go to www.irs.gov/ScheduleF for instructions and the latest information.

Name of proprietor

Social security number (SSN)

A Principal crop or activity	B Enter code from Part IV	C Accounting method:		D Employer ID number (EIN) (see instructions)
		<input type="checkbox"/> Cash	<input type="checkbox"/> Accrual	

E Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on passive losses. Yes No
 F Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions. Yes No
 G If "Yes," did you or will you file required Form(s) 1099? Yes No

Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.)

1a Sales of livestock and other movable items (see instructions)	4a		
b Cost or other basis of livestock or other items reported on line 1a	4b		
c Subtract line 1b from line 1a		1c	
2 Sales of livestock, products, grains, and other products you raised		2	
3a Cooperative distributions (Form(s) 1099-DIV)	3a	3b Taxable amount	3b
4a Agricultural program payments (see instructions)	4a	4b Taxable amount	4b
5a Commodity Credit Corporation (CCC) loans reported under election		5a	
b CCC loans forfeited	5b	5c Taxable amount	5c
6 Crop insurance proceeds and federal crop disaster payments (see instructions):			
a Amount received in 2020	6a	6b Taxable amount	6b
c If election to defer to 2021 is attached, check here: <input type="checkbox"/>		6d Amount deferred from 2019	6d
7 Custom hire (machine work) income		7	
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)		8	
9 Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions.		9	

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.

10 Car and truck expenses (see instructions). Also attach Form 4562	10	23 Depreciation and profit-sharing plans	23
11 Chemicals	11	24 Rent or lease (see instructions):	
12 Conservation expenses (see instructions)	12	a Vehicles, machinery, equipment	24a
13 Custom hire (machine work)	13	b Other (land, animals, etc.)	24b
14 Depreciation and section 179 expense (see instructions)	14	25 Repairs and maintenance	25
15 Employee benefit programs other than on line 23	15	26 Seeds and plants	26
16 Feed	16	27 Storage and warehousing	27
17 Fertilizers and lime	17	28 Supplies	28
18 Freight and trucking	18	29 Taxes	29
19 Gasoline, fuel, and oil	19	30 Utilities	30
20 Insurance (other than health)	20	31 Veterinary, breeding, and medicine	31
21 Interest (see instructions):		32 Other expenses (specify):	
a Mortgage (paid to banks, etc.)	21a	a	32a
b Other	21b	b	32b
22 Labor hired (less employment credits)	22	c	32c
		d	32d
		e	32e
		f	32f

33 Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions. ▶ 33

34 Net farm profit or (loss). Subtract line 33 from line 9. If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36. 34

35 Reserved for future use.

36 Check the box that describes your investment in this activity and see instructions for where to report your loss:
 All investment is at risk. Some investment is not at risk.



Self-Employment Tax

SCHEDULE SE (Form 1040)		Self-Employment Tax	OMB No. 1545-0044
Department of the Treasury Internal Revenue Service (IRS)		Go to www.irs.gov/ScheduleSE for instructions and the latest information. Attach to Form 1040, 1040-SR, or 1040-NR.	2020 Attachment Sequence No. 17
Name of person with self-employment income (as shown on Form 1040, 1040-SR, or 1040-NR)		Social security number of person with self-employment income ▶	
Part I Self-Employment Tax			
Note: If your only income subject to self-employment tax is church employee income, see instructions for how to report your income and the definition of church employee income.			
A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I <input type="checkbox"/>			
Skip lines 1a and 1b if you use the farm optional method in Part II. See instructions.			
1a	Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A		
1b	If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code AH. Skip line 2 if you use the nonfarm optional method in Part II. See instructions.		
2	Net profit or (loss) from Schedule C, line 31; and Schedule K-1 (Form 1065), box 14, code A (other than farming). See instructions for other income to report or if you are a minister or member of a religious order		
3	Combine lines 1a, 1b, and 2		
4a	If line 3 is more than zero, multiply line 3 by 92.35% (0.9235). Otherwise, enter amount from line 3		
4b	Note: If line 4a is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.		
4c	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here		
5a	Enter your church employee income from Form W-2. See instructions for definition of church employee income		
5b	Multiply line 5a by 92.35% (0.9235). If less than \$100, enter -0-		
6	Add lines 4c and 5b		
7	Maximum amount of combined wage and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2020		137,700
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$137,700 or more, skip lines 8b through 10, and go to line 11		
8b	Unreported tips subject to social security tax from Form 4137, line 10		
8c	Wages subject to social security tax from Form 4919, line 10		
8d	Add lines 8a, 8b, and 8c		
9	Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11		
10	Multiply the smaller of line 6 or line 9 by 12.4% (0.124)		
11	Multiply line 6 by 2.9% (0.029)		
12	Self-employment tax. Add lines 10 and 11. Enter here and on Schedule 2 (Form 1040), line 4		
13	Deduction for one-half of self-employment tax. Multiply line 12 by 50% (0.50). Enter here and on Schedule 1 (Form 1040), line 14		
Part II Optional Methods To Figure Net Earnings (see instructions)			
Farm Optional Method. You may use this method only if (a) your gross farm income ¹ wasn't more than \$8,400, or (b) your net farm profits ² were less than \$6,107.			
14	Maximum income for optional methods		5,640
15	Enter the smaller of: two-thirds (2/3) of gross farm income ³ (not less than zero) or \$5,640. Also, include this amount on line 4b above		
Nonfarm Optional Method. You may use this method only if (a) your net nonfarm profits ⁴ were less than \$6,107 and also less than 72.18% of your gross nonfarm income ⁵ , and (b) you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years. Caution: You may use this method no more than five times.			
16	Subtract line 15 from line 14		
17	Enter the smaller of: two-thirds (2/3) of gross nonfarm income ⁶ (not less than zero) or the amount on line 16. Also, include this amount on line 4b above		
¹ From Sch. F, line 9; and Sch. K-1 (Form 1065), box 14, code A.		³ From Sch. C, line 31; and Sch. K-1 (Form 1065), box 14, code A.	
² From Sch. F, line 34; and Sch. K-1 (Form 1065), box 14, code A, minus the amount you would have entered on line 1b had you not used the optional method.		⁴ From Sch. C, line 7; and Sch. K-1 (Form 1065), box 14, code C.	
⁵ From Sch. C, line 31; and Sch. K-1 (Form 1065), box 14, code A.		⁶ From Sch. C, line 7; and Sch. K-1 (Form 1065), box 14, code C.	



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Important Dates to Remember

- Filing Due Date
- Extension to File Due Date
- Estimated Tax Due Dates



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Filing Due Dates

- Form 1040, U.S. Individual Income Tax Return
 - April 15th
- Extension Due Date
 - October 15th



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Quarterly Estimated Tax Due Dates

- April 15th
- June 15th
- September 15th
- January 15th



Can you?

- Define the Gig Economy
- Provide an overview of Form 1099-K, Payment Card and Third-Party Transactions
- Define a Payment Settlement Entity
- Describe how to accurately report amounts on tax returns
- Provide filing due dates



Hot Topics

Coronavirus Tax Relief
COVID-19
Economic Impact Payment
Gig Economy
Marijuana Industry
Online Account (OLA)
Online Payment Agreements (OPA)
Outreach Connection
Payment Options
Small Business News and Resources
Tax Professional News and Resources
Tax Scams
Unemployment Compensation
Virtual Currency

Search

coronavirus
covid19
eip
gig; gig work
marijuana
view account
opa
outreach connection
pay
small business news
tax pro news
scams
unemployment
bitcoin; virtual currency



Focus Group Opportunities

- Topic 1: Improving the Taxpayer Experience
- Topic 2: Designing a Business Taxpayers Online Account & Envisioning a Form 1099 Filing Platform
- Topic 3: Changes in Partnership Environment & Where's Form 944?
- Topic 4: Improving the Offer in Compromise (OIC) Experience & Gig Economy Worker Tax Compliance
- Topic 5: Passport Program & Virtual Currency Tax Compliance
- Topic 6: Interest Abatement Feedback & Civil Penalties and Reasonable Cause Relief

To sign up or for additional information, please e-mail:
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