



IRS Nationwide Tax Forum | 2023

1099-K

At the end of this session you will be able to:

- Provide an overview of the lower Form 1099-K filing threshold for third-party settlement organizations (TPSOs)
- Explain the impact of the lower Form 1099-K filing threshold for TPSOs
- Educate taxpayers and help them prepare for the 2024 filing season

Form 1099-K overview

- The American Rescue Plan Act of 2021
- Impact
- No change to definition of reportable payments
- Implementation delayed one year

Payment Settlement Entity (PSE)

- “An entity that makes payments in settlement of a payment card transaction or third party network transaction”
- Payment card threshold is \$0

Third Party Settlement Organization - TPSO

- “Central organization with a contractual obligation to make payments to participating payees (generally a merchant or business) of third party network transactions”
- Threshold is \$600 for calendar years beginning after December 31, 2022

Form 1099-K

1010		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED			
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		FILER'S TIN	OMB No. 1545-2205 Form 1099-K (Rev. January 2022) For calendar year 20__		
		PAYEE'S TIN			
		1a Gross amount of payment card/third party network transactions \$			
		Check to indicate if FILER is a (an): Payment settlement entity (PSE) <input type="checkbox"/> Electronic Payment Facilitator (EPF)/Other third party <input type="checkbox"/>		Check to indicate transactions reported are: Payment card <input type="checkbox"/> Third party network <input type="checkbox"/>	1b Card Not Present transactions \$
PAYEE'S name		3 Number of payment transactions	4 Federal income tax withheld \$		
Street address (including apt. no.)		5a January \$	5b February \$		
City or town, state or province, country, and ZIP or foreign postal code		5c March \$	5d April \$		
PSE'S name and telephone number		5e May \$	5f June \$		
Account number (see instructions)		5g July \$	5h August \$		
2nd TIN not. <input type="checkbox"/>		5i September \$	5j October \$		
		5k November \$	5l December \$		
		6 State	7 State identification no.	8 State income tax withheld \$ \$	

Form 1099-K

- Who could receive a Form 1099-K as a result of the lower threshold
 - Gig workers
 - Sellers of goods and services, or personal items
 - Property rental through a third party app
 - Individuals earning money from a side job

Friends and Family Transactions

- Money received as a gift or for reimbursement is not required to be reported on Form 1099-K
- Examples:
 - \$650 received from a family member for college expenses through a payment app
 - \$1,000 received from a friend to pay their portion of a trip through a payment app
 - \$601 received in wedding gifts through a payment app

Incorrect Form 1099-K Received

- Received a Form 1099-K by mistake
- Received a Form 1099-K with incorrect information
- Contact the issuer of Form 1099-K immediately
- Report gross proceeds on Schedule 1
- Label “Form 1099-K Received in Error”

Form 1099-K Received in Error

t	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	8t		
u	Wages earned while incarcerated	8u		
z	Other income. List type and amount: For 1099-K received in error, \$650	8z	650	
9	Total other income. Add lines 8a through 8z	9		
10	Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10		

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71479F Schedule 1 (Form 1040) 2022

k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k		
z	Other adjustments. List type and amount: Form 1099-K received in error, \$650	24z	650	
25	Total other adjustments. Add lines 24a through 24z	25		
26	Add lines 11 through 23 and 25. These are your adjustments to income. Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a	26		

1099-K & Schedule C

- Gig workers who receive a Form 1099-K
- Income reported on Schedule C
- Net profit reported on Schedule SE
- Estimated tax payments may be necessary

Sale of a Personal Item

- Calculating gain or loss
- Sales price – purchase price = gain or loss
- Loss = Not deductible
- Gain = Reportable
- Form 8949, Sales and Other Dispositions of Capital Assets
- Form 1040, Schedule D, Capital Gains and Losses
- Publication 551, Basis of Assets

Sale of a Personal Item Example - Gain

- Tickets cost \$500 and sold for \$900, gain = \$400
- Use the following to report:
 - Form 8949, Sales and Other Dispositions of Capital Assets
 - Schedule D, Capital Gains and Losses

Example— Form 8949

- ☐ (b) Short-term transactions reported on Form(s) 1099-B showing basis ~~wasn't~~ reported to the IRS
- ☒ (c) Short-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the Note below and see <i>Column (e)</i> in the separate instructions.	Adjustment, if any, to gain or loss If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).
						(f) Code(s) from instructions	(g) Amount of adjustment	
	Concert tickets	02/01/2023	04/15/2023	900	500			400

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a	Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b .				
1b	Totals for all transactions reported on Form(s) 8949 with Box A checked				
2	Totals for all transactions reported on Form(s) 8949 with Box B checked				
3	Totals for all transactions reported on Form(s) 8949 with Box C checked	900	500		400
4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824 . .			4	
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1			5	
6	Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions			6	()
7	Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back			7	400

Sale of a Personal Item Example - Loss

- Couch purchased for \$1,000, sold for \$600, loss = \$400
- Might be reported on Form 1099-K
- Use one of the following to report:
 - Form 1040, Schedule 1, Additional Income and Adjustments to Income
 - Form 8949 and Form 1040, Schedule D

Loss on Sale of Personal Item – Sch 1

- Form 1040, Schedule 1, Part I – Line 8z, Other income
 - List type and amount: Form 1099-K personal item sold at a loss \$600
- Form 1040, Schedule 1, Part II – Line 24z, Other Adjustments
 - List type and amount: Form 1099-K personal item sold at a loss \$600

Loss on Sale of Personal Item – Sch D

8a, you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- ☐ (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)
- ☐ (E) Long-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS
- ☒ (F) Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the Note below and see <i>Column (e)</i> in the separate instructions.	Adjustment, if any, to gain or loss If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).
						(f) Code(s) from instructions	(g) Amount of adjustment	
	Couch	01/01/2020	03/31/2023	600	1000	L	400	0

Multiple PSEs

- Who files Form 1099-K when there are multiple Payment Settlement Entities (PSEs)?
 - Generally the PSE that submits the instructions to transfer the funds is obligated to file
 - PSE obligated to file may designate another PSE if they agree in writing

Record Keeping

- Monitor the progress of activities
- Identify sources of gross proceeds
- Track and record deductible expenses
- Review withholding and estimated tax options
- Keep track of basis
- Prepare the tax return

Preparing for 2024 Filing Season

- Collaborating with third party organizations
- Engaging stakeholders, industry, partners and taxpayers
- Providing tax tips on income reporting and recordkeeping
- www.IRS.gov/1099K

Form 1099-K Processing

- Increase in Form 1099-K filings next year
- Filing Information Returns Electronically (FIRE)
- Information Returns Intake System (IRIS)

Communications and Education

- Frequently asked questions on irs.gov – Understanding Your Form 1099-K
- QR Code



Social Media

- www.irs.gov/socialmedia
- YouTube
- Twitter
- Facebook
- Instagram
- LinkedIn
- e-News subscriptions

Form 1099-K [irs.gov](https://www.irs.gov) resources

- Understanding your Form 1099-K
- Form 1099-K FAQ's
- Gig Economy Tax Center
- Estimated Tax Payments

Hot Topics	Search Terms
Form 1099-K	Form 1099-K, payment cards, third party payments
How the IRS contacts taxpayers	IRS scams, impersonation, does the IRS call you
Clean Vehicle Credits	Clean Vehicle Credit, ev tax credit, 45w tax credit
Residential and Home Energy Credits	solar tax credit, energy efficient home improvement credit
E-file Forms 1099 With IRIS	IRIS tax portal, Information Returns Intake System, file 1099 online
Reporting suspected tax law violations	Form 3949-A, tax fraud report, abusive tax avoidance, IRS report fraud
Digital Assets	convertible virtual currency and cryptocurrency, stablecoins, NFTs

Questions?