

1099-K Reporting Requirements Delayed

Cross References

- Notice 2023-74

A third party settlement organization (TPSO) is required to file an information return for each calendar year with respect to payments made in settlement of certain reportable payment transactions. Form 1099-K, *Payment Card and Third Party network Transactions*, is the form that settlement entities file to meet the reporting requirement. A typical example is when a customer purchases goods or services from a business using a credit card. The credit card company in turn is required to issue the business a 1099-K reporting all of the credit card transactions that were processed during the year.

As originally enacted in 2008, a TPSO was not required to report third party network transactions with respect to a participating payee unless the gross amount that would otherwise be reported exceeded \$20,000 and the number of such transactions with that participating payee exceeded 200.

The American Rescue Plan Act of 2021 lowered the reporting threshold with respect to any participating payee to \$600 in aggregate payments, regardless of the aggregate number of such transactions. Notice 2023-10 delayed implementation of this new reporting threshold for calendar years beginning before January 1, 2023. Thus, the \$20,000/200 transaction threshold continued to apply for all calendar years prior to 2023.

The IRS recently issued Notice 2023-74 which delays the \$600 threshold for one more year. Thus, the \$20,000/200 transaction threshold continues to apply for the 2023 calendar year.