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# More taxpayers will be receiving **Form 1099-K,**

*Payment Card and Third Party Network Transactions*

**New reporting threshold for Form 1099-K will start in tax year 2023.**

All third-party payment apps and online marketplaces are required to issue a **Form 1099-K** when gross payments for goods or services exceed \$600.

### **There's no change to how the money you earn is taxed**

There are no changes to what counts as income or how your tax is calculated. The only change is the threshold amount for when a 1099-K is reported to you and to the IRS.

### **Personal reimbursements and most gifts are not taxable**

If you receive personal gifts through payment applications, or if people use them to pay you back for a personal expense, it doesn't count as income. Be sure to designate these types of electronic transactions as non-business when possible.



### **What should be reported on a 1099-K?**

- › If you accept payment cards as a form of payment, you will receive a Form 1099-K for the gross amount of the payments made to you.
- › If you accept payments from a third party settlement organization, you will receive a Form 1099-K from that organization if the gross payments to you for goods or services exceeded \$600.

Forms 1099-K must be furnished to the payee by January 31. Use this information return with your other tax records to determine your correct tax.



### **What should not be reported on a 1099-K?**

Money received from friends and family as a gift or reimbursement of a personal expense should not be reported on a 1099-K.

### **The IRS cannot correct inaccurate Forms 1099-K.**

If you receive a Form 1099-K in error or it is wrong, contact the payer immediately. Keep a copy of all correspondence with the payer with your tax records.