



IRS Delays Implementation of \$600 1099-K Reporting Requirement

The IRS has announced third-party settlement organizations will not be required to report tax year 2022 transactions on a Form 1099-K to the IRS or the payee for the lower, \$600 threshold amount enacted as part of the American Rescue Plan of 2021. Instead, the reporting of transactions in excess of \$600 will now apply only to transactions that occur after calendar year 2022. The existing 1099-K reporting threshold of \$20,000 in payments from over 200 transactions remains in effect for payments made in 2022.

Calendar year 2022 will be regarded as a transition period

for purposes of IRS enforcement and administration of the modified de minimis exception for third party settlement organizations (TPSOs) and third party network transactions. With respect to returns for calendar years beginning before January 1, 2023, a TPSO is not required to report payments in settlement of third party



network transactions with respect to a participating payee unless the gross amount of aggregate payments to be reported exceeds \$20,000 and the number of such transactions with that participating payee exceeds 200.

The IRS will not assert penalties under Code Sec. 6721 or Code Sec. 6722 for TPSOs failing to file or failing to furnish Forms 1099-K unless the gross amount of aggregate payments to be reported exceeds \$20,000 and the number of transactions exceeds 200.

For returns for calendar years beginning after December 31, 2022

a TPSO is required to report payments in settlement of third party network transactions with any participating payee that exceed a minimum threshold of \$600 in aggregate payments, regardless of the number of such transactions.

