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## What's new with 1099-K's?

Although the form 1099-K has been around for years it has never been on the mind of many taxpayers. In fact, you may not have even heard of it unless you are a business owner. However, starting this year there have been important changes for you to be aware of as many of you may be receiving a 1099-K this year.

### When is a 1099-K Issued?

Form 1099-K is designed to document financial transactions conducted via a third-party network. Previously, it was required only for transactions exceeding \$20,000 or involving at least 200 transactions with a specific processor. However, recent IRS regulations now mandate the issuance of this form for individuals with total transactions exceeding \$600.

### Who is Issuing Form 1099-K?

- **Marketplaces** – Examples include Amazon, Etsy, and PayPal
- **Service Sites** – Examples include ticket resellers like SeatGeek and Ticketmaster or facilitators like VRBO and Airbnb
- **Digital Payment Services** – Examples include Venmo, ApplePay, and CashApp

### Important Disclaimer

Form 1099-K discloses gross income, underscoring the importance of accounting for potential expenses. The IRS presumes all 1099-K transactions as income without insight into related expenses. It's on the taxpayer to affirm or challenge these assumptions and furnish relevant expense details. For instance, if you receive a Venmo 1099-K for splitting a bill, clarifying to the IRS that it isn't taxable income is essential. Provide the necessary details to refute it as income and maintain accurate reporting.

### What to do if you Receive a 1099-K?

If you happen to receive a 1099-K, it's crucial that you promptly inform us to ensure its proper inclusion in your tax return. Please submit a copy of the 1099-K, accompanied by a detailed explanation of the transactions and any associated expenses. It's worth noting that, regardless of whether you believe the transactions are taxable or not, we must include the amount on your tax return. Rest assured, we will then take the necessary steps to ensure that any non-taxable amounts are appropriately accounted for and not subject to taxation.