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third-party settlement organizations set to take effect for the upcoming tax filing season.

Isaac M. O'Bannon • Dec. 23, 2022

1010		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-2205		Form <b>1099-K</b>		Payment Card and Third Party Network Transactions	
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		FILER'S TIN		PAYEE'S TIN		(Rev. January 2022)		For calendar year 20__	
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"/>		1a Gross amount of payment card/third party network transactions		2 Merchant category code		<b>Copy A</b> <b>For Internal Revenue Service Center</b>  File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the <b>current General Instructions for Certain Information Returns.</b>	
				\$					
3 Number of payment transactions		4 Federal income tax withheld							
5a January		5b February							
5c March		5d April							
5e May		5f June							
5g July		5h August							
5i September		5j October							
5k November		5l December							
6 State		7 State identification no.		8 State income tax withheld					
Account number (see instructions)		2nd TIN not.							
		<input type="checkbox"/>							

Form **1099-K** (Rev. 1-2022) Cat. No. 54118B www.irs.gov/Form1099K Department of the Treasury - Internal Revenue Service

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The Internal Revenue Service today announced a delay in reporting thresholds for third-party settlement organizations set to take effect for the upcoming tax filing season.

As a result of this delay, 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.

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for taxpayers, tax professionals and industry, the IRS will delay implementation of the 1099-K changes. The additional time will help reduce confusion during the upcoming 2023 tax filing season and provide more time for taxpayers to prepare and understand the new reporting requirements.”

The American Rescue Plan of 2021 changed the reporting threshold for TPSOs. The new threshold for business transactions is \$600 per year; changed from the previous threshold of more than 200 transactions per year, exceeding an aggregate amount of \$20,000. The law is not intended to track personal transactions such as sharing the cost of a car ride or meal, birthday or holiday gifts, or paying a family member or another for a household bill.

Under the law, beginning January 1, 2023, a TPSO is required to report third-party network transactions paid in 2022 with any participating payee that exceed a minimum threshold of \$600 in aggregate payments, regardless of the number of transactions. TPSOs report these transactions by providing individual payee's an IRS [Form 1099-K, Payment Card and Third-Party Network Transactions](#).

The transition period described in [Notice 2023-10](#)PDF, delays the reporting of transactions in excess of \$600 to transactions that occur after calendar year 2022. The transition period is intended to facilitate an orderly transition for TPSO tax compliance, as well as individual payee compliance with income tax reporting. A participating payee, in the case of a third-party network transaction, is any person who accepts payment from a third-party settlement organization for a business transaction.

The change under the law is hugely important because tax compliance is higher when amounts are subject to information reporting, like the Form 1099-K. However, the IRS noted it must be managed carefully to help ensure that 1099-Ks are only issued to taxpayers who should receive them. In addition, it's important that

taxpayers understand what to do as a result of this reporting, and tax preparers and

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