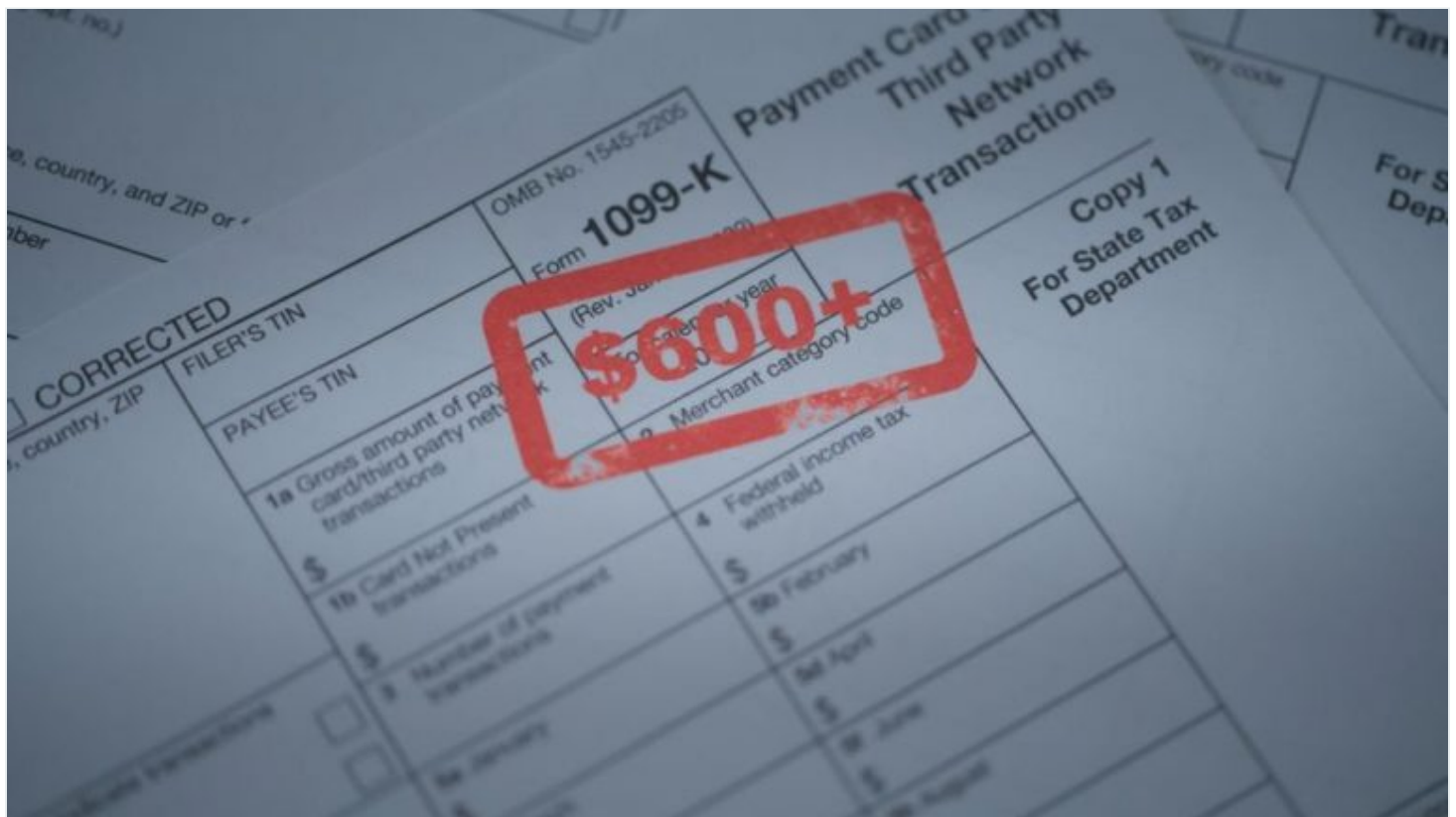


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threshold that would trigger 1099-K forms.

May. 19, 2023



By Sabrina Eaton, cleveland.com (TNS)

Sen. Sherrod Brown wants to tweak a controversial upcoming tax rule that would require third-party payment platforms to issue 1099-K forms to small business owners and entrepreneurs who have at least \$600 in sales.

The Cleveland Democrat on Thursday introduced legislation called the Red Tape Reduction Act with Sen. Bill Cassidy, a Louisiana Republican, that would raise to \$10,000 the sales threshold that would trigger the forms. The pair said their

legislation would ensure that fewer small businesses and casual sellers have to deal

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A statement from Cassidy said the low cap would hurt everyone—from small business owners to people who use apps to pay their rent.

“This bill lifts that cap and prevents the IRS from spying on American taxpayers,” Cassidy’s statement said.

Before the 2021 American Rescue Plan, third party payment platforms such as PayPal and Venmo didn’t have to send their users a 1099-K form unless their businesses exceeded \$20,000 in revenue or had 200 transactions. Backers of putting the change in the American Rescue Plan hoped it would boost tax revenue by lowering the gap between what people owe in their taxes and what they pay.

A group called the [Coalition for 1099-K Fairness](#), which was founded by online retail outlets such as eBay, Etsy and Poshmark, said the low reporting threshold would mean that Americans who sell only used goods and don’t owe taxes on them, would get confusing IRS forms, and be forced to consult costly tax experts instead of being able to handle their own tax returns.

[Republicans on the House Ways and Means Committee](#) also opposed the \$600 threshold, saying it would increase the paperwork burden for both taxpayers and the IRS.

“This goes after hairdressers and your neighbor’s kid, not billionaires, and will create a digital trail for IRS agents to monitor more Americans regardless of whether these individuals actually owe any taxes on the payments they received,” [said a statement](#) from its chairman, Jason Smith of Missouri.

The [IRS said](#) the new \$600 rule was scheduled to kick in for transactions in the 2023 calendar year. It is aimed at people who use third-party payment platforms for small

business sales or to get paid for part-time work, and not at people who use the

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