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concerns regarding the lowered Form 1099-K reporting threshold

Isaac M. O'Bannon • Jun. 14, 2023



For many months, the [American Institute of CPAs \(AICPA\)](#) has expressed its concerns regarding the lowered Form 1099-K reporting threshold, which is in effect for 2023 but was originally set to take effect in 2022, noting that this change would lead to significant confusion in the tax system.

With bipartisan concerns mounting about the \$600 reporting threshold in effect for 2023, the AICPA has voiced strong support for House and Senate legislation that

would raise the reporting threshold. While the bills set the new threshold at different

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generally supports the information reporting benefits to a voluntary compliance system. However, the reporting changes should be administrable, equitable, and meet the needs of taxpayers, the IRS and tax practitioners,” said the letter.

Earlier this month, the AICPA endorsed bipartisan Senate legislation S. 1761, the *Red Tape Reduction Act*, introduced by Senators Sherrod Brown (D-OH) and Bill Cassidy (R-LA), which would establish a \$10,000 reporting threshold. The AICPA believes this legislation balances the taxpayer’s need to effectively manage reporting requirements with the goal of improving tax enforcement efforts.

“We are concerned about the possibility of the IRS instituting a matching program for 2023 Forms 1099-K that could result in significant taxpayer misunderstanding, and lead to a growth in the IRS correspondence and processing backlog that still haunts the tax system. Because of the concerns expressed above, the AICPA believes the current law \$600 Form 1099-K threshold is not workable and must be raised. The \$10,000 threshold in S. 1761 represents a reasonable solution to the current situation.” says the letter.

“AICPA understands the burden that the \$600 reporting requirements poses to taxpayers, particularly gig economy workers,” said Peter Mills, Senior Manager for Tax Policy & Advocacy with the AICPA. “We are thankful to Representative Miller and Senators Brown and Cassidy for their leadership on this important issue, and we urge other members of Congress to show their support for a higher threshold.”

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