



General FAQs on Payment Card and Third Party Network Transactions

General frequently asked questions on Payment Card and Third Party Network Transactions.

- + I received Form 1099-K. How do I report it on my tax return?**
- + What is a participating payee?**
- + Why is this reporting necessary?**
- + How are reportable transactions to be reported to IRS?**
- + What information must be reported on the Form 1099-K?**
- + When are Forms 1099-K due?**
- + May Forms 1099-K be filed electronically?**
- + What are payee statements and when are they due?**
- + May payee statements be furnished to participating payees electronically?**
- Is there a "de minimis" exception for Forms 1099-K by third party settlement organizations?**

There is a “de minimis” exception from reporting for a third party settlement organization with respect to third party network transactions. If payments to a participating payee exceed \$20,000 and exceed 200 transactions within the calendar year they must file for that participating payee.

– Does the "de minimis" exception described above apply to payment card transactions?

No. The “de minimis” exception does not apply to payment card transactions settled by merchant acquiring entities.

+ What constitutes the "gross amount" of reportable transactions?

+ Are foreign payment settlement entities subject to the reporting requirements?

+ Are payment settlement entities required to report the transactions of governmental units, whether state or federal?

+ What is payment card and third party network reporting?

+ Are purchases made with stored-value cards or gift cards reportable transactions?

+ If transactions are already reportable on other information returns, must they be reported again by payment settlement entities?

+ If a worker at a trade or business is an independent contractor, and the independent contractor swipes payment cards on behalf of the trade or business in the normal course of business (in other words, the trade or business, not the independent contractor, receives the proceeds), should the trade or business report payments to the worker on Form 1099-K or Form 1099-MISC?

+ How can payee TINs be verified?

+ Can the entity responsible for filing Form 1099-K contract with a third party to prepare and file these returns?

+ What is Form 1099-K?

+ I filed Form 1099-K last year. What changes will I see on my 2013 Form 1099-K?

+ What are payment settlement entities?

+ If I use a payment card (or a third party settlement organization) to pay for a purchase, do these payment card reporting rules affect me and will I receive a Form 1099-K?

+ Do payment settlement entities adjust the "gross amount" to account for fees, refunds, charge-backs or other costs and refunded amounts?

+ What do I do with the information on Form 1099-K?

+ How will IRS use the data?

+ What do I do if I think my Form 1099-K is incorrect?

+ Where can I call if I have a question on the Form 1099-K?

+ I own a small business and also have a not-for-profit hobby. I do not accept payment cards for payment for either, but I do use a credit card and third party settlement organization to make purchases for both. Do the payment card reporting rules affect me?

⊕ I occasionally sell items on an Internet auction site and accept payment cards. How do the payment settlement entity reporting rules affect me?

⊕ If I have a holiday craft business and accept payment cards for payments, how do the payment settlement entity reporting rules affect me?