

The Form 1099-K has been in use for several years. It has been primarily used to report to the IRS credit card payments received by businesses (including self-employed individuals that accept payment by credit card). This form was required to be issued for any business that received credit card payments over \$20,000.

For tax year 2024, the threshold was reduced to \$5,000. As a result, it is possible that this form would be issued to individuals who used 'third-party settlement organizations' such as Etsy, Facebook Marketplace, Ebay, Poshmark, Venmo, Paypal and CashApp. If you received money in excess of \$5,000 from other individuals using these services, you may receive a 1099-K.

If you receive one or more Forms 1099-K, be sure to include them with your other tax papers, as these must be reported on your tax return. If you are not self-employed or regularly sell items online or in yard/garage sales (and you accept electronic payment), it is unlikely that you will have to pay tax on this money. We will work with you to make that determination.

The IRS requires these forms to be mailed by January 31; however as noted in our letter, you may have to obtain these online. If you have an account with one of these organizations, you may want to log in to your account in late January to see if a 1099-K was issued.