

1099-K, 1099-C and 1099-A Reporting for 2024

Presented by:



Kelly H. Myers, EA

Allan J. “AJ” Reynolds, EA



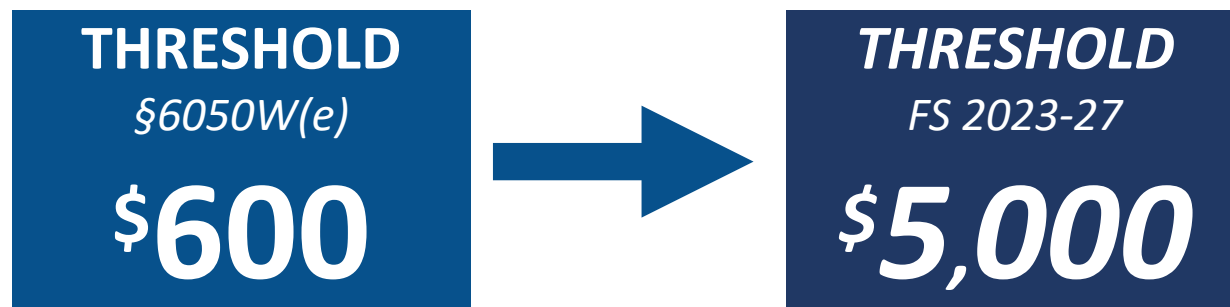
2024 IRS Nationwide Tax Forum

Learning Objectives

- Understand the filing requirement of 1099-K
- Identify potential payors
- Identify impacted payees
- Review the reporting processes
- Understand how to report Forms 1099-A & C
- Considerations in resolving compliance issues
- Summary

Purpose of Form 1099-K

- Payments from a Third Party Settlement Organization - TPSO
 - Credit, debit, or gift card payments from customers
 - Payment app or online marketplace used to sell products or services
 - Executed over \$5,000 **[planned 2024]** in annual volume
 - IRC §6050W



Filing of Form 1099-K

- Filing Compliance
 - Due payee by January 31st
 - Due IRS by February 28th (March 31st if e-filed)
 - Invalid W-9 requires back-up withholding and payment submitted through Rom 945
 - Withholding claimed by Payee on tax return

DUE TO PAYEE
1/31

DUE TO IRS
2/28*

Payors

- Who is a TPSO
 - Venmo
 - eBay
 - Ticketmaster
 - PayPal
 - AirBnB
 - StubHub
 - CashApp
 - **NOT** interbank transfers like Zelle

Payees

- Recipients of 1099-K include
 - Businesses
 - Gig and shared economy
 - Self-employed
 - Individuals
 - NOT
 - Charitable donations
 - Digital currency or NFTs

Reporting

- Depends on the Activity

Issued To	Forms
Business	Form 1040 (Schedule C, F, etc.) Forms 1120, 1120S, 1065, etc.
Gig and shared economy	Form 1040 (Schedule C, F, etc.) Forms 1120, 1120S, 1065, etc.
Self-Employed	Form 1040 (Schedule C, F, etc.)
Individual w/o business	Form 1040, Schedule 1, Line z, Other Income Form 1040, Schedule D (assets sold)

Related Reporting

- Tangent Issues for 1099-K
 - Activity Not Engaged in for Profit under IRC §183
 - Nine §183 factors
 - Sales tax requirements for each jurisdiction with nexus
 - Multi-state income tax reporting

1099-A/C reporting

- Key Cancellation of Debt Income (CODI) Issues
 - Deed in lieu of foreclosure
 - Nonrecourse debt relief
 - Recourse debt relief
 - Form 982
 - IRS Compliance

1099-A/C reporting

- Deed in Lieu of Foreclosure
 - Deemed sale to lender
 - Sales price is debt
 - Not accrued interest if cash basis taxpayer
 - Gain based on tax basis
 - Report on Form 4797, Form 8949, Schedule D, etc.
 - (assuming nonrecourse debt)

1099-A/C Reporting

- Nonrecourse Debt Relief
 - Most real estate debt is nonrecourse
 - A loan is nonrecourse if the taxpayer is not personally liable and the bank cannot pursue the taxpayer for any outstanding balance after the property is foreclosed.
 - Generally, no CODI

1099-A/C Reporting

- Recourse Debt Relief
 - A loan is recourse if the taxpayer was personally liable for repayment of the loan and the bank has the right to pursue collection of all or part of the outstanding balance after the foreclosure.
- Potential tax consequences
 - CODI
 - Gain/loss on disposition
 - Reduction of tax attributes

1099-A/C reporting

- Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment)
 - Common Attributes via Form 982
 - Basis reduction in real property asset
 - NOL and capital loss carryover reduction
 - Credit reduction
 - Principal residence reduction
 - Etc.

IRS Compliance Checks

- IRS will match the Form 1099 to the return
 - Ensure to report *even if no tax affect*
 - Nominee to proper entity / taxpayer
 - Client has filing requirement
 - File so statute of limitations clock begins

Summary

- Form 1099-K and Form 1099-A & C
- You now understand
 - When Form 1099-K are filed
 - Who are potential Payors
 - Who are impacted Payees
 - Understand the reporting processes
 - Know how to handle Forms 1099-A & C
 - How to avoid IRS compliance check

Resources

- Visit the NSA Booth for Handout:
 - Dos and Don'ts when working with the IRS
 - Sample penalty relief letter
- IRS Foreclosure Audit Guide
- [Publication 5550 \(8-2021\)](#)