



Note: These FAQs supersede earlier FAQs that were posted in [FS-2024-03](#) on February 6, 2024.

IRS revises and updates Form 1099-K frequently asked questions

FS-2025-08, Oct. 2025

This fact sheet updates frequently asked questions (FAQs) about [Form 1099-K, Payment Card and Third Party Network Transactions](#). These updates contain substantial changes within each section:

[General information](#)

[What to do if you receive a Form 1099-K](#)

[Common situations](#)

[Third Party filers of Form 1099-K](#)

[Should my organization be preparing, filing and furnishing Form 1099-K?](#)

These FAQs are being issued to provide general information to taxpayers and tax professionals as expeditiously as possible. Accordingly, these FAQs may not address any particular taxpayer's specific facts and circumstances, and they may be updated or modified upon further review. Because these FAQs have not been published in the Internal Revenue Bulletin, they will not be relied on or used by the IRS to resolve a case. Similarly, if a FAQ turns out to be an inaccurate statement of the law as applied to a particular taxpayer's case, the law will control the taxpayer's tax liability.

Nonetheless, a taxpayer who reasonably and in good faith relies on these FAQs will not be subject to a penalty that provides a reasonable cause standard for relief, including a negligence penalty or other accuracy-related penalty, to the extent that reliance results in an underpayment of tax. Any later updates or modifications to these FAQs will be dated to enable taxpayers to confirm the date on which any changes to the FAQs were made. Additionally, prior versions of these FAQs will be maintained on IRS.gov to ensure that taxpayers, who may have relied on a prior version, can locate that version if they later need to do so.

More information about [reliance is available](#). *These FAQs were announced in [IR-2025-107](#).*

Form 1099-K frequently asked questions background

Form 1099-K is an IRS information return used to report certain payments to improve voluntary tax compliance. The requirement to file a Form 1099-K can be triggered when payments are received for goods or services through a payment settlement entity (PSE).

The One, Big, Beautiful Bill (OBBA) retroactively reinstated the reporting threshold in effect prior to the passage of the American Rescue Plan Act of 2021 (ARPA) so that a third party settlement organization (TPSO) is not required to file a Form 1099-K unless the gross amount of reportable payment transactions to a payee exceeds \$20,000 and the number of transactions exceeds 200.

Under the ARPA reporting threshold, TPSOs, which are a type of PSE, were required to file Form 1099-K for any payee that received more than \$600 in total payments for the sales of goods or services, regardless of the number of transactions. Subsequently, Notices [2023-10](#), [2023-74](#) and [2024-85](#) were issued to provide transition periods and penalty relief for the implementation and enforcement of the ARPA changes to the reporting threshold for TPSOs.



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General information

Q1. What is Form 1099-K and why would I receive one? (updated Oct. 23, 2025)

A1. [Form 1099-K](#) is an information return used to report payments you received during the year from:

- Credit cards, debit cards or stored-value cards such as gift cards (payment cards)
- Payment apps or online marketplaces for goods or services (TPSOs)

You should receive a Form 1099-K if you sold a good or provided a service, you were paid through a payment app or online marketplace, and your gross payments and transactions are in excess of the [reporting threshold](#), or you accepted a payment from a payment card for any amount. You may have a tax obligation if you had a gain on the sale of goods or received payment for services you provided.

Form 1099-K is an information return that payment apps and online marketplaces provide when you use them for selling goods or providing a service. You can use the information on the Form 1099-K with your other tax records to determine your correct tax owed. See [Understanding Your Form 1099-K](#) for more information.

Third party information reporting for certain payments is required by law and has been shown to increase voluntary tax compliance, improve tax collections and assessments within the IRS, and thereby reduce the [tax gap](#).

Q2. Is there a threshold amount that must be met before I would receive a Form 1099-K? (updated Oct. 23, 2025)

A2. There is no threshold amount that must be met to receive a Form 1099-K due to payments received through a payment card transaction. Therefore, if you received \$0.01 of payments from a payment card transaction, you should receive a Form 1099-K for those payments.

There is a threshold for payments received through a TPSO. TPSOs are required to report when total gross payments for goods or services exceed \$20,000 and there are more than 200 transactions for a payee. Your state may have a lower reporting threshold for TPSOs, which could result in you receiving a Form 1099-K, even if the total gross payments and transactions did not exceed the federal reporting threshold.

Q3. What qualifies as a payment card? (updated Feb. 06, 2024)

A3. The term “payment card” includes credit cards, debit cards, and stored-value cards (including gift cards), as well as payment through any distinctive marks of a payment card (such as a credit card number).

A payment card is issued according to an agreement that provides all of the following: one or more issuers of the cards; a network of persons unrelated to each other, and to the issuer, who agree to accept the cards as payment; and standards and mechanisms for settling the transactions between the merchant acquiring entities and the persons who agree to accept the cards as payment.

Q4. What is a third party settlement organization (TPSO)? (updated Feb. 06, 2024)

A4. A TPSO is the central organization that has the contractual obligation to make payments to participating payees (generally, a merchant or business) of third party network transactions. An example could include apps used to handle the money transfer between buyers and sellers.

Q5. Does OBBB’s change in TPSO reporting threshold mean I won’t get a Form 1099-K if I receive gross payments totaling \$20,000 or less, or have 200 or fewer transactions? (updated Oct. 23, 2025)

A5. Not necessarily. The federal reporting threshold of over \$20,000 in payments and more than 200 transactions is a reporting requirement for TPSOs, but a TPSO may still send a Form 1099-K for payments for goods or services for amounts lower than the thresholds. In addition, you may receive a Form 1099-K from other payment settlement entities, such as merchant acquiring entities, because they do not have a de minimis reporting threshold. In addition, if a TPSO performed backup withholding under [IRC 3406\(a\), Requirement to deduct and withhold](#), for a payee during the prior year they must file a [Form 945, Annual Return of Withheld Federal Income Tax](#), and a Form 1099-K with the IRS and furnish a copy to the payee. Also, your state may have a lower reporting threshold for TPSOs, which could result in you receiving a Form 1099-K, even if the total gross payments and transactions



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did not exceed the federal reporting threshold.

Q6. Who reports payment card transactions when a PSE contracts with a third party, such as an electronic payment facilitator, to settle reportable payment transactions? (updated Feb. 06, 2024)

A6. The entity submitting the instructions to transfer funds to the participating payee's account is responsible for reporting payment card transactions. In this case, the electronic payment facilitator is responsible for reporting because it is the entity submitting the instructions to transfer the funds in settlement of the payment card transactions.

Q7. Do I have to report payments on my tax return if they are not reported on a Form 1099-K? (added Feb. 06, 2024)

A7. Yes, the Form 1099-K reporting threshold doesn't affect whether payments are taxable or whether a tax return must be filed. All income, no matter the amount, is taxable unless the tax law says it isn't – even if you don't get a Form 1099-K. Income also includes amounts not reported on forms, such as payments you receive in cash, property, or services.

Q8. What is reported on the Form 1099-K? (added Feb. 06, 2024)

A8. The gross payment amount (Box 1a) on Form 1099-K reports the total, or gross, dollar amount of reportable payment transactions. It doesn't include adjustments for fees, credits, refunds, shipping, cash equivalents or discounts. Those items are not income. Taxpayers can deduct those items from the gross amount when including the income on their tax return.

The gross payment amount also does not account for the original purchase price, or basis, of any items sold and whether the items were sold at a gain or loss. For more information on how to establish this basis, go to IRS.gov: [Publication 551, Basis of Assets](#).

Taxpayers will need to use their Form 1099-K with other tax records to help figure and report their correct income on their tax return.

Q9. If I buy an item with a payment card or payment app or use an online marketplace, will I receive a Form 1099-K? (updated Feb. 06, 2024)

A9. No. You should not receive a Form 1099-K for *making* purchases. Form 1099-K is used to report certain payments that you received for *selling* goods or *providing* services.

What to do if you receive a Form 1099-K

Q1. What do I do if I get a Form 1099-K? (added Feb. 06, 2024)

A1. You can use the Form 1099-K with your other tax records when it's time to file your return. The Form 1099-K may include a combination of different kinds of total payments received.

The types of payments received determines where these payments are reported on your tax return and if you have a tax liability. For example, if you are getting paid as a ride share driver, you could report the payments as income on your [Form 1040, Schedule C, Profit or Loss from Business \(Sole Proprietorship\)](#).

You will need to review the forms, determine if the amount is correct, and determine any deductible expenses using your tax records when you file your return because the Form 1099-K reports only gross payments.

The links below can help you determine proper reporting:

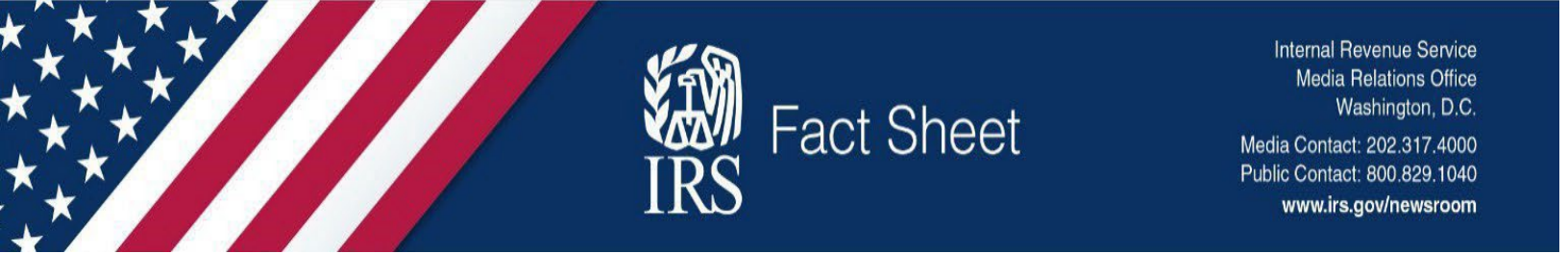
- [If you sold a personal item](#)
- [If you sold goods, rented property or provided services](#)

Q2. Are all the payments reported on my Form 1099-K taxable? (added Feb. 06, 2024)

A2. Not necessarily. Just because a payment is reported on a Form 1099-K does not mean it is taxable. Also, just because a payment is not reported on a Form 1099-K does not mean it is not taxable. How you report Form 1099-K payment amounts on your tax return depends on the type of payments you received. More information is available to help taxpayers determine what their tax obligations are in connection with their Form 1099-K at [Understanding your Form 1099-K](#):

- **If you sold a used personal item**

For example, a taxpayer who sells a used personal item for less than they paid for it may receive a Form 1099-K, but the sale



proceeds do not increase their taxable income because they didn't make a profit, or gain. The IRS has guidance for how taxpayers can report this kind of payment on their tax returns.

- **If you sold goods, rented property or provided services**

Whether you are in the trade or business of selling/renting property or providing services may determine the amount of the proceeds that are taxable. See [Guide to business expense resources](#).

- **If you received a gift or received a reimbursement for a shared cost**

Payments of gifts and reimbursements for shared costs are not payments for goods or services and therefore are not reportable on Form 1099-K.

Q3. Who should I call if I have a question about my Form 1099-K? (updated Feb. 06, 2024)

A3. You should contact the filer of the Form 1099-K. The contact information is generally in the upper left corner of the form. If a taxpayer does not recognize the filer shown in the upper left corner of the form, they should contact the PSE whose name and phone number are shown in the lower left corner of the form above their account number.

If you have general questions about the Form 1099-K, please consult the [Instructions for Form 1099-K](#). If you have general questions about information returns, please consult the [General Instructions for Certain Information Returns](#).

Q4. What should I do if my Form 1099-K is incorrect? (updated Feb. 06, 2024)

A4. If you believe the information on your Form 1099-K is incorrect, was issued in error, or you have a question relating to the form, contact the filer, whose name and contact information appears in the upper left corner on the form. If necessary, request a corrected Form 1099-K from the filer.

You may also contact the PSE whose name and phone number are shown on the lower left corner of the form.

Keep a copy of the corrected Form 1099-K with your records, along with any correspondence you have with the filer or the PSE.

The IRS can't correct your Form 1099-K.

If you can't get a corrected Form 1099-K, don't wait to file your return. You can zero out the error when you file your return. Report the amount on [Schedule 1 \(Form 1040\), Additional Income and Adjustments to Income](#).

Example: You receive a Form 1099-K for \$11,000 your roommate sent you for their share of rent for the year.

Because the \$11,000 is a reimbursement for your roommate's share of rent, that amount is not taxable income to you because it is not income; enter \$11,000 in the entry space at the top of Schedule 1 (Form 1040).

Q5. I'm living abroad and received a Form 1099-K. Am I required to report the amount included on it? (added Feb. 06, 2024)

A5. If you are a U.S. citizen or resident alien, the rules for filing income tax returns and making estimated tax payments are generally the same whether you are in the United States or abroad. You are generally subject to tax on worldwide income from all sources and must report all taxable income and pay taxes according to the Internal Revenue Code.

For further details, see [Publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad](#).

It's important to note that you must report all income on your tax return that you received during the year, regardless of whether you receive a Form 1099-K.

Q6. I sold a personal item and the gross payment amount is reported on Form 1099-K. How do I determine my taxable income? (updated Feb. 06, 2024)

A6. The gross payment amounts received on the sale of a personal item (that is, an item that you own for personal use) might be required to be reported on a Form 1099-K. If you receive a Form 1099-K for the sale of a personal item, the information on the form will help you determine your gain or loss. Gain or loss on the sale of a personal item is generally the difference between the amount you paid for the item (the purchase price) and the amount you received when you sold it (the sales price).

For example, if you bought a refrigerator for \$1,000 (the purchase price) and sold it for \$700 (the sales price), you have a

loss of \$300. \$700 sales price - \$1,000 purchase price = \$300 loss amount.

On the other hand, if you bought concert tickets for \$500 (the purchase price) and sold them for \$900 (the sales price), you have a **gain** of \$400. \$900 sales price - \$500 purchase price = \$400 gain amount.

The **gain** on the sale of a personal item is taxable. You must report the transaction (gain on sale) on [Form 8949, Sales and Other Dispositions of Capital Assets](#), and [Form 1040, U.S. Individual Income Tax Return, Schedule D, Capital Gains and Losses](#). See [Publication 551](#) for guidance in determining your basis.

The **loss** on the sale of a personal item is not deductible.

In the example of the refrigerator sale above, if you received a Form 1099-K for \$700 for the refrigerator for which you originally paid \$1,000, enter \$700 in the entry space at the top of Schedule 1.

Q7. I received a Form 1099-K for selling a personal item, but I don't remember what I originally paid for it. (added Feb. 06, 2024)

A7. A personal item is something you owned for personal use such as a car, refrigerator, furniture, stereo, jewelry, silverware, or concert tickets, etc.

If you do not remember the original purchase price, or basis, of the item sold, you can attempt to find or estimate it a few different ways.

You can contact the bank or credit card company used to purchase the item for copies of old statements.

You can contact the company or individual who sold the item to you. They may have records of the sale or other information to help determine the cost.

For more information on how to establish this basis, go to IRS.gov: [Publication 551](#).

Generally, you should keep accurate records for personal items you may sell. If your records are lost, destroyed, or are not available due to circumstances beyond your control and your return is audited, examiners may allow you to present reconstructed records. Additionally, examiners may accept oral testimony when records do not exist.

Q8. How does a payment app or online marketplace know if I receive payments for goods or services versus money from friends and family? (added Feb. 06, 2024)

A8. Each payment app or online marketplace has its own processes to determine the nature of payments, and you should review the policies of any apps or online marketplaces you use. Be sure to keep track of what you've been paid for goods and what you've been paid for services.

It's important to ensure any money you send or receive is designated properly to avoid an erroneous Form 1099-K. This will help when it's time to file your return.

Q9. Why did the ticket sale app or online marketplace ask for my social security number? (added Oct. 23, 2025)

A9. When payments to a payee exceed \$20,000 and more than 200 transactions, many third party ticket sales apps or online marketplaces are required to report the gross sales to the IRS and send the payment information to the payee on a Form 1099-K. Your social security number needs to be reported on the Form 1099-K. Failure to provide your social security number to the ticket sale app or online marketplace may result in backup withholding.

Backup withholding is tax that is deducted by a payor when the payee (usually the taxpayer):

- Has a missing or incorrect Taxpayer Identification Number (individual taxpayer identification number (ITIN) or Social Security Number (SSN).
- Fails to show that they're exempt from backup withholding, or
- The taxpayer's name on file doesn't match IRS or Social Security Administration records.

If the amount withheld was inaccurate, the payor has the option to refund the amount to the taxpayer before issuing the Form 1099-K or reduce future withholding if it is within the same calendar year. If the Form 1099-K has been issued, a taxpayer may potentially receive a refund or credit when they file their tax return.

If a taxpayer was subject to backup withholding, they should report the federal income tax withheld (shown on Form 1099-K, Box 4) when they file their tax return along with other tax information to ensure that they only pay what they owe.



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For more information, see [Backup Withholding](#).

Q10. Can I provide my ITIN instead of an SSN or employer identification number (EIN) when I sell items online? What should I do if the number on file with the payment app or online marketplace is incorrect? (added Feb. 06, 2024)

A10. Yes, an ITIN is acceptable for Form 1099-K reporting requirements.

If the number on file with the payment app or online marketplace is incorrect, please contact the filer to have it corrected so you are not subject to backup withholding. For more information on backup withholding, go to [Backup Withholding](#).

Q11. What should I do if I get multiple Forms 1099-K, each reflecting different transactions? (added Oct. 23, 2025)

A11. You should use all the forms and your other records to determine your actual tax liability when you file your return.

See [Understanding your Form 1099-K](#) on how to report Form 1099-K payments.

Common situations

Q1. Will my child get a Form 1099-K if I send them money using payment apps? (added Feb. 06, 2024)

A1. If the payment through a payment app is not for selling goods or providing services, your child should not receive a Form 1099-K. Form 1099-K is used to report certain payments received for selling goods or providing services. Money sent through a payment app between family and friends that is not payments for goods or services should not be reported on a Form 1099-K.

Q2. What should I do if my child or other dependent receives a Form 1099-K? (added Feb. 06, 2024)

A2. If your child or dependent provided services for others and was paid through a payment app or sold items through an online marketplace and received a Form 1099-K, your child or dependent may need to file a tax return. Use the form along with other records to help them figure and report the correct taxable income when they file the appropriate tax return.

Q3. Will I get a Form 1099-K if friends or family send me money for gifts and reimbursements? (updated Feb. 06, 2024)

A3. Payments made to friends and family for gifts and reimbursements should not be reported on a Form 1099-K.

For example, if you and your friend go to a concert, and your friend reimburses you for the concert ticket through a payment app, you should not receive a Form 1099-K for the reimbursement and, generally, it would not be taxable. If you get a Form 1099-K for the reimbursement, you likely will not need to pay taxes on the amount reported on the form. For more information see, [If you receive a Form 1099-K when you shouldn't have, take these steps](#).

Q4. In a single online transaction on an online marketplace, I sold two sets of four tickets to two separate sporting events for \$1,000 (one set for \$800 and the second set for \$200) and I received a Form 1099-K. I purchased each set of tickets for \$250 (\$500 total) two months before selling them and had planned to use the tickets for my personal use. How do I report the sales of the event tickets, which I bought for my personal use? (updated Oct. 23, 2025)

A4. You must report the gain and loss on the sale of the two sets of tickets separately because the loss on the sale of the second set of tickets cannot offset the gain on the sale of the first set of tickets.

The \$550 **gain** from the sale of one set of tickets (\$800 sales price - \$250 purchase price = \$550 gain) must be reported as short-term gain on Form 8949 and Schedule D.

The \$50 **loss** from the sale of the other set of tickets (\$200 sales price - \$250 purchase price = \$50 loss) should be reported by including \$200 in the entry space at the top of Schedule 1 (Form 1040).

Q5. If I have a seasonal craft business and accept payment cards, or accept payments through payment apps or online marketplaces, will I receive a Form 1099-K? (updated Feb. 06, 2024)

A5. If you accept payment cards (for example, credit cards or debit cards), you will receive a Form 1099-K for the gross payment amounts sent to you through the use of a payment card during the calendar year, no matter how much the total. This reporting requirement for payment cards has not changed, and there is no minimum reporting threshold for these types of



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payment transactions.

If you accept payments using payment apps or online marketplaces, you may receive a Form 1099-K from the apps or marketplaces you used for the sales of goods or services.

Q6. If I receive multiple Forms 1099-K that report proceeds from the sale of personal items sold at a loss or erroneous Forms 1099-K, do I need to identify the filer and the amounts separately for each or may I combine them all into one item on the Schedule 1, Additional Income and Adjustments to Income, for entry on Lines 8z, Other Income, and 24z, Other Adjustments? (updated Oct. 23, 2025)

A6. Report the combined Form 1099-K amounts in the entry space at the top of Schedule 1 (Form 1040).

Q7. I received an erroneous Form 1099-K and could not get a corrected form in time to file my return. The tax software I used put the gross proceeds amount as a positive and the offsetting amount as a negative on Schedule 1, line 8z. This is different from instructions that say to input the offsetting amount on Schedule 1, line 24z. Is the alternative reporting okay? (updated Oct. 23, 2025)

A7. Yes. For calendar years 2022 and 2023 you may use Schedule 1, line 8z to show both the gross proceeds and the offsetting negative amount to report a Form 1099-K received in error or to report proceeds from the sale of a personal item at a loss as an alternative to reporting only gross proceeds on Schedule 1, line 8z with offsetting amounts on Schedule 1, line 24z.

For tax years beginning in 2024, report the combined Form 1099-K amounts in the entry space at top of Schedule 1 (Form 1040).

For background: When reporting sales of personal items at a loss you may instead report the transaction(s) on Form 8949 which carries to Schedule D.

Q8. What if I receive multiple Forms 1099-K from different payment apps with some gifts, reimbursements or other personal payment types that should not have been reported? (added Feb. 06, 2024)

A8. You should use your records to determine the amount of personal payments (such as gifts or reimbursements from friends and family) and the amount of payments that need to be reported on your tax return. If you receive an erroneous Form 1099-K, follow the instructions for if you [can't get a corrected Form 1099-K](#).

Good recordkeeping throughout the year is key. It's a good idea to keep business and personal transactions separate to make it easier to figure out what tax is owed.

Q9. If I received a Form 1099-K for donations I received through crowdfunding, am I required to report the proceeds reported? (Added Feb. 06, 2024)

A9. You may receive a Form 1099-K for money raised through crowdfunding. Some money raised through crowdfunding may be taxable to you, and you may be required to report it on your income tax return. However, some money raised may be considered a gift and would not be taxable to you.

See IRS.gov [Some things to know about crowdfunding and taxes](#) for more information and how to report the Form 1099-K amount on your tax return for your situation.

Third Party filers of Form 1099-K

Q1. Can Forms 1099-K be filed electronically? (updated Feb. 06, 2024)

A1. Yes. Forms 1099-K can be filed electrically through the [Information Returns Intake System](#) (IRIS) or the [Filing Information Returns Electronically \(FIRE\)](#) system. Any person that is required to file 10 or more information returns (including Forms 1099-K and many other types of information returns) during the calendar year must file those information returns, including the [Forms 1099-K, electronically](#). The IRS encourages filers who are required to file fewer than 10 Information Returns to file electronically as well.

For more information, review [Publication 1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G](#) and the [General Instructions for Certain Information Returns](#).



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Q2. What are payee statements and when are they due to the payee (taxpayer)? (updated Feb. 06, 2024)

A2. Entities required to file information returns like Form 1099-K must also furnish a statement to the payee (taxpayer) with the same information reported to the IRS. Payee statements may be furnished in paper format (i.e., Copy B of Form 1099-K) or electronically with the consent of the taxpayer in accordance with [Treas. Reg. 1.6050W-2, Electronic furnishing of information statements for payments made in settlement of payment card and third party network transactions](#). This consent can be made electronically in any manner that reasonably demonstrates that the payee can access the statement in electronic format. Alternatively, consent may be made in a paper document if it is confirmed electronically. See [Treas. Reg. 1.6050W-2](#) for instructions for obtaining consent from taxpayers.

The payee statements must be furnished to the taxpayer by January 31, of the year following the transactions.

Q3. When are Forms 1099-K due to the IRS from the third parties? (updated Feb. 06, 2024)

A3. If filed on paper, Form 1099-K information is required to be filed with the IRS by February 28 of the year following the transactions. If filed electronically, Form 1099-K is required to be filed by March 31 of the year following the transactions.

Q4. Who is responsible for reporting payment card transactions? (updated Feb. 06, 2024)

A4. The merchant acquiring entity that transfers funds to the participating payee (taxpayer) is responsible for reporting the gross amount of reportable payment card transactions.

A merchant acquiring entity can outsource the processing of the transactions to a processor that may share the contractual obligation to pay the participating payee. When both a PSE (such as a merchant acquiring entity) and a processor have a contractual obligation to pay the participating payee, the entity that submits the instructions to transfer funds to the participating payee's account is responsible for preparing and furnishing a payee statement to the participating payee and for filing Form 1099-K with the IRS.

Q5. Who is responsible for reporting third party network transactions? (updated Feb. 06, 2024)

A5. The TPSO (such as a payment app or online marketplace) that transfers funds to the participating payee (taxpayer) is responsible for reporting the gross amount of reportable third party network transactions.

Q6. Is there a de minimis exception for TPSOs reporting of third party network transactions on Form 1099-K? (updated Oct. 23, 2025)

A6. Yes. There is a de minimis exception from reporting for TPSOs with respect to third party network transactions. TPSOs will not be subject to penalties under Internal Revenue Code [\(IRC\) 6721, Failure to file correct information returns](#), or [IRC 6722, Failure to furnish correct payee statements](#), for failing to file or failing to furnish Forms 1099-K unless the gross amount of payments to a payee are over \$20,000 and the number of transactions with that payee exceeds 200.

Q7. Is there a de minimis exception for reporting payment card transactions on Form 1099-K? (updated Feb. 06, 2024)

A7. No. There is not a de minimis exception for reporting payment card transactions. All payment card transactions must be reported on Form 1099-K.

Q8. Are sales paid for with stored-value cards or gift cards reportable payment card transactions? (updated Feb. 06, 2024)

A8. It depends. Sales paid for with stored-value cards or gift cards are:

- Reportable if the card is accepted by a network of persons unrelated to the issuer and each other.
- Not reportable when the card is only accepted as payment by the issuer or someone who is related to the issuer of the card (e.g., a subsidiary company or the company itself). Under these circumstances, the stored-value cards do not fit the definition of a payment card, and sales made with such cards are therefore not reportable payment card transactions.

For the definition of unrelated persons see [IRC 267\(b\), Relationships](#), and [IRC 267\(e\)\(3\), Constructive ownership in the case of partnerships](#) or [IRC 707\(b\)\(1\), Certain sales or exchanges of property with respect to controlled partnerships, losses disallowed](#).



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Q9. Can the entity responsible for filing Form 1099-K contract with a third party to prepare and file these returns? (updated Feb. 06, 2024)

A9. Yes. However, the entity responsible for filing (i.e., the entity that submits the instructions to transfer funds) is liable for any applicable penalties under IRC 6721 and IRC 6722 if the reporting requirements are not met. In addition, the name, address and Taxpayer Identification Number of the entity responsible for filing must be reported on Form 1099-K in the box for the filer's information.

Q10. How can payee Taxpayer Identification Numbers (TIN) be verified? (updated Feb. 06, 2024)

A10. Verification of payee TINs is done through the Taxpayer Identification Number (TIN) Matching Program. For further information please visit [General Instructions for Certain Information Returns - Introductory Material](#)

Q11. If transactions would also be reportable on Form 1099-MISC or Form 1099-NEC under IRC 6041 or IRC 6041A, must they be reported twice? (updated Oct. 23, 2025)

A11. No, these transactions should not be reported twice. If a transaction is reportable under both [IRC 6041, Information at source](#), or [IRC 6041A\(a\), Returns regarding payments of remuneration for services](#), and under [IRC 6050W, Returns relating to payments made in settlement of payment card And third party network transactions](#), the transaction should only be reported on Form 1099-K. The transaction should not be reported on [Form 1099-MISC, Miscellaneous Information](#) or [Form 1099-NEC, Nonemployee Compensation](#). See the [Instructions for Form 1099-K](#) and the [separate Instructions for the Forms 1099-MISC and 1099-NEC](#).

Q12: Is a payor allowed to issue an information return (e.g., Form 1099-K or Form 1099-NEC/Form 1099-MISC) if the amount the payor is reporting is below the information return's threshold to assist the recipient in claiming a deduction for qualified tips? (added Oct. 23, 2025)

A12: Yes, a payor is allowed to issue an information return to the recipient and the IRS when the payment(s) have not met the reporting threshold.

Q13. Can the person required to make the information return under IRC 6050W and to secure the TIN necessary to make the return require the participating payee (taxpayer) to pay fees or costs for furnishing Form 1099-K? (updated Feb. 06, 2024)

A13. No. The IRC requires payment settlement entities (including electronic payment facilitators) to file information returns and to furnish payee statements with respect to each participating payee to whom payments in settlement of reportable payment transactions are made. Moreover, if a PSE fails to comply with these statutory obligations, it is subject to penalties under IRC 6721 and IRC 6722. Because federal law requires payment settlement entities to file information returns and to furnish payee statements, such entities are precluded from collecting fees for costs incurred in fulfilling these requirements.

Q14. Line 2 of the Form 1099-K refers to Merchant Category Code (MCC). What is an MCC? (updated Feb. 06, 2024)

A14. A Merchant Category Code (MCC) is a four-digit number used by the payment card industry to classify businesses by the goods or services they provide. There are approximately 600 MCCs, representing different types of businesses. Some examples are: 4411 - Cruise Lines; 5462 - Bakeries; and 5532 - Automotive Tire Stores.

Q15. How should a merchant acquiring entity report transactions if a payee has receipts classified under more than one MCC? (updated Feb. 06, 2024)

A15. If a payee has receipts classified under more than one MCC, the merchant acquiring entity may either:

- File separate Form 1099-K reporting the gross reportable transaction amounts attributable to each MCC, or
- File a single Form 1099-K reporting gross reportable transaction amounts and the MCC that corresponds to the largest portion of total gross receipts.

Additionally, if a merchant acquiring entity (or its processor) employs an industry classification system other than or in addition to MCCs, the merchant acquiring entity should assign to each payee an MCC that most closely corresponds to the description of the payee's business.

Q16. Does a TPSO have to report MCCs on Box 2 of Form 1099-K? (updated Feb. 06, 2024)

A16. No. TPSOs do not use MCCs to classify payees. Therefore, they do not need to complete Box 2 of Form 1099-K.

Q17. Are payment settlement entities required to report the transactions with governmental units, whether state or federal? (added October 21, 2022)

A17. Yes. The term participating payee (taxpayer) includes any governmental unit (and any agency or instrumentality thereof).

Q18. Are foreign payment settlement entities subject to the reporting requirements? (added October 21, 2022)

A18. Yes. A PSE may be a domestic or foreign entity.

Q19. Where can a PSE or other third party look if they have a question about the Form 1099-K? (updated November 21, 2022)

A19. For questions about Form 1099-K, see the [general instructions](#) for information returns.

Q20. How is reporting conducted when multiple payees receive allocable revenue from a person to whom payments are made by a PSE? (added October 21, 2022)

A20. The most common example of this situation is when a franchisor processes all the payment card transactions of multiple franchisees and distributes payments accordingly. For example, when a corporation receives payments from a bank on behalf of multiple payees, the corporation is treated as a participating payee with respect to the bank and as a PSE with respect to the payees to whom the corporation distributes the payments. The bank is required to report the gross amount of reportable transactions settled through the corporation. In turn, the corporation is required to report the allocable transactions of the payees to whom the corporation distributes the payments. Under the statute and regulations, the corporation is an "aggregated payee." See [Treas. Reg. 1.6050W-1\(d\), Special Rules](#), regarding aggregated payees.

Q21. What is the interaction between information reporting rules and Executive Order 14254, *Combating Unfair Practices in the Live Entertainment Market*? (added Oct. 23, 2025)

A21. On March 31, 2025, the President issued [Executive Order 14254, Combating Unfair Practices in the Live Entertainment Market](#), 90 F.R. 14699 (March 31, 2025) (EO). The EO's purpose is to make the arts and entertainment as accessible as possible. The EO specifically addresses middlemen, including ticket scalpers, who engage in or contribute to price-gouging measures that are "detrimental to consumers and capitalize on market distortions that must not be allowed to persist." Section 2(e) of the EO directs the Secretary of the Treasury and the Attorney General to ensure that "ticket scalpers are operating in full compliance with the Internal Revenue Code and other applicable law."

The income from ticket sales is includible in gross income. Gross income means all income from whatever source derived. Payment settlement entities, including TPSOs, that facilitate ticket sales and re-sales are required to make annual information returns by filing Form 1099-K, if total gross payments and transaction exceed the federal reporting threshold. Payors that are not payment settlement entities still might be subject to other information reporting rules. Payments for ticket sales and re-sales might need to be reported on a Form 1099-MISC or Form 1099-NEC. Those information returns must be filed by any person engaged in a trade or business that makes payments in the course of such trade or business to another person of certain amounts, including rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable gains, profits and income. Similarly, an information return is required for any service recipient engaged in a trade or business that pays, in the course of such trade or business, remuneration for services performed. For payments made after December 31, 2025, the reporting threshold for Form 1099-MISC or Form 1099-NEC is met if the amount of payments to a recipient total \$2,000 or more.

Should my organization be preparing, filing, and furnishing Form 1099-K?

Q1. I am trying to determine if my organization is a TPSO. What are the characteristics of a third party payment network? (updated Feb. 06, 2024)



Fact Sheet

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A1. Characteristics of a third party payment network include:

- The existence of a central organization with whom a substantial number of providers of goods or services (who are unrelated to the central organization) have established accounts;
- An agreement between the central organization and the providers of goods or services to settle transactions between the providers and purchasers;
- An agreement for standards and mechanisms for settling such transactions; and
- The guarantee of payment in settlement of such transactions.

An example of a TPSO is an online auction payment facilitator like an online marketplace, which operates as an intermediary between buyer and seller by transferring funds from the buyer to the seller for the provision of goods or services and otherwise meets the characteristics described in the bullet points above.

Under the reporting requirements, these TPSOs must report the gross amount of the reportable payment transactions of the participating payee to which they make payments provided the gross amount of reportable payment transactions of the payee is more than \$20,000 and for more than 200 transactions.

Q2. Does an automated clearing house qualify as a TPSO? (updated Feb. 06, 2024)

A2. No. An automated clearing house processes electronic payments between buyers and sellers through wire transfers, electronic checks, and direct deposits. Further, there is no contractual relationship between the automated-clearing house and payees. Thus, an automated clearing house does not qualify as a TPSO and payments made through its network are not reportable under IRC 6050W.

Q3. Do health carriers operating a healthcare network fit the definition of a TPSO? (updated Feb. 06, 2024)

A3. Health carriers operating a healthcare network likely do not fit the definition of a TPSO because they do not operate a third party payment network that enables purchasers to transfer funds to providers of goods or services. Rather, health carriers generally accept payment, in the form of premiums, from buyers (employers or persons covered under the carrier's plan) to give those buyers access to a network of healthcare providers; separately, health carriers then pay compensation to the medical professionals within their networks pursuant to predetermined rates. Accordingly, health carriers operating a healthcare network likely are not a TPSO.

Q4. Do accounts payable departments fit the definition of a TPSO? (updated Feb. 06, 2024)

A4. No. In-house accounts payable departments do not fit the definition of a TPSO because they are internal processors of payments. They are not a third party.