

IRS further extends transition period for Form 1099-K reporting threshold

The Internal Revenue Service issued guidance on November 26 announcing that the Form 1099-K reporting threshold for third-party settlement organizations (TPSOs) will be \$5,000 for calendar year 2024 and \$2,500 for calendar year 2025. Notice 2024-85 provides that tax years 2024 and 2025 will be treated as additional transition periods for purposes of enforcing the Form 1099-K reporting statutory threshold of \$600 applicable to TPSOs. From 2026 and beyond, the threshold is expected to be \$600, absent further transition delays from the IRS.

URL: <https://www.irs.gov/pub/irs-drop/n-24-85.pdf>

The American Rescue Plan Act of 2021 (P.L. 117-2) reduced the dollar-threshold triggering the Form 1099-K reporting requirement from \$20,000 under prior law to \$600 and eliminated the prior-law 200-transaction threshold, effective for reporting for returns filed for calendar years after 2021. Although these new thresholds have come in for bipartisan criticism in Congress, subsequent legislative efforts to delay, relax, or repeal them have been unsuccessful. The IRS provided administrative relief at the end of 2022 with the release of Notice 2023-10, which delayed enforcement of the new rules until after 2023. Additional guidance—Notice 2023-74, issued in November of last year—provided that the IRS will treat calendar year 2023 as an additional transition period with respect to enforcing the American Rescue Plan provision. Notice 2024-85 further extends the transition period and phases in the more stringent reporting thresholds in the legislation.

URL: <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf>

URL: <https://www.irs.gov/pub/irs-drop/n-2023-10.pdf>

URL: <https://www.irs.gov/pub/irs-drop/n-23-74.pdf>

Find out more

A new alert from Deloitte Tax LLP's Global Information Reporting group provides a summary of the latest guidance.

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/241206_5_suppA.pdf

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