**UPCOMING FOR 2024 AND ON:**

**FORM 1099-K**

*Payment Card and Third-Party Network Transactions*

This form has been around for a while for anyone who has their own business and accepts credit cards through a “third-party” (independent processor). These amounts are reported to you to help track payments these processors have taken for you.

Starting in 2024, MANY of you are going to receive this form for any money you received through payment platforms such as eBay, Venmo, CashApp, etc (the exact vendors required to report is unknown). It will also include payments made to you in gift cards as well. Forms will be issued if you receive **more than $5,000** during the year from one of these vendors. That is a drop for $20,000, with another projected drop to $600 in 2025, which will affect almost all taxpayers.

For most of you, the transactions reported to you will not be business-related, but rather personal transfers (reimbursing someone for dinner, etc). This is STILL going to be reported to you on a 1099-K and will have to be accounted for on your federal income tax. It does not mean you will have to pay tax on all (or any) of it, but you are going to have to keep track of what the money was used for, because some of it may be taxable.

Here are my suggestions if you use one of these services:

1. Make sure the person sending you the money puts a description saying what it is for. This will help identify and justify personal expenses.
2. If you are selling something (even personal property), USE CASH OR CHECK if you can so it does not end up on a 1099-K. Any personal property sold at a gain is taxable; but losses are not deductible. Document the original cost of the item(s) you are selling when you sell it.
3. If you do have a business that uses these services, business accounts are available to separate business transactions. Unfortunately, many of these vendors charge a transaction fee, so keep good records so you can deduct these.

When you receive this form next year, DO NOT PANIC 😊. Just make sure you go through your account and look for two things:

1. That the total of all the transactions in the account for the year equals the amount on the 1099-K. If it does not, you have to talk to the issuer and get it amended.
2. That you have good explanations/reasons documented for what each transaction is.

I can tell you from what I’ve heard that 2024 and especially 2025 (unless it is delayed by the Feds) is going to be a real trial year for everyone. I’m staying up to date on all the changes, but keeping good records is the best way for things to go smoothly.