



November 2, 2021

The Honorable Richard E. Neal  
Chairman  
House Committee on Ways & Means

The Honorable Ron Wyden  
Chairman  
Senate Committee on Finance

The Honorable Kevin Brady  
Ranking Member  
House Committee on Ways & Means

The Honorable Mike Crapo  
Ranking Member  
Senate Committee on Finance

Dear Chairman Neal, Chairman Wyden, Ranking Member Brady, and Ranking Member Crapo:

We write to share our concerns with new IRS reporting requirements signed into law under the American Rescue Plan Act of 2021. If these new requirements go into effect, they are poised to affect tens of millions of Americans who settle payment transactions online starting January 1, 2022. Additionally, this new requirement leaves our member companies - including online payment platforms, marketplaces, and internet payment service providers - with little time to implement what is a massive overhaul of internal and external systems to ensure notification and compliance for users. We urge Congress to immediately delay the effective date of the new 1099-K reporting requirements by one year to January 1, 2023, while continuing to review appropriate thresholds that will not overly burden and confuse taxpayers.

Passed in March, Section 9674 of the American Rescue Plan Act significantly lowered the reporting threshold associated with Form 1099-K, Payment Card and Third Party Network Transactions, from \$20,000 in aggregate payments and 200 transactions to just \$600 in aggregate payments with no minimum transactions. This change will dramatically expand the scope of those who receive Form 1099-K, sweeping in even the most casual participants in the marketplace.

The impending changes to the 1099-K reporting requirement will affect tens of millions of current and new sellers and those engaged in the sharing economy. Seasoned sellers who had previously never sold enough to meet the \$20,000 threshold will not be expecting the new forms and may be confused when they receive a 1099-K for the first time. This will compel many to turn to expensive tax experts for advice, or lead to overpaying due to a lack of proper instructions for individual filers. New sellers will discover that platforms now require not only a username and password, but social security numbers and a home address. Many Americans are reluctant to provide such personal information and will question why it is necessary, discouraging potential online marketplace participants from even getting started.



Section 9674 confusingly applies to any sale of goods, even used or pre-owned goods, meaning millions of Americans will now receive a 1099-K for non-taxable events as the sale price of goods sold was less than the original purchase price. Unnecessary and burdensome reporting for consumers and the IRS serves no policy goal and is a glaring example of the unintended consequences of the lowered threshold.

We are concerned that, despite the unprecedented impact to current and new sellers, there have been no public awareness campaigns issued by the U.S. Treasury Department, the IRS, or any other government agencies. Even though the 1099-K threshold change will impact almost every seller who transacts online, the majority of these sellers will not know what to expect. Taxpayer education should not be left to private companies alone and without clear public guidance from the government, as this has already caused confusion among online sellers.

A similar proposal was recently considered by Congress and the Biden Administration that would have directed the IRS to collect additional data on every bank account that sees more than \$600 in annual transactions. The U.S. Treasury Department has recently acknowledged that \$600 is far too low, particularly for capturing wealthy tax evaders, and set the new threshold at \$10,000. A new \$600 threshold for 1099-K reporting is equally as burdensome and unreasonable for online sellers and should receive the same reconsideration.

On behalf of our member companies and the tens of millions of users who rely on their platforms we urge Congress to immediately delay the effective date of the new 1099-K reporting requirements - currently set for January 1, 2022 - by one year. Congress and stakeholders can then work together to review the threshold change in its entirety to ensure the removal of unnecessary burdens and confusion for taxpayers. We look forward to working with Congress to achieve this goal.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Dane Snowden", written over a light blue horizontal line.

K. Dane Snowden

CC: The Honorable Nancy Pelosi, Speaker, United States House of Representatives  
The Honorable Chuck Schumer, Majority Leader, United States Senate  
The Honorable Kevin McCarthy, Minority Leader, United State House of Representatives  
The Honorable Mitch McConnell, Minority Leader, United States Senate