

December 22, 2022

The Honorable Janet L. Yellen
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Delayed Threshold for IRS Form 1099-K Reporting

Dear Secretary Yellen:

We write representing tens of millions of Americans who use online platforms to earn extra income to support their families with an urgent request that the Treasury Department delay implementation of the new Form 1099-K reporting threshold. A delay will ensure that taxpayers are not overwhelmed by millions of confusing 1099-Ks being issued in early January and will allow Congress additional time to craft a commonsense solution that is in the interest of both tax administration and the American taxpayer.

As you know, the *American Rescue Plan Act of 2021* included a drastic reduction in the 1099-K threshold—a decrease from \$20,000 gross and 200 transactions to merely \$600 and one transaction. While we are supportive of Congressional intent to close the tax gap, we believe that this policy should be more targeted to ensure that it does not disproportionately impact casual sellers, start-ups, and micro-businesses. If relief is not granted before January 2023, our companies will be forced to file tens of millions of 1099-K forms with the IRS even though, in most cases, our sellers have no tax liability. These forms will create confusion and will likely result in inappropriate and unfair over-reporting, given that many of our customers sell their items for less than what they originally paid for them and therefore have no tax liability.

Lawmakers in Congress are aware of the concerns caused by the third-party network transaction reporting threshold in Section 6050W of the Internal Revenue Code and are actively working to draft a fix. But in the meantime, the last thing ordinary Americans struggling to make ends meet need is a notice from the IRS making them think—often incorrectly—that they owe additional taxes. As high inflation has eroded wages and as nearly two-thirds of the country live paycheck-to-paycheck, the Treasury Department should do everything in its power now to reduce uncertainty and stress for individual taxpayers and rebuild taxpayer confidence in the IRS's effective implementation of the tax law.

Providing transition relief in this case is consistent with Treasury's longstanding administrative authority, and both Treasury and the IRS would benefit from the additional time to engage in a dialogue with stakeholders—both online sellers and reporting entities—to ensure that the reporting regime will help create—and not undermine—efforts to build a fair and just tax system. Postponing the application of the lowered reporting threshold—by issuance of a simple

IRS notice—so that lawmakers have time to amend the statute will help forestall a paperwork and administrative burden that is not in the best interests of tax administration.

Sincerely,



cc:

Rep. Richard Neal, Chairman of the Ways and Means Committee
Sen. Ron Wyden, Chairman of the Senate Finance Committee
Rep. Kevin Brady, Ranking Member of the Ways and Means Committee
Sen. Mike Crapo, Ranking Member of the Senate Finance Committee