Instructions for Form 1099-K

(Rev. December 2026)

Payment Card and Third Party Network Transactions

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 1099-K and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form1099K*.

You can get Pub. 1099, General Instructions for Certain Information Returns, at *IRS.gov/1099GeneralInstructions*.

What's New

Exceptions for reporting of third party network transactions. The reporting requirement for these transactions has changed. A third party settlement organization (TPSO) is required to report payments in settlement of third party network transactions with any participating payee that exceed $20,000, and the total number of such transactions exceeds 200. See *Exception for de minimis payment*, later, for more information.

Address fields. For the Filer's and Payee's information, we separated the address fields into individual entry boxes.

New box 1c. P.L. 119-21, section 70201, requires the reporting of cash tips. This new box was added to facilitate this reporting requirement for Form 1099-K. For more information, see the specific instructions for box 1c, later.

New box 1d. Use the Treasury Tipped Occupation Code(s) to identify the tipped occupation(s) for Form 1099-K. For more information, see the specific instructions for box 1d, later.

Reminders

General instructions. In addition to these specific instructions, you should also use Pub. 1099, General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

- Who must file.
- When and where to file.
- Electronic reporting.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers (TINs).
- Backup withholding.
- Penalties.
- Other general topics.

Online fillable Copies 1, B, and 2. To ease statement furnishing requirements, Copies 1, B, and 2 of Form 1099-K are fillable online in a PDF format, available at *IRS.gov/Form1099K*. You can complete these copies online for furnishing statements to recipients and for retaining in your own files.

Third party reporting. For more information on third party reporting, go to *IRS.gov/Tax-Professionals/Third Party-Reporting-Information-Center-Information-Documents*.

Specific Instructions

A payment settlement entity (PSE) must file Form 1099-K, Payment Card and Third Party Network Transactions, for payments made in settlement of reportable payment transactions for each calendar year. A PSE makes a payment in settlement of a reportable payment transaction, that is, any payment card or third party network transaction, if the PSE submits the instruction to transfer funds to the account of the participating payee to settle the reportable payment transaction.

A PSE is a domestic or foreign entity that is a merchant acquiring entity, that is, a bank or other organization that has the contractual obligation to make payment to participating payees in settlement of payment card transactions; or a TPSO, that is, the central organization that has the contractual obligation to make payments to participating payees of third party network transactions.

Note: Healthcare networks, in-house accounts payable departments, and automated clearing houses do not qualify as TPSOs and do not report under section 6050W.

A participating payee is any person, including any governmental unit (and any agency or instrumentality of a governmental unit) who accepts a payment card, or any account number or other indicia associated with a payment card, as payment or accepts payment from a TPSO in settlement of a third party network transaction.

A payment card is any card, including any stored-value card (having prepaid value, including gift cards), issued according to an agreement or arrangement that provides for 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.
- Standards and mechanisms for settling the transactions between the merchant acquiring entities and the persons who agree to accept the cards as payment.

A third party payment network is any agreement or arrangement that provides for the following.

- The establishment of accounts with a central organization by a substantial number of providers of goods or services who are unrelated to the organization and who have agreed to settle transactions for the provision of the goods or services to purchasers according to the terms of the agreement or arrangement.
- Standards and mechanisms for settling the transactions.
- Guarantee of payment to the persons providing goods or services (participating payees) in settlement of transactions with purchasers pursuant to the agreement or arrangement.

A third party payment network does not include any agreement or arrangement that provides for the issuance of payment cards.

"Unrelated" means any person who is not related to another person within the meaning of section 267(b) using the rules of sections 267(c) and (e)(3), and 707(b)(1).

For more information, go to *IRS.gov/Newsroom/Form-1099-K-Frequently-Asked-Questions-Filing*.

Exception for payments made outside the United States by U.S. payers or middlemen to offshore accounts after 2010. For payments under contractual obligations entered into after December 31, 2010, a PSE that is a person as described in Regulations section 1.6049-5(c)(5) as a U.S. payer or U.S. middleman (U.S. payer) is not required to file Form 1099-K for payments to a participating payee with a foreign address as long as, prior to payment, the PSE has documentation on which the PSE may rely to treat the payment as made to a foreign person according to Regulations section 1.1441-1(e)(1)(ii) (substituting "payer" for the term "withholding agent" and without regard to the limitations to amounts subject to withholding requirements of chapter 3 of the Code and its regulations).

A PSE that is a U.S. payer may need to file Form 1099-K for payments made outside the United States to an offshore account if any of the following apply.

- There is a U.S. residential or correspondence address associated with the participating payee.
- The PSE has standing instructions to direct the payment to a bank account maintained in the United States.
- The PSE knows or has reason to know that the participating payee is a U.S. person.

A PSE is not required to file Form 1099-K for payments made outside the United States to an offshore account in the circumstances described in the preceding paragraph if the PSE does not know that the payee is a U.S. person and the PSE obtains one of the following from the payee.

- An applicable Form W-8.
- Documentary evidence establishing the payee's non-U.S. status.
- A suitable substitute form as described in Notice 2011-71, available at *IRS.gov/irb/2011-37_IRB#NOT-2011-71*.

The W-8 forms (or the suitable substitutes) must be collected by the PSE no later than 90 days after the date on which the PSE enters into the contractual obligations with the participating payee. The W-8 forms (or suitable substitutes) and documentary evidence may be relied upon only when the requirements described in Notice 2011-71 are satisfied.

A PSE does not have to file Form 1099-K for payments made outside the United States (within the meaning of Regulations section 1.6049-5(e)) to an offshore account (as described in Notice 2012-2, available at *IRS.gov/irb/2012-45_IRB#NOT-2012-2*) of a participating payee with only a foreign address if the name of the participating payee indicates that it is a per se corporation under Regulations section 301.7701-2(b)(8)(i) and the PSE does not know or have reason to know that the participating payee is a U.S. person.

A PSE may apply the grace period rules under Regulations section 1.6049-5(d)(2)(ii) for payments to a participating payee with only a foreign address without regard to whether the amounts paid are described in Regulations section 1.1441-6(c)(2) or are reportable under Code section 6042, 6045, 6049, or 6050N.

Alternative method for PSE that does not maintain account for participating payee. The above exception to reporting only applies if the PSE is a U.S. payer making a payment to an account maintained outside the United States by the PSE, or, if the PSE does not maintain an account for the payee, to another financial institution maintaining the account outside the United States. To apply the exception, for a PSE that does not maintain an account for the payee, the PSE must also reasonably determine that the participating payee is doing business outside the United States based on all the information obtained or reviewed in connection with the establishment or maintenance of the contractual relationship with the participating payee (including information required to be obtained or reviewed under procedures required to be established under and compliant with 31 CFR section 1020.220).

Exception for payments by U.S. payers to foreign payees prior to 2011. For payments under contractual obligations entered into before January 1, 2011, that are not materially modified on or after January 1, 2011, a PSE that is a U.S. payer or U.S. middleman is not required to file a Form 1099-K for a payment to a participating payee with a foreign address as long as the payer does not know or have reason to know that the participating payee is a U.S. person.

A "foreign address" means any address that is not within the United States (the states and the District of Columbia).

Exception for payments made by non-U.S. payers or middlemen to foreign payees. A PSE that is not described as a U.S. payer or U.S. middleman in Regulations section 1.6049-5(c)(5) (non-U.S. payer) is not required to file a Form 1099-K for payment to a participating payee that does not have a U.S. address as long as the PSE does not know or have reason to know that the participating payee is a U.S. person. If the participating payee has any U.S. address, the PSE may treat the participating payee as a foreign person only if the PSE has documentation on which the PSE may rely to treat the payment as made to a foreign person according to Regulations section 1.1441-1(e)(1)(ii).

A PSE that is a non-U.S. payer that has reason to know but not actual knowledge that a participating payee is a U.S. person will not be required to file Form 1099-K if the PSE obtains from the payee a Form W-8 or documentary evidence that satisfies the requirements described in *Notice 2011-71*.

A PSE may accept a substitute form, as described in *Notice 2011-71*, in lieu of Form W-8BEN so that a participating payee can certify its non-U.S. status. Documentary evidence, described in *Notice 2011-71*, submitted to establish the identity of the payee and the status of that person as a foreign person remains valid until the earlier of the last day of the third calendar year following the year in which the documentary evidence is provided to the withholding agent or the day that a change in circumstances occurs that makes any information on the documentary evidence incorrect.

A U.S. address is any address that is within the United States (the states and the District of Columbia).

Nonreportable transactions. The following transactions are nonreportable under section 6050W.

- A withdrawal of funds at an automated teller machine (ATM) via payment card, or a cash advance or loan against the cardholder's account.
- A check issued in connection with a payment card that is accepted by a merchant or other payee.
- Any transaction in which a payment card is accepted as payment by a merchant or other payee who is related to the issuer of the payment card.

Conversion of amounts paid in foreign currency. When a payment is made or received in a foreign currency, the U.S. dollar amount must be determined by converting the foreign currency into U.S. dollars on the date of transaction at the spot rate (as defined in Regulations section 1.988-1(d)(1)) or according to a reasonable spot rate convention, such

as a month-end spot rate or a monthly average spot rate. The convention must be used consistently for all non-dollar amounts reported and from year to year. The convention cannot be changed without the consent of the Commissioner or his or her delegate.

Reporting under sections 6041, 6041A, and 6050W. Payments made by payment card or through a third party payment network after December 31, 2010, that otherwise would be reportable under sections 6041 (payments made in the course of a trade or business to another person) or 6041A(a) (payments of remuneration for services and certain direct sales) and 6050W are reported under section 6050W and not section 6041 or 6041A. For purposes of determining whether payments are subject to reporting under section 6050W, rather than section 6041 or 6041A, the de minimis threshold, discussed later under *Box 1a*, is disregarded.

Who Must File

Every PSE or other party which submits instructions to transfer funds to the account of a participating payee, in settlement of reportable payment transactions, must file an information return (Form 1099-K) with respect to each participating payee for that calendar year.

Multiple PSEs. If two or more persons qualify as PSEs for the same reportable transaction, the PSE that submits the instruction to transfer funds must file the return and furnish the payee statement. However, the PSE obligated to file may designate another person to file the return and furnish the payee statement, including the PSE not making payment, if the parties agree in writing. If the designated person fails to timely file the return and furnish the payee statement, the entity with the responsibility to file and furnish is liable for any applicable penalties under sections 6721 and 6722.

Electronic payment facilitator (EPF). If a PSE contracts with an EPF or other third party to make payments in settlement of reportable payment transactions on behalf of the PSE, the facilitator or other third party must file Form 1099-K in lieu of the PSE. The facilitator is not required to have any arrangement or agreement with the participating payee. Payments need not come from the facilitator's account. The facilitator need only submit instructions to transfer funds to the account of the participating payee. The PSE can file Form 1099-K by designation if the parties agree in writing; however, the designation does not relieve the facilitator from liability for any applicable penalties under sections 6721 and 6722 for failure to comply with the information reporting requirements.

See part O in Pub. 1099 for more information on penalties.

Aggregated payees. If you receive payments from a PSE on behalf of one or more participating payees and you distribute such payments to one or more participating payees, you are:

- The participating payee with respect to the PSE who sent you the payment(s), and
- The PSE with respect to the participating payees to whom you distribute the payments.

For more information on nominee/middleman reporting, see part A in Pub. 1099.

Statements to Payees

If you are required to file Form 1099-K, you must furnish a statement to the payee.

Truncating recipient's TIN on payee statements. Pursuant to Regulations section 301.6109-4, all filers of this form may truncate a payee's TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A filer's TIN may not be truncated on any form. See part J in Pub. 1099.

Furnishing statements electronically. Statements may be furnished to payees electronically in lieu of a paper format. See Regulations section 1.6050W-2(a) for further information.

For more information about the requirement to furnish a statement to each payee, see part M in Pub. 1099.

2nd TIN Not. Box

You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect TIN. If you mark this box, the IRS will not send you any further notices about this account.

However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two-notices-in-3-years rule, you are considered to have received one notice and you are not required to send a second "B" notice to the taxpayer on receipt of the second notice. See part N in Pub. 1099 for more information.

Tip: For information on the TIN Matching System offered by the IRS, see Pub. 1099.

FILER'S Name, Address, Telephone Number, and TIN Boxes

Enter the name, address (including street address, city or town, state or province, country, ZIP or foreign postal code), and telephone number of the entity with the filing requirement (payer) in the boxes in the upper left corner. The telephone number must allow a payee to reach a person knowledgeable about the payments reported on the form. Enter the Filer's TIN and the Payee's TIN in the boxes above Payee's name.

Country

For a list of country codes, go to *IRS.gov/CountryCodes*.

FILER Checkboxes

Check the first (top) box in the section immediately below the state or province, country, and ZIP or foreign postal code boxes if the entity with the filing requirement (payer) is a PSE. Check the second (bottom) box if the entity with the filing requirement (payer) is an EPF or other third party.

If the entity with the filing requirement (payer) is an EPF or other third party, enter the PSE's name and telephone number in the box above the "Account number" box at the bottom left of the form. The telephone number must allow a payee to reach a person knowledgeable about the payments reported on the form.

Transactions Reported Checkboxes

Check the first (top) box if you are reporting payment card transactions on this form. Check the second (bottom) box if you are reporting third party network transactions on this form.

If you are reporting payments to the same payee that include both payment card and third party network

transactions, you must file a separate Form 1099-K reporting the gross amount from each type.

Account Number

The account number is required if you have multiple accounts for a payee for whom you are filing more than one Form 1099-K. Additionally, the IRS encourages you to designate an account number for all Forms 1099-K that you file. See part L in Pub. 1099.

Box 1a. Gross Payment Card/Third Party Network Transactions

Enter in box 1a the gross amount of the total reportable payment card/third party network transactions for the calendar year. "Gross amount" means the total dollar amount of total reportable payment transactions for each participating payee without regard to any adjustments for credits, cash equivalents, discount amounts, fees, refunded amounts, shipping amounts, or any other amounts. The dollar amount of each transaction is determined on the date of the transaction.

Exception for de minimis payments. A TPSO is required to report any information concerning third party network transactions of any participating payee only if for the calendar year:

- The gross amount of total reportable payment transactions exceeds $20,000, **and**
- The total number of such transactions exceeds 200.

For examples of reportable payment transactions, including responsible filing parties, see Regulations section 1.6050W-1(e).

Box 1b. Card Not Present Transactions

Enter in box 1b the gross amount of the total reportable payment card/third party network transactions for the calendar year where the card was not present at the time of the transaction or the card number was keyed into the terminal. Typically, this relates to online sales, phone sales, or catalogue sales. "Gross amount" means the total dollar amount of total reportable payment transactions for each participating payee without regard to any adjustments for credits, cash equivalents, discount amounts, fees, refunded amounts, shipping amounts, or any other amounts. The dollar amount of each transaction is determined on the date of the transaction.

Box 1c. Cash Tips

Enter in box 1c the total amount of cash tips included in box 1a.

Box 1d. Treasury Tipped Occupation Code(s) (TTOC)

Enter in box 1d the TTOC for the payee's tipped occupation(s). Enter up to two code(s) based on the occupation(s) that the tips were received in. If tips were received in more than two occupations, include the TTOC for any two of the three or more occupations in which tips were received. If any tips were received in a nonqualifying occupation, then "000" must be input as one of the occupation code(s). See *IRS.gov/TippedOccupations* for the applicable code(s).

Box 2. Merchant Category Code

Enter the four-digit merchant category code (MCC) used by the payment card industry to classify the payee for the payment card transactions reported on this Form 1099-K. If you or the entity on whose behalf you are filing uses an industry classification system other than, or in addition to, MCCs, assign to each payee an MCC that most closely corresponds to the description of the payee's business.

Note: If you or the entity on whose behalf you are filing is a TPSO or does not use any industry classification system for its payees, you should not complete this box.

If a payee has receipts classified under more than one MCC, you may either:

- File separate Forms 1099-K reporting the gross receipts for each MCC, or
- File a single Form 1099-K reporting total gross receipts and the MCC which corresponds to the largest portion of the total gross receipts.

Box 3. Number of Payment Transactions

Enter the number of payment transactions (not including refund transactions) processed through the payment card/third party payer network.

Box 4. Federal Income Tax Withheld

Enter backup withholding. Persons who have not furnished their TINs to you in the manner required are subject to backup withholding on payments required to be aggregately reported in box 1a.

A payment made by a TPSO is a reportable payment potentially subject to section 3406 backup withholding.

For more information on backup withholding, including the applicable rate, see part N in Pub. 1099.

Boxes 5a Through 5l

Enter in the appropriate box the gross amount of the total reportable payment transactions for each month of the calendar year.

Boxes 6 Through 8. State Information

These boxes may be used by filers who participate in the Combined Federal/State Filing Program and/or who are required to file paper copies of this form with a state tax department. See Pub. 1220 for more information regarding the Combined Federal/State Filing Program. They are provided for your convenience only and need not be completed for the IRS. Use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dash line. If you withheld state income tax on this payment, you may enter it in box 8. In box 6, enter the abbreviated name of the state. In box 7, enter the filer's state identification number. The state number is the filer's identification number assigned by the individual state.

If a state tax department requires that you send them a paper copy of this form, use Copy 1 to provide information to the state tax department. Give Copy 2 to the payee for use in filing the payee's state income tax return.