

1099-K: Scope & Reporting on the Tax Return

For more information on crowdfunding:

- [About Crowdfunded Donations, Income, and Taxation](#)

Table of Contents:

- [Will I receive a 1099-K?](#)
- [Is Form 1099-K in scope for VITA?](#)
- [If Form 1099-K is incorrect](#)
- [If you can't get a corrected 1099-K](#)

Will I receive a 1099-K?

That depends. Payment apps and online marketplaces are required to report distributions of money on **Form 1099-K** if the amount meets certain thresholds.

	Form 1099-K is required if:
Tax Year 2023 & Prior Years	The total of all payments distributed to a person exceeded \$20,000 in gross payments from more than 200 transactions.
Tax Year 2024	The total of all payments distributed to a person exceeded \$5,000 in gross payments regardless of the number of transactions.
Tax Year 2025	The total of all payments distributed to a person exceeded \$2,500 in gross payments regardless of the number of transactions.
Beginning with Tax Year 2026	The total of all payments distributed to a person exceeded \$600 in gross payments regardless of the number of transactions.

But the issuance of **Form 1099-K** **does NOT automatically mean that the amount reported on the form is taxable** to the person who received the form. And, vice-versa, not receiving **Form 1099-K** does not mean that any funds received are not taxable.

Is Form 1099-K in scope for VITA?

Form 1099-K must be reported on the tax return. If the taxpayer should not have been issued a 1099-K but they cannot get it corrected by the payer, then the taxpayer will have to report it on their tax return. The following table describes when a 1099-K is in scope for VITA.

Form 1099-K received for...	Is the 1099-K in scope for VITA?
Taxable income received for self-employment income Examples: rideshare driving, food truck business, vendor at a farmers market	Yes
Rental income	Yes - Military certification required
Any other type of taxable income (like the sale of a personal item at a gain)	No
<p>If the taxpayer just sold a single sofa or a few personal items (like on eBay or Mercari or Facebook Marketplace), then it is a personal sale and the 1099-K makes the tax return out of scope for VITA <u>if there was a gain.</u></p> <p>A loss on the sale of a personal item is not deductible. If a 1099-K is received, the sale must be reported on the tax return. The tax return remains in scope for VITA if the amount is reported in the same section of TaxSlayer where you report amounts received in error on Form 1099-K. See below: "if you can't get a corrected 1099-K."</p> <p>If the taxpayer has a business selling items on ebay, then the 1099-K information is entered on the Schedule C and is considered self-employment (see first row of chart).</p>	

If Form 1099-K is incorrect:

Taken from [IRS guidance](#) last updated 12/4/24.

You may get a Form **1099-K in error** when the form:

- Reports payments that were **gifts or reimbursements from family or friends**
- **Doesn't belong to you** or is a **duplicate**

If this happens:

- **Contact the issuer immediately** – see FILER on the top left corner of Form 1099-K. If you don't recognize the issuer, contact the Payment Settlement Entity (PSE) on the bottom left corner of the form above your account number.

- Keep a copy of the original and corrected forms 1099-K and all correspondence with the issuer for your records.
- Don't contact the IRS; they cannot correct the Form 1099-K.

We acknowledge that **it may not be realistic to expect many 1099-Ks to be corrected by the payer**. Therefore, **we recommend that the taxpayer attempt to get a corrected 1099-K from the payer but will prepare the tax return with the incorrect 1099-K** during the taxpayer's visit if they prefer to continue without first attempting to get the 1099-K corrected.

If you can't get a corrected 1099-K:

Report the erroneous/non-taxable amount on Schedule 1.

Note: the information will be reported in a different way for tax year 2024 than for years prior to 2024.

Example: You receive Form 1099-K from Venmo for \$2650. Of that total, \$650 represents reimbursements from friends for concert tickets and \$2000 represents self-employment income received.

You will report these partial amounts in different locations on the tax return. The \$650 is non-taxable reimbursements from friends, and \$2000 is income to be reported on Schedule C.

For tax year 2024, navigate in Taxslayer to Income > Form 1099-K. On the next screen, enter \$650 as an amount reported in error on Form 1099-K.

Then click Continue to follow the steps to report the remaining \$2000 income on Schedule C.

Form 1099-K

CANCEL

CONTINUE

In order to properly report your 1099 K you will be directed to create a Schedule C on the next page. Please input your income from 1099 K on the first line of the income section inside the Schedule C.

Note: To report rental income received on your 1099 K, report this income on a Schedule E by clicking Cancel below then Rents and Royalties - Schedule E.

For 2024, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss. Please note, this amount does not carry to or subtract from any form such as your Schedule C.

\$650

Always check the tax return print set to ensure everything is showing up correctly! For tax year 2024, the **non-taxable amounts** from 1099-K (\$650 in this example) **will appear in the top section on Schedule 1**. The taxable amount will be incorporated into the Schedule C.

**SCHEDULE 1
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2024
Attachment
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

JOHN SMITH

Your social security number

123-45-6789

For 2024, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss

650

Note: The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See www.irs.gov/1099k.

For tax years prior to 2024:

Example: You receive Form 1099-K from Venmo for \$2650. Of that total, \$650 represents reimbursements from friends for concert tickets and \$2000 represents self-employment income received.

In TaxSlayer Pro:

- **Navigate to Income > Other Income > Other Income Not Reported Elsewhere.**
- **Select “Other Income” from the dropdown. Enter “Form 1099-K received in error” or as much as will fit given the character count restrictions. Enter the amount from the 1099-K that is not taxable.**

Other Income

Form belongs to
Taxpayer

Other Income Description *

Other Income

Description of other income *

1099-K received in error

Amount of other income *

\$ 650

- Then **navigate to Deductions > Adjustments > Other Adjustments** and **scroll down to “Adjustments Not Listed Elsewhere.”**
- Enter (again) **“Form 1099-K received in error”** or as much as will fit given the character count restrictions. Enter (again) the **amount from the 1099-K** that is non-taxable.

Olympic Medal

\$

Adjustments Not Listed Above

Description

1099-K in error

Amount

\$ 650

- **Always check the tax return** print set to ensure everything is showing up correctly!
 - Confirm on **Schedule 1 Part I line 8z** the **income** description and amount appear correctly.

z Other income. List type and amount: _____ **8z** 650
1099-K RECEIVED IN ERROR

- Confirm on **Schedule 1 Part II line 24z** the **adjustment** description and amount appear correctly.

z Other adjustments. List type and amount: _____ **24z** 650
1099-K IN ERROR: 650

- **On Form 1040**, lines 8 (other income), line 9 (total income), and line 10 (adjustments) will be impacted by the entries. But **line 11 (adjusted gross income) and below should not be impacted.**

Note: We recommend that taxpayers **confirm in their third-party app** (e.g. Venmo, Cash App, Paypal) that they have **correctly indicated in their settings** (or during individual transactions) whether the account is for personal or business purposes. It may be beneficial to **keep a separate account for business/taxable transactions.**