

### **New 1099-K Reporting Requirement**

*You need to know about a new IRS requirement for reporting merchant card and third party network payments because it takes effect for calendar year 2011*

Here are the important highlights and reminders for your review:

- This new IRS requirement will affect clients who accept merchant card and third party network payments (e.g. credit cards, debit cards, gift cards, Pay Pal, etc.) for their goods or services.
- You will receive a Form 1099-K for 2011 which will report all payments made to businesses or individuals who accept merchant cards or third party network payments. The IRS is also expected to include a line on business tax returns to separately report revenues from merchant cards or third party network payments. They will use their computer program to match the amounts reported on Form 1099-K with the revenues reported by businesses on their tax returns.
- Before year end, clients should make sure that their merchant card and third party network payment receipts are classified under the correct federal identification number for the associated business and these receipts are properly recorded on the books of the business.
- When you receive your 1099-K forms early next year, remember to forward them to us with all of your year-end tax information.

New requirements can raise questions, so please give us a call if you want to discuss how this new regulation may impact your business and compliance reporting.

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