



TaxNewsFlash

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Notice 2024-85: Form 1099-K transition relief for calendar year 2024 and 2025 transactions

The IRS today released [Notice 2024-85](#) providing a revised timeline for implementing changes to the reporting requirements for third-party settlement organizations (TPSOs) under section 6050W(e), as amended by the “American Rescue Plan Act of 2021.” The notice establishes calendar years 2024 and 2025 as the final transition period for TPSOs (which can include e-commerce platforms) to comply with the new reporting thresholds.

The notice provides that TPSOs will be required to report transactions on Form 1099-K when the gross amount of aggregate payments for those transactions is more than:

- \$5,000 in calendar year 2024
- \$2,500 in calendar year 2025
- \$600 in calendar year 2026 and after

Additionally, the IRS will not assert penalties under sections 6651 (late filing and late payment of tax) or 6656 (late deposit of tax) for a TPSO’s failure to withhold and pay backup withholding tax for calendar year 2024 transactions but will assert such penalties starting in 2025.

TPSOs that have performed backup withholding for a payee during calendar year 2024 must file a Form 945 and a Form 1099-K with the IRS and furnish a copy to the payee.

The transitional relief provided by Notice 2024-85 is limited to payments made in settlement of third-party network transactions and does not apply to payment card transactions that are also reportable on Form 1099-K.

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