



May 10, 2023

The Honorable Carol D. Miller
465 Cannon House Office Building
Washington, DC 20515

Re: H.R. 190, Saving Gig Economy Taxpayers Act

Dear Representative Miller:

The American Institute of CPAs (AICPA) is writing to express its appreciation for H.R. 190, Saving Gig Economy Taxpayers Act, which modifies requirements for third party settlement organizations to eliminate their currently untenable reporting requirement with respect to the transactions of their participating payees.

In December, the AICPA expressed its deep concerns to Congress¹ regarding the Form 1099-K, Payment Card and Third Party Network Transactions, reporting threshold that had been lowered to \$600 for 2022. Subsequently, the Internal Revenue Service (IRS) delayed implementation of the \$600 threshold for one year.²

As a matter of policy, AICPA understands and generally supports the information reporting benefits to a voluntary compliance system. However, the reporting changes should be administrable, equitable, and meet the needs of taxpayers, the IRS and tax practitioners.

The excessive reduction in the de minimis reporting threshold for third-party network transactions, from a \$20,000 and 200 transaction threshold, has created a significantly large reporting burden. Unlike Form 1099-MISC, Miscellaneous Income or Form 1099-NEC, Nonemployee Compensation, that report gross proceeds that would generally be reported on a tax schedule in the aggregate, aggregate reporting on a Form 1099-K will create confusion for the many taxpayers who will have to report each sale or transaction independent of others to correctly calculate gain or loss. Again, the elimination of the transaction de minimis in this circumstance, at such a reduced reporting threshold, will magnify the burden and confusion.

And although the 2021 legislative change³ also clarified that reportable third-party network transactions are only those involving the provision of goods and services,⁴ and that they do not

¹ See [AICPA comment letter](#), "Form 1099-K Reporting Threshold," submitted December 16, 2022.

² See [IR-2022-226](#), released by IRS on December 23, 2022, "outlining that calendar year 2022 will be a transition period for implementation of the lowered threshold reporting for third-party settlement organizations (TPSOs) that would have generated Form 1099-Ks for taxpayers."

³ The American Rescue Plan Act of 2021 (ARPA), P.L. 117-2, which was enacted on March 11, 2021.

⁴ Section 6050W(c)(3), as amended by ARPA Section 9674(b).

May 10, 2023

Page 2 of 2

include noncommercial transactions, such as reimbursements and personal gifts, there is significant concern about the mistaken issuance of Forms 1099-K at such low de minimis thresholds.

Finally, we are concerned about the possibility of the IRS instituting a matching program for 2023 Forms 1099-K that could result in significant taxpayer misunderstanding, and lead to a growth in the IRS correspondence and processing backlog that still haunts the tax system.

Because of the concerns expressed above, the AICPA believes a \$600 Form 1099-K threshold is not workable and must be raised. H.R. 190 is a move in the right direction, and we look forward to working with Congress in crafting an administrable and equitable solution.

The AICPA is the world's largest member association representing the accounting profession, with more than 421,000 members in the United States and worldwide, and a history of serving the public interest since 1887. Our members advise clients on federal, state, and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

We welcome the opportunity to discuss these comments on the Form 1099-K thresholds or to answer any questions that you may have. If you have any questions, please contact; Peter Mills, AICPA Senior Manager – Tax Policy and Advocacy, at (202) 434-9272 or Peter.Mills@aicpa@cima.com; or Lauren Pfungstag, AICPA Director – Congressional and Political Affairs, at (202) 434-9208, or Lauren.Pfungstag@aicpa-cima.com; or me at (601) 326-7119 or JanLewis@HaddoxReid.com.

Sincerely,



Jan Lewis, CPA
Chair, AICPA Tax Executive Committee

cc: Members of the United States Senate

Members of the United States House of Representatives

Mr. Thomas Barthold, Chief of Staff, Joint Committee on Taxation

The Honorable Lily Batchelder, Assistant Secretary for Tax Policy, Department of the Treasury

The Honorable Daniel I. Werfel, Commissioner, Internal Revenue Service

Mr. William M. Paul, Principal Deputy Chief Counsel, Internal Revenue Service