

Congress of the United States

Washington, DC 20515

April 25, 2025

The Honorable Jason Smith
Chairman
House Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Smith,


We write to express our strong support for the inclusion of a permanent legislative fix for Form 1099-K reporting requirements as you begin to draft the upcoming tax title of the Budget Reconciliation Bill. Specifically, we support a return to the original \$20,000 threshold and transactions levels as introduced by Representative Carol Miller in H.R. 1882.


The ill-conceived threshold adjustment, which was included in the American Rescue Plan Act (ARPA) and passed without a single Republican vote, has caused mass confusion and uncertainty for gig workers, small businesses and casual sellers. ARPA lowered the 1099-K threshold to \$600 and only one transaction to receive a 1099-K form as a gimmick to offset the bill's massive cost. Understanding how politically unpopular this new policy would be if implemented, the Internal Revenue Service (IRS) unilaterally resisted implementing the new law for the remainder of President Biden's term and ultimately saddled the Trump Administration with the fallout. The agency announced late in both 2022 and 2023 that it would keep the original \$20,000 and 200 transaction threshold for those years.


The new reporting threshold and its botched implementation by the IRS creates uncertainty about how much Americans will owe in taxes. It will lead to mass overpayment and require heightened IRS scrutiny even as the IRS scales back enforcement activity, leading to backlogs and other delays. To understand our concern with this new implementation, imagine a college student buys concert tickets for her own use, then sells the tickets at a loss when she or her friends can no longer attend. Under ARPA's thresholds, she would likely receive a 1099-K form and have that sale reported to the IRS despite not having any real tax liability for the transaction. Individuals like this student must meticulously document mundane transactions or end up paying more in taxes than what they truly owe. Because many casual transactions are not taxable as income, the burden on the IRS will not necessarily result in the collection of additional tax revenue and possibly create even more costs for the tax agency. Starting a few months ago, thousands of Americans started receiving 1099-K forms for the very first time.

We urge you to include a provision restoring the original 1099-K threshold in the final Budget Reconciliation Bill. Thank you for your attention to this important matter. We look forward to your prompt response.

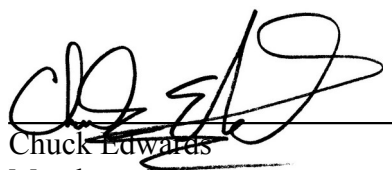
Sincerely,



Barry Loudermilk
Member of Congress


Tim Moore
Member of Congress

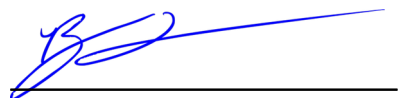

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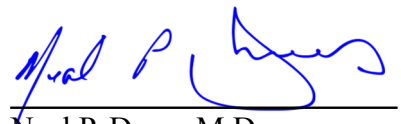

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Member of Congress

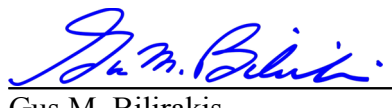

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Member of Congress

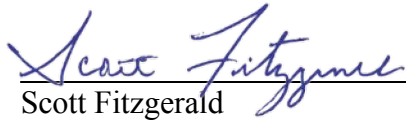

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