

Letters Related to Form 1099-K

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If you receive a letter or notice from the IRS, it will explain the reasons for the correspondence and provide instructions. The notice you receive covers a very specific issue about your account or tax return. Generally, the IRS will send a notice if it believes you owe additional tax or are due a larger refund, or if there is a question about your tax return.

What is Form 1099-K?

Form 1099-K, Payment Card and Third Party Network Transactions, is an IRS information return used to report certain payment transactions. You should get a 1099-K by the end of January if, in the prior calendar year, you received payments:

- from payment card transactions (e.g., debit, credit or stored-value cards)
- in settlement of third-party payment network transactions above the minimum reporting thresholds of
 - gross payments that exceed \$20,000, AND
 - more than 200 such transactions

Collectively, all payment card transactions and all third-party payment network transactions (once the threshold amounts have been met) are referred to as reportable payments or transactions.

NOTE: The thresholds of greater than \$20,000 and more than 200 transactions apply only to payments settled through a third-party network; there is no threshold for payment card transactions.

Did you receive a 1099-K?

If you received a 1099-K, use it to assist you to correctly file your income tax return. Also be sure to retain it for your records. Remember, you must report all income you receive from your business on your tax return. In most cases, your business income will be in the form of cash, checks, and debit and credit card payments. Therefore, you should consider the amounts shown on Form 1099-K along with all other amounts received when calculating gross receipts for your income tax return.

Refer to [Publication 583, Starting a Business and Keeping Records](#), for more detailed information and assistance regarding proper record keeping.

Did you receive a letter related to 1099-K from the IRS?

You received one or more of these letters because you may have underreported your gross receipts. This is based on a comparison of your tax return and the Form(s) 1099-K furnished to you that shows an unusually high portion of receipts from 1099-K reportable transactions. It is very important that you respond to the IRS.

The current versions of the letters are reflected on the left side of this page and contain active links to each document. These are periodically updated.

Letter	Current Revision	Prior Revisions in Use but Not Posted to IRS.gov
Letter 5035, Information Reporting & Document Matching Informational Letter	1-2015	01-2014, 11-2012
Letter 5039, Information Reporting & Document Matching Worksheet Initial Contact	12-2014	04-2014, 01-2014, 03-2013, 11-2012
Letter 5043, Notification of Possible Income Underreporting - Initial	12-2014	04-2014, 01-2014, 03-2013, 11-2012

Contact		
Form 14420, Verification of Reported Income	10-2014	03-2013, 10-2012

Following are some tips to help you with the inquiry.

- Read the letter thoroughly and complete any worksheets.
- Gather your tax records, including the Forms 1099-K that you received, and determine if you agree with the letter about underreporting your gross receipts.
- Respond to the letter in a timely manner.
- If you have questions or need more time to respond, contact the person listed in the letter.
- If appropriate, consult your tax professional for assistance.

How is the IRS going to use this information?

The IRS uses the information reported from third parties to ensure individuals and businesses meet their tax obligations. The IRS is integrating the new information supplied on the Form 1099-K into a variety of areas, including its compliance efforts, to ensure fairness and address non-compliance.

All 1099-K activities respect taxpayer rights and provide opportunities for taxpayers and tax practitioners to offer explanations or corrections if they receive a letter, a notice or audit.

Want to know more about the Form 1099-K?

Go to the [Third Party Reporting Information Center](#), which provides information on who should file these forms; when they need to be filed; and how to get help.