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Dear Clients and Friends:

We would like to wish you and your family a happy, healthy and prosperous New Year. This letter is to inform you of the new payroll tax rates and limits in effect for 2024, and to remind you of the filing requirements and due dates for payroll taxes, W2s and 1099s.

### **Electronic Filing of W-2's and 1099's**

The IRS recently released final regulations amending the filing rules for W-2 and 1099 returns and other documents. The e-file threshold has officially been lowered from 250 to 10 forms in the tax year 2023 (to be filed in 2024). This regulation includes the total for all aggregated forms filed. This new regulation basically will require most businesses to file all W-2's and 1099s electronically beginning this filing season.

### **IRS announces delay in Form 1099-K reporting threshold**

For this filing season, 1099-K reporting will not be required unless the taxpayer receives over \$20,000 and has more than 200 transactions in 2023. The law which was supposed to take effect during 2023, was lowering the threshold to \$600 for any amount of transactions.

Given the complexity of the new provision, the large number of individual taxpayers affected and the need for stakeholders to have certainty with enough lead time, the IRS is planning for a threshold of \$5,000 for tax year 2024 as part of a phase-in to implement the \$600 reporting threshold enacted under the American Rescue Plan.

The IRS temporarily delayed the new requirement last year. The IRS is trying to deal with personal transactions such as cash birthday or holiday gifts, sharing the cost of a car ride or meal, or paying a family member or another for a household bill is not taxable and should not be reported on a Form 1099-K. However, the casual sale of goods and services, including selling used personal items like clothing, furniture and other household items for a loss could generate a Form 1099-K for many people even if the seller has no tax liability from these sales.

The complexity of distinguishing these types of transactions has led to the delay.