



Sales and Use Tax Notice

Notice #16-01

January 2016

1099-K Filing Requirement

Reporting Entities Required to File a 1099-K Information Return With the Internal Revenue Service ("IRS") Must Also File The Information Return with the Department of Revenue

The Tennessee General Assembly recently enacted legislation which requires payment settlement entities, third party settlement organizations, electronic payment facilitators, and third parties acting on behalf of payment settlement entities ("Reporting Entities") to file duplicate federal 1099-K information returns with the Department of Revenue.

The 1099-K information returns must be filed with the Department within 30 days of the filing due date required by the IRS. The 2015 returns are due by April 30, 2016.

If the IRS grants a Federal Form 8809 extension, the due date for filing with Department is also extended 30 days.

Forms Must Be Filed Electronically

A reporting entity must file its 1099-K form with the Department electronically. The entity must submit either:

- 1) a duplicate of all information returns as filed with the IRS, or
- 2) a duplicate of all information returns related to taxpayers or participating payees with a Tennessee address.

The Reporting Entity may upload the entire data file as submitted to the IRS, or only those returns related to taxpayers or participating payees with a Tennessee address.

In order to submit the electronic file, please register at: <https://revenue.webapps.tn.gov/CardMerchantPortal/>.

Penalty

Failure to file the required 1099-K information return will result in a penalty of \$1,000 for each failure, with an additional \$1,000 penalty for each month or fraction of a month during which each failure continues. The maximum penalty is \$10,000 annually. However, the Department may waive the penalty for good and reasonable cause, as defined under Tenn. Code Ann. § 67-1-803.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help, and enter "1099-K" into the search box. Click on the form link that appears in the article to submit an information request to one of our agents.

References

Tenn. Code Ann. § 67-6-411; Public Chapter 342 (2015); 26 U.S.C. § 6050W