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BREAKING

IRS Halts Controversial New Rule Requiring Gig Workers To Report \$600 Payments

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TOPLINE The Internal Revenue Service has put a one-year pause on a controversial new rule that would have required gig workers to report payments of at least \$600 received through e-commerce platforms like Venmo, according to multiple news outlets, following widespread confusion and complaints about the new requirements.



In this photo illustration, PayPal's logo is seen displayed on a smartphone screen in front of ... [+] SOPA IMAGES/LIGHTROCKET VIA GETTY IMAGES

KEY FACTS

- The new rule was originally set to take effect for income received this year, requiring apps like Venmo to send tax documents to those paid at least \$600 through the service in 2022.
- It would have also required people selling goods on sites like eBay or Etsy to report if they had at least \$600 worth of sales.
- Acting IRS Commissioner Doug O'Donnell told the *Wall Street Journal* and *New York Times* in statements the yearlong delay was made to "reduce confusion" and "provide more time for taxpayers to prepare and understand the new reporting requirements."
- Several major misconceptions have spread about the reporting requirements, such as that split expenses like rent payments made over Venmo will have to be reported (they will not).
- Concerns were also raised about how the IRS would handle a flood of Form 1099-K reports—the documents where the payments would have been recorded.
- The IRS did not immediately respond to a request for comment from *Forbes*.

KEY BACKGROUND

The \$600 reporting policy was approved last year as part of Democrats' American Rescue Plan. The previous IRS rule only required electronic payment platforms to send 1099-K forms to

those receiving at least \$20,000 with 200 or more yearly transactions. President Joe Biden's administration pushed for the new rule as part of its commitment to crack down on wealthy Americans skimping out on reporting income, but it faced widespread criticism for potentially putting millions of lower- and middle-income workers in the crosshairs of enhanced reporting requirements. Congressional [Republicans](#) widely blasted the new rule, while some [Democrats](#) argued for a higher threshold of \$5,000.

SURPRISING FACT

A bipartisan attempt from Sens. Joe Manchin (D-W.Va.) and Bill Hagerty (R-Tenn.) to tack on an amendment to the pending \$1.7 trillion "omnibus" spending bill to raise the threshold from [\\$600 to \\$10,000 failed](#), as it did not come up for a vote.

BIG NUMBER

59 million. A [study](#) last year from freelancer network Upwork found that's how many Americans participated in gig work during the preceding 12 months.

FURTHER READING

[IRS Delays Gig-Tax Filing Rule for Side Hustles of More Than \\$600](#) (Wall Street Journal)

[Senate Snubs Omnibus Amendment That Would Have Raised Limit For Issuing 1099-Ks](#) (Forbes)

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I'm a news reporter for Forbes focused on national politics and other news of the day, such as social media trends, business and the war in Ukraine.

