

# IRS 1099-K Frequently Asked Questions (FAQs)

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## Why does Qualpay File a 1099-K with the IRS?

Qualpay is required to report to the IRS all of your credit card transactions processed with Qualpay in the prior tax year. The amount reported to the IRS is for gross credit card sales, not including any adjustments or credits, cash equivalents, discount amount, fees, refunds, or any other amounts. Transaction amounts have to be reported to the IRS by the date of the transaction in a calendar month, not by the date settled or paid to you.

For more information on IRS reporting requirements, please refer to the IRS [site](#).

## What is the purpose of the 1099-K form (Payment Card and Third-Party Network Transactions)?

The IRS 1099-K form was introduced to ensure that all merchants are correctly reporting sales for tax purposes. It requires merchant acquirers to report the payment transactions they process on behalf of the merchants.

A 1099-K form reports payment card and third-party network transactions to the IRS. It reports income received from electronic or online payments, such as credit cards, debit cards, Apple Pay, Samsung Pay, Android Pay, PayPal, and other non-cash payment types. Transactions processed with Qualpay are considered payment card transactions.

## Do these regulations apply to nonprofit organizations?

Yes, these regulations apply to both nonprofit and for-profit organizations and entities.

## When should I receive my 1099-K?

1099-K's for the previous year's transactions are required to be postmarked by January 31st. Some may be received on or before that date, depending on when your 1099-K was mailed to you. If you have elected to receive your 1099-K form

electronically, you may log into Qualpay Manager, select *Reports*, and view or print your 1099-K on January 31st.

**Do I have to report the amounts from the 1099-K on my tax return?**

Please consult your tax professional or the IRS for additional information on how the amounts reported on the 1099-K should be reflected in your tax returns.

**What should I do if I receive a 1099-K for amounts that do not belong to my business?**

Please send an email to [support@qualpay.com](mailto:support@qualpay.com) or call 1-844-282-0888 to discuss.

**How do I determine my Gross Payment Card/Third Party Network Transactions (box 1a)?**

The amount in box 1a is the gross amount of the total reportable payment card/third party network transactions for the calendar year. Gross amount means the total dollar amount of total reportable credit card transactions for each participating payee without regard to any adjustments for any fees, refunds, credits, chargebacks, or any other amounts.

**What is the amount listed as "card not present transactions" in box 1b?**

The amount listed in box 1b is the portion of your total gross credit card transactions that were run in a card-not-present environment. Typically, this relates to online sales, phone sales, or mail-order sales.

**What are the amounts listed in boxes 5a – 5l?**

Boxes 5a-5l are the gross amount of the total reportable credit card transactions for each month of the calendar year.

**Why are my ACH payment transactions not included in my 1099-K form?**

The IRS does not allow the inclusion of transactions that are not completed via credit card on the 1099-K form. Only credit card transactions on Visa, MasterCard, American Express, and Discover are included in the IRS 1099-K form.

## **How can I reconcile the information on my 1099-K form to the reporting on Qualpay's site?**

The Qualpay 1099-K report and the Transaction report provide a way for you to match the 1099-K you received in the mail to the transactions that you processed with Qualpay. For step by step instructions on how to reconcile your 1099-K form, see [How To Reconcile IRS 1099-K Form](#).

## **Why did I receive a separate 1099-K from American Express?**

American Express accounts that are serviced and funded directly from American Express are not included in the totals provided by Qualpay and are reported by American Express.

## **Will I receive a 1099-K for each of my locations?**

Yes, each Merchant Number established will receive their own 1099-K even if they share the same tax ID number.

## **I did not receive my 1099-K or need another copy; how do I obtain another?**

If you have not received your 1099-K by February 10th, please send an email to [support@qualpay.com](mailto:support@qualpay.com) or call 1-844-282-0888.

## **What if the account information on the 1099-K is incorrect?**

If you need to change your Legal Name or Tax ID, please send an email to [support@qualpay.com](mailto:support@qualpay.com) or call 1-844-282-0888. You may be asked to provide one of the following: SS4, the first page of last year's filed tax return, or a copy of your filed W-9. All changes must be made before 4 pm PT January 23rd.

## **Will Legal Name and Tax ID changes that I made before January 24th be updated on the 1099-K file sent to the IRS?**

Yes, changes made before January 24th will be updated on the 1099-K and will be sent to the IRS.

## **Why did I receive 1099-K from multiple merchant service providers?**

If you changed merchant service providers in the previous year or used multiple

processors during the year, you will receive a 1099-K from each of them.

**What happens if my Tax ID or Legal Name doesn't match the IRS records?**

We are required by the IRS to collect your current Tax ID and Legal Name for reporting purposes. If our records indicate a mismatch or unmatched result in the IRS system, you will receive a mailed notification and attempted calls from Qualpay to obtain this information. If a valid Tax ID or Legal Name is not provided, your account could be subject to a tax withholding of 28% of your credit card transaction volume based on IRS regulations, in addition to State tax withholding (percentage varies by state).

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