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National Association of Tax Professionals commends bi-partisan work of Red Tape Reduction Act

Act, if passed, would increase income reporting thresholds from third-party payment providers

APPLETON, Wis. (May 22, 2023) – The National Association of Tax Professionals (NATP) commends the bi-partisan efforts of Senators Sherrod Brown and Bill Cassidy to introduce the Red Tape Reduction Act, which increases the threshold for when individuals and small business owners receive Form 1099-K from third-party settlement companies.

The Red Tape Reduction Act raises the threshold from \$600 to \$10,000, ensuring that fewer small businesses and individuals will be impacted by potentially excessive paperwork and compliance requirements for online activity. The American Rescue Plan Act dropped the reporting requirement to \$600 from \$20,000, to be enacted for the 2024 tax season when filing 2023 returns.

“While the intentions of the American Rescue Plan Act were well-intended and meant to capture unreported income in the economy, the \$600 reporting threshold would have caused undue duress to many small businesses and individuals, not to mention the paperwork nightmare the lower limits would have created for the IRS,” said Tom O’Saben, EA, director of tax content and government relations at NATP. “Increasing the filing threshold to \$10,000 will better address the intent of ARPA and at the same time reduce the administrative burden the \$600 threshold would have created.”

NATP also encourages Congress to act within this legislative session to pass this consumer-friendly action.

To speak with someone further about this topic, please contact [Samantha Strong](#) or [Nancy Kasten](#)

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About NATP: The National Association of Tax Professionals (NATP) is the largest association dedicated to equipping tax professionals with the resources, connections and education they need to provide the highest level of service to their clients. 23,000 members rely on NATP to deliver professional connections, content expertise and advocacy that provides them with the support they need to best serve their clients. The NATP headquarters is in Appleton, Wis. To learn more, visit www.natptax.com.



Looking for a tax expert? Tom O'Saben, EA, director of tax content and government relations at the National Association of Tax Professionals (NATP), is available for phone or video interviews to discuss federal tax topics including tax law change and its implications, taxpayer issues, tax preparer regulation and more. To schedule an interview with O'Saben, contact sstrong@natptax.com or nkasten@natptax.com.