

IRS Mandated Reporting Requirements

Starting in 2011 there will be a new tax form called the 1099k Form. This will be used by the IRS to make sure that small businesses, which often times don't report all of their revenues, will not be able to hide them from the IRS anymore. Some small companies do not report all of their credit or debit card revenues or revenues from third party payments like PayPal.

Believe it or not until now the IRS has been taking the word of the business owner that he is reporting all of his income because he did not have access to the credit card revenues of small companies. The only way to check if a company was cheating on its taxes was to do an audit. However there aren't really enough people to do thorough audits in the IRS. With the introduction of the new 1099k Form the gross amount of credit card, debit card, and third party transactions will have to be filled out correctly.