

# Merchant Card Reporting

## Form 1099-K

Updated March 2018

### What you Need to Know

The following is a brief overview of the Internal Revenue Code Section 6050W, along with the steps that American Express is taking to comply with this provision. You can also review the Frequently Asked Questions (FAQ) document available through another link on the site.

### Overview

It is important that you are aware of Section 6050W of the Internal Revenue Code (IRC). It is an Internal Revenue Service (IRS) requirement in which merchant acquiring entities, like American Express, must report the annual gross (and monthly) amount of payment card transactions submitted for each Merchant.

Every January, American Express will provide each Merchant with a Form 1099-K, which was developed by the IRS, reporting the prior year's transactions. A copy of the same form is filed with the IRS every March. Properly documented non-U.S. (foreign) merchants are generally not subject to these Form 1099-K information reporting requirements.

As of January 1, 2018, American Express is required by law to withhold and send to the IRS 24% of the gross amount payments owed to U.S. merchants who fail to provide their Taxpayer Identification Number (TIN) to American Express, or in certain instances whose legal name or TIN does not match IRS records. This process is known as U.S. Federal backup withholding tax, or backup withholding, and will appear on a merchant statement as "U.S. Withholding Tax". There may also be state tax withheld where applicable and remitted to state tax authorities.

Please consult your tax advisor to understand the impact of Form 1099-K reporting on your business

## How to avoid U.S. Federal backup withholding tax

For every U.S. business entity, for which you receive payment from American Express, please verify that the legal name and Taxpayer Identification Number (TIN) you have provided to American Express is the same legal name and TIN that you have on file with the IRS.

Please also verify the following information:

- Business mailing address
- Legal status (partnership, corporation, sole proprietorship, etc.)
- Affiliation information (independent company, company owned, franchise, etc.)

Log in to your Merchant Account at [www.americanexpress.com/merchant](http://www.americanexpress.com/merchant) and click on “Add/Edit locations”, located within the quick links, to verify this data.

For more information on IRC Section 6050W & Form 1099-K, visit [www.americanexpress.com/1099-K](http://www.americanexpress.com/1099-K).

## What American Express will do for You

American Express is committed to complying with IRC Code Section 6050W and providing information and tools to assist our merchants with keeping their information accurate and up to date as their business needs change. American Express participates in the IRS TIN matching program and periodically reaches out to merchants whose legal names and TINs do not match. Please be sure to respond and update your information as needed.

In addition, you can log in to your Merchant Account at [www.americanexpress.com/merchant](http://www.americanexpress.com/merchant) and click on “Add/Edit Locations”, located within the quick links, to update your information, including your Taxpayer Identification Number (TIN) and legal name, whenever your business needs change.

## Important Dates

### **January 1 – December 31**

Data collection for annual reporting

### **By January 31 every year**

Forms 1099-K sent to each merchant

### **March every year**

Copy of merchant Forms 1099-K filed with the IRS

## Key Terms

### **Legal Name**

The legal name of an entity is typically the name you provided to the IRS when you filed a Form SS-4 to request your Federal Employer Identification Number (EIN), or that you use to file your federal tax returns.

### **Taxpayer Identification Number (TIN)**

The TIN is used by the IRS in the administration of tax laws. In most cases, your TIN is either a social security number (for individuals) or EIN (for entities). The TIN you provided to AXP must match what is on file with the IRS.

### **Legal Status**

Legal status describes how your company is classified for tax purposes. For example, you might be a partnership, corporation or sole proprietorship.

### **Gross Amount**

Gross amount means the total dollar amount of transactions in which a payment card is accepted without regard to any adjustments for credits, cash equivalents, discount amounts, fees, refunded amounts, or any other amounts.

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