

New IRS Reporting Requirements for Merchant Transactions



Reporting Requirements & Legislative Overview

The Housing and Economic Recovery Act of 2008 is a new federal regulation created to help the IRS identify underreported sales. It requires “merchant acquiring entities*” to report year-end, gross amounts of their merchant customers’ credit card, debit card, gift card, and e-commerce transactions to the IRS by filing a Form 1099-K, an information return.

These new requirements will apply to transactions beginning on January 1, 2011, with required reporting to begin in 2012. In order to provide the IRS with the required information, all merchant acquiring entities must collect and verify the Tax Identification Number (TIN) and associated legal business name and address for each merchant on file.

Elavon is a merchant acquiring entity and, as a result of this new law, is implementing procedures and system enhancements to prepare merchants for the impact of these requirements. Currently, Elavon is anticipating the Secretary of the Treasury’s release of the specific requirements and regulations associated with the new reporting rules. We will continue to update you with educational and support information as it becomes available.

If you have any questions, please contact Elavon’s dedicated IRS Reporting Requirements service line, at 1-877-400-1971 or online at <http://tellmemore.elavon.com/IRS>.

TIN Matching Process

The acronym for Tax Identification Number, TIN, is a generic term to refer to a business’ Employer Identification Number (EIN) or the business owner’s Social Security Number (SSN). If you are notified that your TIN or legal business name in Elavon’s records does not match the IRS’ records, you must provide Elavon with a Form W9.

New Reporting Requirements Summary

IRS Requirements for Elavon:

- Elavon must collect and verify your TIN and associated legal business name and address for your merchant business.
- Beginning with the 2011 tax year, Elavon is responsible for reporting your total annual dollar amount of payment card transactions to the IRS in 2012.
- In January 2012, Elavon must file a Form 1099-K, an information return, with the IRS and provide a copy to you for the 2011 tax year.
- Beginning in 2012, if your TIN/legal business name combination that was provided to Elavon does not match the information on file with the IRS, you will be subjected to IRS mandated backup withholdings.

IRS Requirements for Merchants:

- You must ensure that the TIN/legal business name combination that was provided to Elavon for payment card transactions matches the information on file with the IRS.
- When you receive a copy of the information return filed by Elavon annually, you should compare that information with your own tax records to validate the accuracy of the information.

*A merchant acquiring entity is defined by the statute as the bank or other organization contractually obligated to make payment to merchants in settlement of payment card transactions.