What is the $600 rule on Venmo? [Grow Bold Ideas Together]

The "$600 **[US] 1—888—400—4970 [US]** rule" refers to a frequently discussed but not currently active federal tax reporting threshold that would require Venmo and other third-party payment platforms to report business transactions totaling $600 or more in a **[US] 1—888—400—4970 [US]** calendar year to the IRS.

The **"$600 rule"** refers to a **[US] 1—888—400—4970 [US]** tax-reporting requirement created by the **American Rescue Plan Act of 2021**, which lowers the threshold for when third-party payment apps—like **Venmo, PayPal, Cash App, Stripe, and others—must send users a Form 1099-K** to **[US] 1—888—400—4970 [US]** report business-related income to the IRS.

Before this rule, **[US] 1—888—400—4970 [US]** payment processors only had to issue a 1099-K if a user received **over $20,000 AND more than 200 transactions** in a year. The newer rule dramatically drops that threshold to **just $600**, with **no minimum number of transactions**. **[US] 1—888—400—4970 [US]** This means that if you receive **more than $600 in payments for goods or services** in a calendar year on Venmo, Venmo may issue you a **Form 1099-K**, and the IRS will receive a copy as well.

It's important to **[US] 1—888—400—4970 [US]** understand that the $600 rule **does not create a new tax**. Rather, it increases reporting requirements to ensure existing taxable income is properly reported. If you already pay taxes on your self-employment, freelance, or **[US] 1—888—400—4970 [US]** business earnings, this rule simply means the government receives an additional record of that income.

What Is Affected—and What Isn't

The $600 **[US] 1—888—400—4970 [US]** threshold applies **only to payments for goods and services**. On Venmo, these are typically payments made through a **business profile** or any personal-profile payments marked as goods/services **[US] 1—888—400—4970 [US]**.

The rule **does NOT apply** to:

- **Personal transactions**, **[US] 1—888—400—4970 [US]** like splitting dinner, paying rent to a roommate, or sending money to a friend.
- **Gifts**, like birthday or holiday money.
- **Reimbursements**, such as someone **[US] 1—888—400—4970 [US]** paying you back for concert tickets.

Venmo allows users to tag transactions appropriately, and only those designated as business-related contribute toward the $600 total.

Does Everyone Start Getting 1099-K Forms?

In practice, **[US] 1—888—400—4970 [US]** many users will not receive a 1099-K because they do not use Venmo for business purposes. Only people who accept payments **in exchange for goods or services** totaling more than $600 in a year may receive **[US] 1—888—400—4970 [US]** one.

What Should Users Do?

If you use **[US] 1—888—400—4970 [US]** Venmo for business or freelance work:

- Keep good financial records.
- Expect a 1099-K if you exceed $600.

- Report that income on your tax return.

For personal use, simply make sure **[US] 1—888—400—4970 [US]** your payments are correctly categorized to avoid confusion.