

# What is the new \$600 rule on Venmo? New Tax Threshold

The new \$600 rule on Venmo refers to recent changes in the way the Venmo platform reports certain transactions to the IRS. Previously, Venmo and other peer-to-peer payment apps were required to report transactions only if a user received more than \$20,000 in a year and completed more than 200 transactions. However, starting in 2022, the IRS lowered this threshold significantly.

Now, if you receive \$600 or more in total payments for goods and services through Venmo in a year, the platform is mandated to report this income to the IRS using Form 1099-K. This change aims to improve tax compliance and ensure that individuals accurately report income earned through digital platforms.

It's important to note that this rule applies primarily to business transactions or payments for goods and services. Personal transactions, such as gifts or reimbursements among friends, generally remain non-taxable and are not subject to reporting unless they are part of a business or commercial activity.

For users, this change means being more aware of how they categorize their transactions. If you receive \$600 or more for selling items or providing services, Venmo will send you a 1099-K form, and you'll need to report that income on your tax return. Not doing so can result in penalties or audits.

In summary, the new \$600 rule on Venmo is about increasing transparency and tax compliance for digital transactions. It's essential for users to understand which payments are taxable and keep accurate records of their transactions to avoid surprises during tax season.