



**Department of the Treasury
Internal Revenue Service**

Date:

Taxpayer ID number:

Form:

Tax period(s) ended:

Person to contact:

Contact telephone number:

Contact hours:

Contact fax number:

Dear [Taxpayer]:

Notification of Possible Income Underreporting

Why you are receiving this letter

Your gross receipts may be underreported. We received Form(s) 1099-K, *Payment Card and Third Party Network Transactions*, showing your total payments from Merchant Card and Third Party Network transactions. The information from these form(s) and your tax return show an unusually high portion of gross receipts from card payments and other Form 1099-K reportable transactions. Your type of business consistently has a much lower portion of gross receipts from card payments and other Form 1099-K reportable transactions, and a higher portion of gross receipts from other sources (e.g., cash and checks).

Listed below is the information reported to us:

- Your reported gross receipts are: \$
- Your gross amount of merchant card and third party network payments from "Forms 1099-K are: \$

Below are the Form(s) 1099-K we received for your business and the corresponding Gross Merchant Card and Third Party Network payments for each form:

Form 1099-K Filers	Reported 20XX Gross Amount of Merchant Card and Third Party Network Payments (Box 1)
	\$
	\$
	\$
	\$
	\$

What you need to do

Please review the information above for accuracy. Additionally, review your computation of gross receipts for your business(es) as reported on your 20xx tax return. Make sure that you fully reported receipts from all sources, including card, cash, and checks.

What happens next

If you don't find any inaccuracies in your review, no further action is required at this time. When you file next year's tax return, remember to include receipts from all income sources.

For additional information regarding Form 1099-K, *Payment Card and Third Party Network Transactions* reporting, you can refer to the information available at www.irs.gov by searching key words, "Third Party Reporting Center".

If you have questions, you can call us at the number shown above.

Thank you for your cooperation.

Sincerely yours,

[Name]
[Title]