

NEW IRS REQUIREMENT FOR CONSIGNORS

This memo addresses important changes by the Internal Revenue Service (IRS) that affect consignors of Turner Auctions + Appraisals (TAA): it requires TAA to file a Form 1099-K tax form for any payments for goods that total \$600 or more in a calendar year. In order to comply, please fill out the attached W-9 for “United States Persons”* and return it to us promptly to avoid a delay to your settlement. **Note we must receive this form, accurately and completely filled out, before we remit the proceeds on your consignments.**

Here is some additional information:

BACKGROUND

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (“ARPA”) into law. The American Rescue Plan Act of 2021 lowered the threshold for Form 1099-K reporting on third-party network transactions. This change requires Forms 1099-K to be furnished to recipients by third-party settlement organizations. The Form 1099-K includes the gross amount of all payment transactions within a calendar year. Because TAA: 1) is a marketplace that connects buyers and sellers of goods, and 2) is a third-party settlement organization, TAA and its consignors are impacted by ARPA. To satisfy this new IRS requirement, consignors must provide TAA with a Form W-9 (or W-8-BEN, or W-8-BEN-E, as applicable).

Until this law was passed, a 1099-K was not required unless the amount to be reported exceeded \$20,000 and a payee’s aggregate number of transactions exceeded 200. However, due to ARPA, the \$20,000 / 200 transaction threshold has now decreased to \$600, regardless of the number of transactions. This change, effective for 2022 Forms 1099-K that are due to be filed in 2023, is likely to affect most TAA consignors.

KEY POINTS

- The Form 1099-K includes the gross amount of all payment transactions within a calendar year.
- For aggregate transactions totaling \$600 or above in 2022, TAA will send you a Form 1099-K in early 2023. This will also include any settlement(s) in 2022 for sales of property in 2021.
- If you have multiple accounts at TAA, all payment transactions with the same Tax ID on the Form W-9 you provide will be combined, and the Form 1099-K will reflect settlement of all accounts.
- Once the Form W-9 has been returned to TAA, and we receive the purchase price of your consigned lot(s) from the buyer, settlement will be made as usual.
- If you make multiple consignments, only one W-9 is necessary, unless your information changes.
- TAA is required to also report this information to the IRS and any relevant state tax authority.
- As with all personal data, TAA will maintain this documentation in a secure manner.

NEXT STEPS

1. For consignors who are “United States Persons”*: Please fill out the attached W-9 and scan/email to jillturnerpr@gmail.com or mail it back to TAA (Jill Turner, Turner Auctions + Appraisals, 461 Littlefield Avenue, South San Francisco, CA 94080). At the end of 2022 and subsequent years, we will email you the 1099-K for your tax-filing purposes if your total settlements for the year total \$600 or more. **With this in mind, please also include your email at the top of the W-9 form. Please note again that we must receive Form W-9 that you have filled out before we send your settlement check(s).**

2. For consignors who are not “United States Persons”*: Please contact us so we can email you the appropriate form, Form W-8BEN (Individuals) or W-8BEN-E (Entities).

For your convenience, fillable Forms W-9, W-8BEN, and W-8BEN-E are also on our website at: www.turnerauctionsonline.com/consignors.

3. If you have questions: Please contact your tax advisor. Note that it is consignors’ responsibility to retain their own advisors regarding the financial, tax, accounting, regulatory and/or legal implications of any transaction.

Thank you in advance for your timely compliance with this new Federal requirement.

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* The IRS defines “United States Persons” as: “a citizen or resident of the United States; domestic partnership; a domestic corporation; any estate other than a foreign estate; any trust if a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust; and any other person that is not a foreign person.”