



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

COMMISSIONER
SMALL BUSINESS/SELF-EMPLOYED DIVISION

JAN 31 2014

Mr. Jason Oxman, Chief Executive Officer
Electronic Transactions Association
1101 16th Street, NW
Suite 402
Washington, DC 20036

Dear Mr. Oxman:

Thank you for your letter of August 12, 2013, commenting on Internal Revenue Service Draft Form 1099-K for tax year 2014 regarding the requirement to separately report Card Not Present (CNP) and Card Present (CP) Transactions. In your letter, you expressed concern about the ability of payment processors to collect, capture, and accurately report CNP transactions. You also expressed concern about your members' need to build an infrastructure to extract the information and include it in the reporting systems currently used.

After careful consideration, we have determined that the requirement to report separately CNP transactions will be optional for tax year 2014 and required for tax year 2015. By extending the requirement to tax year 2015, this should allow ample time for payment processors to make the necessary infrastructure changes to provide available CNP transactional data on Form 1099-K.

We appreciate your work with us in this and other areas as we continually seek to improve our processes and to minimize compliance burden on taxpayers. Should you have additional comments or questions, please feel free to contact Candice Cromling at (202) 317-6530. As always, we are open to continuing productive dialog.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Schiller", written over a horizontal line.

Karen Schiller