

Tax law changes and 1099-K from Money Payment App Vendor

New tax law changes that went into effect January 1, 2022 require the IRS to send a 1099-K to any Digital Payment App users whose transactions exceed \$600 in a calendar year. This applies to Troops and Service Units that are using apps like PayPal, Venmo, Square, Zelle, etc. to collect payment for business conducted through the troop or SU bank account. This will not impact any payments received through Digital Cookie, regardless of the cumulative amount received in a calendar year.

With the increased options for troop and Service Unit use of Digital Payment Applications (Apps), Girl Scouts of New Mexico Trails is committed to working with troops/SUs on a safe and effective process for collecting payments electronically as an alternative to exchanging cash or checks. The use of an app allows for limited contact of actual funds while providing documentation for both the recipient and the payee.

While many apps are available for use, GSUSA recommends that councils select one app that will be used for all electronic transactions. Therefore, effective June 1st, 2022, **PayPal will be the only allowable Digital Payment App that may be used for transactions by Girl Scouts of New Mexico Trails account holders.** If troops/SUs choose to not use a Digital Payment app, that is fine; but PayPal will be the only app that will be allowed by Girl Scouts of New Mexico Trails.

Setting Up / Adjusting PayPal

When setting up the PayPal account for the troop/SU, please use the council's **Tax ID number (85-6011246)** – much like what is used when the troop/SU sets up a bank account with their financial institution of choice. If your PayPal account was set up using a personal social security number, please make that correction with PayPal as soon as possible.

Please note, if more than \$600 is received by the troop/SU during the calendar year, a 1099-K form will be issued by the IRS to the troop/SU. It is not required that you file anything with the IRS, but the troop/SU treasurer should retain this form for your own records. **The council does not need a copy of this form.**

Other Payment Apps

If your troop/SU has been using any other Digital Payment App to exchange payments, please discontinue the use of this app no later than May 31st, 2022. As mentioned above, PayPal will be the only allowable Digital Payment App for use by troops/SUs affiliated with Girl Scouts of New Mexico Trails.

If you need further guidance, please contact your Regional Manager or Troop/Service Unit Support Specialist at 505-343-1040.