

# Regulatory Accounting Assistance Program

Making it easy for you to  
comply with the IRS card  
payment acceptance rule



**NPC**<sup>®</sup>  
A Vantiv Company

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## Overview of New IRS Rules

The Housing Assistance Tax Act of 2008 included the creation of Section 6050W of the Internal Revenue Code, an important new regulation that requires reporting entities to report the gross amounts of their merchant customers' payment card and third party network transactions to the Internal Revenue Service (IRS). This federal regulation will be used to help the IRS identify under-reported merchant payment card transactions. Beginning January 1, 2011 (with required reporting in 2012), merchant acquirers are required to collect and verify merchant Tax Identification Number (TIN) and legal name. This information will be used to file a 1099-K form with the IRS, as well as provide a statement to the merchant. If a merchant/payee fails to provide its correct TIN or if the IRS notifies the reporting entity that the legal name/TIN combination does not match, the IRS requires the reporting entity to begin backup withholding – currently 28% – of the merchant's future payments from card transactions.

## Our Requirements

NPC, A Vantiv Company, collects and verifies your Taxpayer Identification Number (TIN) and the legal business name and address for your merchant account established at NPC.

Beginning for all of calendar year 2016, NPC will report your gross total annual and monthly dollar amount of payment card transactions to the IRS.

You received a copy of your 1099-K in January/early February 2017.

## What You Need to Do

Ensure NPC has your correct TIN and legal name. You can verify your TIN via one or more of the following methods:

- Reviewing your tax records (including your SS-4, IRS peel-o! tax label, various tax returns)
- Verify information with your accountant or tax advisor
- Contact the IRS directly at 800-829-3676, and request Form 147-C

Visit [mynpcdata.net](http://mynpcdata.net) for access and further information.

Regardless of your income tax filing form, the information contained within your 1099-K is critical. Box 1 will contain your “Gross amount of merchant card/third party network payments”.

CORRECTED			
ZIP	FILER'S federal identification no.	OMB No. 1545-2205	<b>2016</b> <b>Payment Card and Third Party Network Transactions</b> <b>Form 1099-K</b>
	PAYEE'S taxpayer identification no.		
	<b>1a</b> Gross amount of payment card/third party network transactions \$		
	<b>1b</b> Card Not Present transactions \$	<b>2</b> Merchant category code	<b>Copy A</b> <b>For Internal Revenue Service Center</b>
<input type="checkbox"/>	<b>3</b> Number of payment transactions	<b>4</b> Federal income tax withheld \$	
	<b>5a</b> January \$	<b>5b</b> February \$	<b>File with Form 1096.</b>  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2015 General</b>
	<b>5c</b> March \$	<b>5d</b> April \$	
	<b>5e</b> May \$	<b>5f</b> June \$	

If your business is typical of most businesses, you may occasionally issue credits or returns to your customer’s card, and in some cases, even experience chargebacks. This could cause the gross amount reported to you on the 1099-K to be different than the net amount of card transactions settled to you.

Determining the gross vs. net can be an accounting challenge for many merchants and their tax preparers, both for filing of quarterly tax estimates and Year End tax returns. Accounting for and reconciling the gross card transactions to net amounts will be more important than ever.

## Regulatory Accounting Assistance Program

We are committed to meeting our requirements under the IRS regulation 6050W. In addition, after assessing the needs of our merchant community and in an effort to provide tools to solve for our merchants’ everyday needs, we have created the **Regulatory Accounting Assistance Program (“RAAP”)**. The RAAP is an online tool that provides you with the details you need to manage your filing amounts responsibly. It provides you with access to the information you need to manage new legislative requirements relating to merchant payment card acceptance.

### Primary Feature:

- Online Reconciliation: capability to view existing payment accounting and compare against gross payments reportable to the IRS

### Benefits:

- Explanation of computed amounts reported
- Reconciliation of paid versus reported sales for merchant tax return
- Integration with merchant online portal
- Information can be exported via Excel and imported to tax software if compatible

Competitively priced at the annual fee amount listed in your introductory letter for RAAP or in Section 10 of your Merchant Application, and billed one time each year in March, RAAP gives you the access you need to manage your reporting requirements electronically providing you with easier and faster results than traditional paper research and accounting.

## Important Dates:

- January 2016–December 2016. Data collected for year-end reporting
- January 2017. Form 1099-K must be mailed to merchants by January 31, 2017
- March 2017. Merchant Forms must be filed with the IRS

## Important Terms:

- **Taxpayer Identification Number (TIN):** The Taxpayer Identification Number is used by the IRS in the administration of tax laws. The Taxpayer Identification Number is typically either a federal Employer Identification Number (EIN) or a Social Security Number (SSN)
- **Gross Amount:** Gross amount is defined as the total dollar amount in which a payment card is accepted. This amount is without regard to any adjustments for credits, returns, chargebacks, cash equivalents, discount amounts, fees refunded or any other adjustments
- **Legal name:** The business legal name should be the same legal name that you provided to the IRS when applying for your Taxpayer Identification Number (TIN). Your legal name may be different than your “doing-business-as” (DBA) name. The business legal name is the Tax Filing name; the name you use when you file your business taxes with the IRS
- **Backup withholding notice (B-Notice):** B-Notice is a backup withholding notice that the IRS will send to the merchant acquiring entities for every Form 1099-K filed that has an incorrect legal name/TIN combination.

Merchant acquiring entities will have 30 days to solicit and obtain the correct merchant information on Form W-9 from each merchant listed on a B-Notice. If the merchant does not provide the requested information, the IRS will require each merchant acquiring entity to begin backup withholding. A federal rate of 28% on future gross settled amounts will be held as required by law. All monies withheld will be promptly remitted to the IRS. Some states such as California have also committed to participating in backup withholding.

**Need more information? Visit [npc.net](http://npc.net).**

## UPDATING YOUR TAX RECORDS

If you receive notification from NPC that your information needs to be updated, please visit [npc.my1099k.com](http://npc.my1099k.com) to provide corrected data as soon as possible. For any other questions or changes, contact us at 877.277.6072.

**Visit [mynpcdata.net](http://mynpcdata.net) for access and further information.**

*NPC, A Vantiv Company, is not providing tax, legal or other professional advice. Please consult your tax or legal advisor if you have questions or concerns about the regulation referenced in this material.*

# Regulatory Accounting Assistance Program

Information in this document and this Regulatory Accounting Assistance Program (RAAP) cannot and does not constitute tax, legal, or other professional advice and must not be used as such.

Please contact your tax or legal advisor to understand the impact of these tax provisions on your business and your filing obligations.

For more information, please log into:  
**[mynpcdata.net](http://mynpcdata.net)**

Or call our RAAP Support Line:  
**877.277.6072**

For current tax forms and information, please visit: **[irs.gov](http://irs.gov)**

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