



New IRS Reporting Requirements for Merchant Transactions

Reporting Requirements & Legislative Overview

The Housing and Economic Recovery Act of 2008 is a new federal regulation created to help the IRS identify underreported merchant payment card transactions. It requires "merchant acquiring entities*" to track and report gross amounts of their merchant customers' credit card, debit card, gift card, and e-commerce transactions to the IRS by filing a Form 1099-K, an information return, for each calendar year.

These new requirements will apply to transactions beginning on January 1, 2011, with required reporting to begin in 2012.

Elavon is a merchant acquiring entity and, as a result of this new law, is implementing procedures and system enhancements to prepare merchants for the impact of these requirements. We have been working to validate merchants' tax information against the IRS' Tax Identification Number (TIN) program as part of this process.

We recommend that you speak with your tax advisor to discuss any impact this new reporting requirement may have on your accounting procedures. For instance, you may need to account for potential deductions that your business may benefit from, such as credits to your account, chargebacks against your account and fees that are not included in your gross transactions. You will also need to include the amount reported on Form 1099K.

New Reporting Requirements Summary

IRS Requirements for Elavon:

- Elavon must collect and verify your TIN and the legal business name and address for your merchant accounts established at Elavon.
- Beginning this tax year, Elavon is responsible for reporting your gross total annual dollar amount of payment card transactions to the IRS in 2012.
- In 2012, Elavon must file a Form 1099-K, an information return, with the IRS and provide a copy to you for the 2011 tax year.

Reporting Requirements for U.S. Merchants:

- When you file your income tax returns for tax year 2011, be sure to include the Form 1099-K information

If you have any questions, please visit Elavon's dedicated IRS Reporting Requirements website at <http://tellmemore.elavon.com/IRS>.

*A merchant acquiring entity is defined by the statute as the bank or other organization contractually obligated to make payment to merchants in settlement of payment card transactions.