The 1099-K Panic Cheat Sheet

for resellers • free from ThriftMath • read before January

The one sentence that ends the panic

A 1099-K reports your GROSS sales. You owe tax on your PROFIT. If you sold $14,000 of stuff that cost you $9,000 to buy, with $3,000 of fees and shipping, your taxable profit is about $2,000 — not $14,000.

2026 thresholds (US)

Federal: platforms send a 1099-K at $20,000 AND more than 200 transactions (reverted under 2025's tax law).

But several states are lower — MD, VA, MA, VT, DC and others kept thresholds as low as $600, so you can get a state form under the federal line.

And the form isn't what creates the tax. Profit is taxable from dollar one, form or no form. The form just means the IRS got a copy of your gross number — which is why your own records matter.

What subtracts from that gross number

• What you paid for the items (cost of goods sold — yes, thrift receipts count; keep them)

• Platform fees and payment processing

• Shipping labels and supplies (mailers, boxes, tape)

• Mileage to source and meet up (2026 IRS rate: 72.5¢/mile Jan–Jun, 76¢/mile from July 1)

• Storage, software subscriptions, the business share of your phone

The gap between gross and profit is usually 60–85% for resellers. Every untracked receipt closes that gap in the IRS's favor.

The 15-minute fix

1. Open a note or spreadsheet today — not in January.

2. Log every haul receipt and every sale as they happen (15 seconds each).

3. Set aside ~25% of profit in a separate account named TAXES.

That's the whole system. We make a spreadsheet that does the math parts automatically — thriftmath.com — but honestly, any consistent record beats the January scramble.

The fine print

General information as of mid-2026, not tax advice — thresholds and rates change, and states differ. A tax professional who knows resale is worth every penny the first year.

