

## Money Transfer Apps: The Big 3

### Examining the Similarities and Differences Between Venmo, Cash App, and PayPal

#### Venmo

<b>What is it?</b>	Venmo is a mobile app where individuals can send and receive money by connecting their checking account with your Venmo account.
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<b>Why use it?</b>	<b>Send Money to Family and Friends</b>	<b>Make Purchases Online</b>
	The main purpose of Venmo’s creation was for individuals to send and receive money from family and friends. This feature can be utilized in splitting restaurant bills, utility payments with roommates, uber charges, etc.	Some companies will offer “pay with Venmo” option online at checkout. If you utilize this feature, the order will be processed utilizing money that is being saved in your “Venmo account”.

<b>Is Venmo social media?</b>	<b>Public</b>	<b>Friends Only</b>	<b>Private</b>
<i>There are three options to list Venmo transactions as when you are generating a payment or requesting payment.</i>	information is shared on the Venmo public feed and anyone on the internet can see it	information is shared with the Venmo friends of those involved in the transaction	information will not be shared with anyone except the two individuals listed in the transaction

<b>Does it cost to use Venmo?</b>	<b>Standard Transfer Service</b>	<b>Credit Card Transfers</b>
	When transferring money from your Venmo Account to your checking account, you will have to wait 1-3 business days OR you can initiate an instant transfer of 1% (minimum of \$0.25, maximum of \$10)	If you use a credit card to transfer money to others, rather than a bank account, there is a flat 3% fee. *Some credit card companies view these transactions as cash advances which may involve additional fees*

<b>How much can I transfer?</b>	<b>When First Opening an Account</b>	<b>After Verifying Your Account</b>	<b>Weekly Authorized Merchant Payments</b>
	\$299.99 per week	\$4,999.99 person-to-person	\$6,999.99

<b>What is a Venmo Debit Card?</b>	<b>Limit per Purchase</b>	<b>Limit on Peer-to-Peer Payments, Payments to Merchants, and Purchases with Debit Card</b>	<b>ATM Withdrawal Limits (includes over-the-counter withdrawals and cash back)</b>
<i>This card utilizes your Venmo account balance, as if it is a checking account.</i>	\$2,999.99 per purchase limit	\$6,999.99 weekly limit	\$400 daily limit *There may be a \$2.50 domestic withdrawal fee on some ATMs*

<b>What is a Venmo Credit Card?</b>	<b>3% Cashback</b>	<b>2% Cashback</b>	<b>1% Cashback</b>
<i>Cashback Categories: transportation, grocery, travel, entertainment, dining and nightlife, bills and utilities, health and beauty, gas, other</i>	Your top spending category	Your second-highest spending category	All other transactions

<b>Is Venmo Safe?</b>	<b>The App</b>	<b>Scams</b>
	The Venmo app utilizes encryption to keep your account details safe. Additionally, you can set up multi-factor authorization and a unique PIN code.	Be aware of common Venmo scams and always ensure you know who you are transferring money too when using the app.

<b>Do I have to pay taxes on my Venmo transactions?</b>	If you use Venmo for <i>only</i> personal payments (i.e., payments with friends and family...)	If you use Venmo to handle business income...	If you use Venmo to handle business income...	In the future, if you use Venmo to handle business income...
<i>For certain individuals, and for a certain amount, you will need to use</i>	You do not need to pay taxes on these transactions.	You will need to report your income to the IRS if you receive more	You will need to report your income to the IRS if you receive more than \$5,000	You will need to report your income to the IRS if you receive more

<i>a 1099-K form to report to the IRS</i>		than \$20,000 and have more than 200 transactions in “third-party payments” *For tax year 2023*	in “third-party payments” *For tax year 2024*	than \$600 in “third-party payments”
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Notes on Taxes with Venmo

- If you do not provide requested tax information to Venmo for them to create your 1099-K form, Venmo is required by law to do what’s called “backup withholding”. Backup withholding is when Venmo hangs on to at least 24% of your payments
- The “goods and services” designation can assist the buyer and seller by providing protection for purchases
  - It also allows Venmo to charge business and charity accounts: 1.9%, plus 10 cents
- Simple tax filing with the 1099-K form is a flat fee of \$50.00
- Where do I find my Venmo tax forms?
  - Open the Venmo app.
  - Tap the “settings” icon.
  - Open the tax documents option.
  - Pull up the year you’re looking at to see if there are any applicable documents.
- Can I get out of Venmo taxes by switching services?
  - Zelle says the IRS restrictions do not apply to its network
  - Cash App sends tax forms only to people who have business accounts.

**Cash App**

<b>What is it?</b>	Cash App is a mobile app where individuals can send and receive money by connecting to their checking account. Cash App offer other services, such as, investing in stocks, special savings with certain merchants, and trading bitcoin.
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	<b>Send Money to Family and Friends</b>	<b>Make Purchases</b>	<b>Stocks &amp; Bitcoin</b>
<b>Why use it?</b>	The main purpose of Cash App is for individuals to send and receive money from family and friends. This feature can be utilized	Some merchants will offer “pay with Cash App” option online at checkout. If you utilize this feature, the order will be processed	Cash App allows users to utilize the app to trade stocks and trade bitcoin. A unique feature when compared

	in splitting restaurant bills, utility payments with roommates, uber charges, etc.	utilizing money that is being saved in your “Cash App account”.	with other money-sending apps.
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<b>Does it cost to use Cash App?</b>	<b>Standard Transfer Service</b>	<b>Credit Card Transfers</b>
	Cash App does not charge fees for sending, receiving, or transferring money when utilizing a checking account or debit card and a standard transfer. Instant deposits of Cash App funds to your bank account cost a fee of 0.50% to 1.75%.	If you use a credit card to transfer money to others, rather than a bank account, there is a flat 3% fee.  *Some credit card companies view these transactions as cash advances which may involve additional fees*

<b>How much can I transfer?</b>	<b>When First Opening an Account</b>	<b>After Verifying Your Account</b>
	Send and receive up to \$1,000 on a rolling 30-day period. Total account limit of \$1,500.	Unlimited cash balance

<b>What is a Cash Card?</b>	<b>Limit per Purchase Per Day/Per Transaction</b>	<b>Limit Per Week</b>	<b>Limit per Month</b>	<b>ATM Withdrawal Limits (includes over-the-counter withdrawals and cash back)</b>
<i>This card utilizes your Cash App account balance, as if it is a checking account.</i>	\$7,000	\$10,000	\$25,000	<p>\$1,000 daily limit</p> <p>*There may be a \$2.50 domestic withdrawal fee on some ATMs*</p> <p>*Cash App will charge \$2.50 on its end for each transaction*</p> <p>*If you’ve direct deposited at least \$300 each month,</p>

				you will be reimbursed all fees*
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\*Cash App funds have FDIC insurance only if you have a Cash Card or if you have a sponsored account. (For example, Cash App users ages 13 to 17 must have an adult sponsor their account to use some features. The sponsor’s account and the teen’s account are both FDIC-insured) \*

<b>How do I use Cash App for stocks?</b>	<b>How to Start Investing</b>	<b>Automatic Investing</b>	<b>Investing Fees</b>
<i>Stocks can be purchased with the funds in your Cash App account; if you don't have enough funds in the app, then the remaining amount will be taken from your linked bank account.</i>	You will need at least \$1.00 in your account. Use your Cash App balance (or connected accounts) to purchase complete and fractional shares.	You can set a regular buying schedule to buy stocks daily, weekly, or biweekly.	Stock and ETF Trading does not cost any fees  *There are fees for trading Bitcoin as explained below*

<b>How do I use Cash App for Bitcoin?</b>	<b>How to Start Investing</b>	<b>Standard Fees</b>	<b>Additional Fees</b>
<i>Bitcoin can be purchased and sold in Cash App</i>	Utilize the buy and sell Bitcoin feature on the mobile app.	Cash App charges a basic service fee for all Bitcoin transactions	Additional fees will occur for “rush” and “priority” speeds but are dependent upon congestion of the blockchain.

	<b>The App</b>	<b>Scams</b>
<b>Is Cash App Safe?</b>	Cash App utilizes encryption to keep your account details safe. Additionally, you can set up a passcode, fingerprint, or face recognition, and can receive email/text notifications of every payment.	Be aware of common Cash App scams and always ensure you know who you are transferring money too when using the app.

<b>Do I have to pay taxes on my Cash App transactions?</b>	<b>If you use Cash App for <i>only</i> personal payments (i.e., payments with friends and family...) and do not have a business account...</b>	<b>If you use Cash App with a business account...</b>	<b>If you use Cash App with a business account...</b>	<b>In the future, if you use Cash App with a business account...</b>
<i>If you have a business account with Cash App, you may need to report your Cash App transactions using a 1099-K form.</i>	You do not need to pay taxes on these transactions.	You will need to report your income to the IRS if you receive more than \$20,000 and have more than 200 transactions in “third-party payments”  *For tax year 2023*	You will need to report your income to the IRS if you receive more than \$5,000 in “third-party payments”  *For tax year 2024*	You will need to report your income to the IRS if you receive more than \$600 in “third-party payments”

\*Cash App will provide you with the appropriate tax forms if you trade or spend in Bitcoin. \*

**PayPal**

<b>What is it?</b>	PayPal is an online payment system to make payments with family and friends and online purchases when you link your bank account, credit card or debit card.
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	<b>Send Money to Family and Friends</b>	<b>Make Purchases Online</b>
	The main purpose of PayPal is for individuals to send and receive money from family and friends. This feature can be	Some companies will offer “pay with PayPal” option online at checkout.

<b>Why use it?</b>	utilized in splitting restaurant bills, utility payments with roommates, uber charges, etc.	
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<b>Does it cost to use PayPal?</b>	<b>Fees for Personal Transactions</b>	<b>Debit Card/Credit Card Fees</b>	<b>Fees to Deposit PayPal Balance</b>
	If you use your PayPal balance, bank account, or Amex Send™ Account, there is no fee for a domestic personal transaction. There is a 5 percent fee (between \$0.99 and \$4.99 USD) for an international transaction	If you use a debit or credit card, there is a 2.9% fee for domestic transfers, and a 5% fee for international transfers. Plus, an additional fixed fee of \$0.30 for payments originating in the U.S.	There is no fee for a standard transfer of your PayPal balance into your bank account. For instant access, there is a 1% fee. If you are drawing a check from your PayPal account, there is a \$1.50 fee per withdrawal.

<b>How much can I transfer?</b>	<b>In General...</b>	<b>A Single Transaction</b>
	There is no limit on the amount that can be transferred via PayPal.	Typically, there is a limit of \$60,000 for a single PayPal transfer, but this limit can vary.

<b>What is PayPal Credit?</b>	PayPal Credit is a credit line program that acts like a virtual credit card. It can only be utilized for online payments on websites that accept PayPal.
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<b>What is Pay in 4?</b>	<b>Pay in 4</b>	<b>Limits</b>
	This program lets users split purchases into 4 equal payments over six weeks with no interests or fees.	This program is available for purchases between \$30 - \$1,500.

	<b>Secure Transactions</b>	<b>Scams</b>
	PayPal utilizes encryption to keep your account details safe.	Be aware of common PayPal scams and always ensure you

<b>Is PayPal Safe?</b>	Additionally, PayPal utilizes two-factor authentication and email confirmation of PayPal transactions.	know who you are transferring money too when using the app.
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<b>Are there different PayPal Accounts?</b>	<b>Personal</b>	<b>Business</b>
	Personal PayPal accounts are for individuals who want to send and receive money from family and friends and make online purchases.	Business accounts allow for business to receive payment via PayPal, even if the customer does not have PayPal. Additionally, business accounts can send invoices and receive payments online.

\*When making a payment, you will be asked if the transaction is for “Friends and Family” or “Good and Services”. “Good and Services” will trigger a fee that the receiving account must pay.”

<b>Do I have to pay taxes on my PayPal transactions?</b>	<b>If you use PayPal for <i>only</i> personal payments (i.e., payments with friends and family...)</b>	<b>If you use PayPal to handle business income...</b>	<b>If you use PayPal to handle business income...</b>	<b>In the future, if you use PayPal to handle business income...</b>
<i>For certain individuals, and for a certain amount, you will need to use a 1099-K form to report to the IRS</i>	You do not need to pay taxes on these transactions.	You will need to report your income to the IRS if you receive more than \$20,000 and have more than 200 transactions in “third-party payments”  *For tax year 2023*	You will need to report your income to the IRS if you receive more than \$5,000 in “third-party payments”  *For tax year 2024*	You will need to report your income to the IRS if you receive more than \$600 in “third-party payments”



## **Resources**

<https://www.bankrate.com/finance/credit-cards/how-to-use-venmo/>

<https://www.nerdwallet.com/article/taxes/venmo-taxes>

<https://cash.app/cmp/1099-K>

<https://cash.app/help/us/en-us/6543-account-limits>

<https://www.bankrate.com/investing/cash-app-review/#cons>

<https://www.nerdwallet.com/article/banking/cash-app-review>

<https://www.paypal.com/us/cshelp/article/will-paypal-report-my-sales-to-the-irs-help543>

<https://www.bankrate.com/finance/credit-cards/guide-to-using-paypal/>