

sections (a), (b), (d) (other than paragraph (2)(A) thereof), and (e) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) determined by substituting “calendar year 2011” for “calendar year 1992” in subparagraph (B) thereof.

(2) Rounding

If any amount adjusted under paragraph (1)—

(A) is not less than \$75,000 and is not a multiple of \$500, such amount shall be rounded to the next lowest multiple of \$500, and

(B) is not described in subparagraph (A) and is not a multiple of \$10, such amount shall be rounded to the next lowest multiple of \$10.

(Added Pub. L. 99-514, title XV, § 1501(a), Oct. 22, 1986, 100 Stat. 2732; amended Pub. L. 100-690, title VII, § 7601(a)(2)(A), Nov. 18, 1988, 102 Stat. 4503; Pub. L. 101-239, title VII, § 7711(a), Dec. 19, 1989, 103 Stat. 2388; Pub. L. 101-508, title XI, § 11318(b), Nov. 5, 1990, 104 Stat. 1388-459; Pub. L. 109-280, title XII, § 1211(b)(2), Aug. 17, 2006, 120 Stat. 1073; Pub. L. 111-240, title II, § 2102(a)-(f), Sept. 27, 2010, 124 Stat. 2561, 2562.)

AMENDMENTS

2010—Subsec. (a)(1). Pub. L. 111-240, § 2102(a), substituted “\$100” for “\$50” and “\$1,500,000” for “\$250,000”.

Subsec. (b)(1)(A). Pub. L. 111-240, § 2102(a)(1), (b)(1), substituted “\$30” for “\$15” and “\$100” for “\$50”.

Subsec. (b)(1)(B). Pub. L. 111-240, § 2102(b)(2), substituted “\$250,000” for “\$75,000”.

Subsec. (b)(2)(A). Pub. L. 111-240, § 2102(a)(1), (c)(1), substituted “\$60” for “\$30” and “\$100” for “\$50”.

Subsec. (b)(2)(B). Pub. L. 111-240, § 2102(c)(2), substituted “\$500,000” for “\$150,000”.

Subsec. (d)(1). Pub. L. 111-240, § 2102(d)(2), substituted “such calendar year” for “such taxable year” in introductory provisions.

Subsec. (d)(1)(A). Pub. L. 111-240, § 2102(a)(2), (d)(1)(A), substituted “\$500,000” for “\$100,000” and “\$1,500,000” for “\$250,000”.

Subsec. (d)(1)(B). Pub. L. 111-240, § 2102(b)(2), (d)(1)(B), substituted “\$75,000” for “\$25,000” and “\$250,000” for “\$75,000”.

Subsec. (d)(1)(C). Pub. L. 111-240, § 2102(c)(2), (d)(1)(C), substituted “\$200,000” for “\$50,000” and “\$500,000” for “\$150,000”.

Subsec. (e)(2). Pub. L. 111-240, § 2102(e), substituted “\$250” for “\$100” in introductory provisions.

Subsec. (e)(3)(A). Pub. L. 111-240, § 2102(a)(2), substituted “\$1,500,000” for “\$250,000”.

Subsec. (f). Pub. L. 111-240, § 2102(f), added subsec. (f).

2006—Subsec. (e)(2)(D). Pub. L. 109-280, which directed the addition of subpar. (D) to section 6721(e)(2), without specifying the act to be amended, was executed by making the addition to subsec. (e)(2) of this section, which is section 6721 of the Internal Revenue Code of 1986, to reflect the probable intent of Congress.

1990—Subsec. (e)(2). Pub. L. 101-508 inserted “6050I,” after “6050H,” and struck out “or” at end of subpar. (A), substituted “or” for “and” at end of subpar. (B), and added subpar. (C).

1989—Pub. L. 101-239 substituted “correct” for “certain” in section catchline and amended text generally, substituting subsecs. (a) to (e) for former subsec. (a) stating general rule and subsec. (b) relating to penalty in case of intentional disregard.

1988—Subsec. (b)(1)(A). Pub. L. 100-690 inserted “(or, if greater, in the case of a return filed under section 6050I, 10 percent of the taxable income derived from the transaction)” after “reported”.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-240, title II, § 2102(h), Sept. 27, 2010, 124 Stat. 2564, provided that: “The amendments made by

this section [amending this section and section 6722 of this title] shall apply with respect to information returns required to be filed on or after January 1, 2011.”

EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by Pub. L. 109-280 applicable to acquisitions of contracts after Aug. 17, 2006, see section 1211(d) of Pub. L. 109-280, set out as an Effective Date note under section 6050V of this title.

EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101-508 applicable to amounts received after Nov. 5, 1990, see section 11318(e)(1) of Pub. L. 101-508, set out as a note under section 6050I of this title.

EFFECTIVE DATE OF 1989 AMENDMENT

Section 7711(c) of Pub. L. 101-239 provided that: “The amendments made by this section [amending this section and sections 6722 to 6724 and 7205 of this title and repealing sections 6017A, 6676, and 6687 of this title] shall apply to returns and statements the due date for which (determined without regard to extensions) is after December 31, 1989.”

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-690 applicable to actions after Nov. 18, 1988, see section 7601(a)(3) of Pub. L. 100-690, set out as a note under section 6050I of this title.

EFFECTIVE DATE

Section 1501(e) of Pub. L. 99-514 provided that: “The amendments made by this section [enacting this section and sections 6722 to 6724 of this title, amending sections 219, 6031, 6033 to 6034A, 6041, 6042 to 6045, 6047, 6049, 6050A to 6050C, 6050E to 6050I, 6050K, 6052, 6057, 6058, 6652, and 6676 of this title, and repealing section 6678 of this title] shall apply to returns the due date for which (determined without regard to extensions) is after December 31, 1986, except that the amendments made by subsections (c)(2), (c)(3), and (c)(5) [amending sections 6042, 6044, and 6049 of this title] shall apply to returns the due [date] for which (determined without regard to extensions) is after the date of the enactment of this Act [Oct. 22, 1986].”

§ 6722. Failure to furnish correct payee statements

(a) Imposition of penalty

(1) General rule

In the case of each failure described in paragraph (2) by any person with respect to a payee statement, such person shall pay a penalty of \$100 for each statement with respect to which such a failure occurs, but the total amount imposed on such person for all such failures during any calendar year shall not exceed \$1,500,000.

(2) Failures subject to penalty

For purposes of paragraph (1), the failures described in this paragraph are—

(A) any failure to furnish a payee statement on or before the date prescribed therefor to the person to whom such statement is required to be furnished, and

(B) any failure to include all of the information required to be shown on a payee statement or the inclusion of incorrect information.

(b) Reduction where correction in specified period**(1) Correction within 30 days**

If any failure described in subsection (a)(2) is corrected on or before the day 30 days after the required filing date—

(A) the penalty imposed by subsection (a) shall be \$30 in lieu of \$100, and

(B) the total amount imposed on the person for all such failures during any calendar year which are so corrected shall not exceed \$250,000.

(2) Failures corrected on or before August 1

If any failure described in subsection (a)(2) is corrected after the 30th day referred to in paragraph (1) but on or before August 1 of the calendar year in which the required filing date occurs—

(A) the penalty imposed by subsection (a) shall be \$60 in lieu of \$100, and

(B) the total amount imposed on the person for all such failures during the calendar year which are so corrected shall not exceed \$500,000.

(c) Exception for de minimis failures**(1) In general**

If—

(A) a payee statement is furnished to the person to whom such statement is required to be furnished,

(B) there is a failure described in subsection (a)(2)(B) (determined after the application of section 6724(a)) with respect to such statement, and

(C) such failure is corrected on or before August 1 of the calendar year in which the required filing date occurs,

for purposes of this section, such statement shall be treated as having been furnished with all of the correct required information.

(2) Limitation

The number of payee statements to which paragraph (1) applies for any calendar year shall not exceed the greater of—

(A) 10, or

(B) one-half of 1 percent of the total number of payee statements required to be filed by the person during the calendar year.

(d) Lower limitations for persons with gross receipts of not more than \$5,000,000**(1) In general**

If any person meets the gross receipts test of paragraph (2) with respect to any calendar year, with respect to failures during such calendar year—

(A) subsection (a)(1) shall be applied by substituting “\$500,000” for “\$1,500,000”,

(B) subsection (b)(1)(B) shall be applied by substituting “\$75,000” for “\$250,000”, and

(C) subsection (b)(2)(B) shall be applied by substituting “\$200,000” for “\$500,000”.

(2) Gross receipts test

A person meets the gross receipts test of this paragraph if such person meets the gross receipts test of section 6721(d)(2).

(e) Penalty in case of intentional disregard

If 1 or more failures to which subsection (a) applies are due to intentional disregard of the

requirement to furnish a payee statement (or the correct information reporting requirement), then, with respect to each such failure—

(1) subsections (b), (c), and (d) shall not apply,

(2) the penalty imposed under subsection (a)(1) shall be \$250, or, if greater—

(A) in the case of a payee statement other than a statement required under section 6045(b), 6041A(e) (in respect of a return required under section 6041A(b)), 6050H(d), 6050J(e), 6050K(b), or 6050L(c), 10 percent of the aggregate amount of the items required to be reported correctly, or

(B) in the case of a payee statement required under section 6045(b), 6050K(b), or 6050L(c), 5 percent of the aggregate amount of the items required to be reported correctly, and

(3) in the case of any penalty determined under paragraph (2)—

(A) the \$1,500,000 limitation under subsection (a) shall not apply, and

(B) such penalty shall not be taken into account in applying such limitation to penalties not determined under paragraph (2).

(f) Adjustment for inflation**(1) In general**

For each fifth calendar year beginning after 2012, each of the dollar amounts under subsections (a), (b), (d)(1), and (e) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) determined by substituting “calendar year 2011” for “calendar year 1992” in subparagraph (B) thereof.

(2) Rounding

If any amount adjusted under paragraph (1)—

(A) is not less than \$75,000 and is not a multiple of \$500, such amount shall be rounded to the next lowest multiple of \$500, and

(B) is not described in subparagraph (A) and is not a multiple of \$10, such amount shall be rounded to the next lowest multiple of \$10.

(Added Pub. L. 99-514, title XV, § 1501(a), Oct. 22, 1986, 100 Stat. 2733; amended Pub. L. 101-239, title VII, § 7711(a), Dec. 19, 1989, 103 Stat. 2390; Pub. L. 111-240, title II, § 2102(g), Sept. 27, 2010, 124 Stat. 2562.)

AMENDMENTS

2010—Pub. L. 111-240 amended section generally. Prior to amendment, section related to: in subsec. (a), general rule for imposition of penalty for failure to furnish correct payee statements; in subsec. (b), failures subject to penalty; and, in subsec. (c), penalty in case of intentional disregard.

1989—Pub. L. 101-239 substituted “correct” for “certain” in section catchline and amended text generally, substituting subsecs. (a) to (c) for former subsec. (a) stating general rule and subsec. (b) relating to failure to notify partnership of exchange of partnership interest.

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-240 applicable with respect to information returns required to be filed on or after Jan. 1, 2011, see section 2102(h) of Pub. L. 111-240, set out as a note under section 6721 of this title.

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 applicable to returns and statements the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7711(c) of Pub. L. 101-239, set out as a note under section 6721 of this title.

EFFECTIVE DATE

Section applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1986, see section 1501(e) of Pub. L. 99-514, set out as a note under section 6721 of this title.

§ 6723. Failure to comply with other information reporting requirements

In the case of a failure by any person to comply with a specified information reporting requirement on or before the time prescribed therefor, such person shall pay a penalty of \$50 for each such failure, but the total amount imposed on such person for all such failures during any calendar year shall not exceed \$100,000.

(Added Pub. L. 99-514, title XV, § 1501(a), Oct. 22, 1986, 100 Stat. 2733; amended Pub. L. 101-239, title VII, § 7711(a), Dec. 19, 1989, 103 Stat. 2390.)

AMENDMENTS

1989—Pub. L. 101-239 substituted “comply with other information reporting requirements” for “include correct information” in section catchline and amended text generally, substituting a single par. for former subsec. (a) stating general rule, subsec. (b) relating to penalty in case of intentional disregard, and subsec. (c) relating to coordination with former section 6676 of this title.

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 applicable to returns and statements the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7711(c) of Pub. L. 101-239, set out as a note under section 6721 of this title.

EFFECTIVE DATE

Section applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1986, see section 1501(e) of Pub. L. 99-514, set out as a note under section 6721 of this title.

§ 6724. Waiver; definitions and special rules

(a) Reasonable cause waiver

No penalty shall be imposed under this part with respect to any failure if it is shown that such failure is due to reasonable cause and not to willful neglect.

(b) Payment of penalty

Any penalty imposed by this part shall be paid on notice and demand by the Secretary and in the same manner as tax.

(c) Special rule for failure to meet magnetic media requirements

No penalty shall be imposed under section 6721 solely by reason of any failure to comply with the requirements of the regulations prescribed under section 6011(e)(2), except to the extent that such a failure occurs with respect to more than 250 information returns (more than 100 information returns in the case of a partnership having more than 100 partners) or with respect to a return described in section 6011(e)(4).

(d) Definitions

For purposes of this part—

(1) Information return

The term “information return” means—

(A) any statement of the amount of payments to another person required by—

- (i) section 6041(a) or (b) (relating to certain information at source),
- (ii) section 6042(a)(1) (relating to payments of dividends),
- (iii) section 6044(a)(1) (relating to payments of patronage dividends),
- (iv) section 6049(a) (relating to payments of interest),
- (v) section 6050A(a) (relating to reporting requirements of certain fishing boat operators),
- (vi) section 6050N(a) (relating to payments of royalties),
- (vii) section 6051(d) (relating to information returns with respect to income tax withheld),
- (viii) section 6050R (relating to returns relating to certain purchases of fish), or
- (ix) section 110(d) (relating to qualified lessee construction allowances for short-term leases),

(B) any return required by—

- (i) section 6041A(a) or (b) (relating to returns of direct sellers),
- (ii) section 6043A(a) (relating to returns relating to taxable mergers and acquisitions),
- (iii) section 6045(a) or (d) (relating to returns of brokers),
- (iv) section 6045B(a) (relating to returns relating to actions affecting basis of specified securities),
- (v) section 6050H(a) or (h)(1) (relating to mortgage interest received in trade or business from individuals),
- (vi) section 6050I(a) or (g)(1) (relating to cash received in trade or business, etc.),
- (vii) section 6050J(a) (relating to foreclosures and abandonments of security),
- (viii) section 6050K(a) (relating to exchanges of certain partnership interests),
- (ix) section 6050L(a) (relating to returns relating to certain dispositions of donated property),
- (x) section 6050P (relating to returns relating to the cancellation of indebtedness by certain financial entities),
- (xi) section 6050Q (relating to certain long-term care benefits),
- (xii) section 6050S (relating to returns relating to payments for qualified tuition and related expenses),
- (xiii) section 6050T (relating to returns relating to credit for health insurance costs of eligible individuals),
- (xiv) section 6052(a) (relating to reporting payment of wages in the form of group-life insurance),
- (xv) section 6050V (relating to returns relating to applicable insurance contracts in which certain exempt organizations hold interests),
- (xvi) section 6053(c)(1) (relating to reporting with respect to certain tips),
- (xvii) subsection (b) or (e) of section 1060 (relating to reporting requirements of