

out as an Effective Date of 1983 Amendment note under section 31 of this title.

§ 6706. Original issue discount information requirements

(a) Failure to show information on debt instrument

In the case of a failure to set forth on a debt instrument the information required to be set forth on such instrument under section 1275(c)(1), unless it is shown that such failure is due to reasonable cause and not to willful neglect, the issuer shall pay a penalty of \$50 for each instrument with respect to which such a failure exists.

(b) Failure to furnish information to Secretary

Any issuer who fails to furnish information required under section 1275(c)(2) with respect to any issue of debt instruments on the date prescribed therefor (determined with regard to any extension of time for filing) shall pay a penalty equal to 1 percent of the aggregate issue price of such issue, unless it is shown that such failure is due to reasonable cause and not willful neglect. The amount of the penalty imposed under the preceding sentence with respect to any issue of debt instruments shall not exceed \$50,000 for such issue.

(c) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by this section.

(Added Pub. L. 98-369, div. A, title I, §41(c)(1), July 18, 1984, 98 Stat. 555.)

EFFECTIVE DATE

Section effective on day 30 days after July 18, 1984, see section 44(h) of Pub. L. 98-369, set out as a note under section 1271 of this title.

§ 6707. Failure to furnish information regarding reportable transactions

(a) In general

If a person who is required to file a return under section 6111(a) with respect to any reportable transaction—

(1) fails to file such return on or before the date prescribed therefor, or

(2) files false or incomplete information with the Secretary with respect to such transaction,

such person shall pay a penalty with respect to such return in the amount determined under subsection (b).

(b) Amount of penalty

(1) In general

Except as provided in paragraph (2), the penalty imposed under subsection (a) with respect to any failure shall be \$50,000.

(2) Listed transactions

The penalty imposed under subsection (a) with respect to any listed transaction shall be an amount equal to the greater of—

(A) \$200,000, or

(B) 50 percent of the gross income derived by such person with respect to aid, assistance, or advice which is provided with respect to the listed transaction before the date the return is filed under section 6111.

Subparagraph (B) shall be applied by substituting “75 percent” for “50 percent” in the case of an intentional failure or act described in subsection (a).

(c) Rescission authority

The provisions of section 6707A(d) (relating to authority of Commissioner to rescind penalty) shall apply to any penalty imposed under this section.

(d) Reportable and listed transactions

For purposes of this section, the terms “reportable transaction” and “listed transaction” have the respective meanings given to such terms by section 6707A(c).

(Added Pub. L. 98-369, div. A, title I, §141(b), July 18, 1984, 98 Stat. 680; amended Pub. L. 99-514, title XV, §§1532(a), 1533(a), Oct. 22, 1986, 100 Stat. 2750; Pub. L. 105-34, title X, §1028(b), (d), Aug. 5, 1997, 111 Stat. 927, 928; Pub. L. 108-357, title VIII, §816(a), Oct. 22, 2004, 118 Stat. 1583.)

AMENDMENTS

2004—Pub. L. 108-357 amended section catchline and text generally, substituting provisions relating to penalty for failure to furnish information regarding reportable transactions for provisions relating to penalty for failure to furnish information regarding tax shelters.

1997—Subsec. (a)(1). Pub. L. 105-34, §1028(d)(2), which directed the substitution of “paragraph (2) or (3), as the case may be” for “paragraph (2)” in subpar. (A) of par. (1), was executed by making the substitution in the concluding provisions of par. (1) to reflect the probable intent of Congress.

Subsec. (a)(2). Pub. L. 105-34, §1028(d)(1), substituted “Except as provided in paragraph (3), the penalty” for “The penalty”.

Subsec. (a)(3). Pub. L. 105-34, §1028(b), added par. (3). 1986—Subsec. (a)(2). Pub. L. 99-514, §1532(a), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “The penalty imposed under paragraph (1) with respect to any tax shelter shall be an amount equal to the greater of—
“(A) \$500, or
“(B) the lesser of (i) 1 percent of the aggregate amount invested in such tax shelter, or (ii) \$10,000. The \$10,000 limitation in subparagraph (B) shall not apply where there is an intentional disregard of the requirements of section 6111(a).”

Subsec. (b)(2). Pub. L. 99-514, §1533(a), substituted “\$250” for “\$50”.

EFFECTIVE DATE OF 2004 AMENDMENT

Pub. L. 108-357, title VIII, §816(c), Oct. 22, 2004, 118 Stat. 1584, provided that: “The amendments made by this section [amending this section] shall apply to returns the due date for which is after the date of the enactment of this Act [Oct. 22, 2004].”

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-34 applicable to any tax shelter, as defined in section 6111(d) of this title, interests in which are offered to potential participants after Secretary of the Treasury prescribes guidance with respect to meeting requirements added by amendments made by Pub. L. 105-34, §1028, see section 1028(e) of Pub. L. 105-34, set out as a note under section 6111 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Pub. L. 99-514, title XV, §1532(b), Oct. 22, 1986, 100 Stat. 2750, provided that: “The amendment made by