

Pub. L. 114-27, title VIII, §806(f), June 29, 2015, 129 Stat. 418, provided that: “The amendments made by this section [amending this section and section 6722 of this title] shall apply with respect to returns and statements required to be filed after December 31, 2015.”

EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by Pub. L. 113-295 applicable to returns required to be filed, and statements required to be furnished, after Dec. 31, 2014, see section 208(h) of Pub. L. 113-295, set out as a note under section 6651 of this title.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-240, title II, §2102(h), Sept. 27, 2010, 124 Stat. 2564, as amended by Pub. L. 113-295, div. A, title II, §207(a)(1), Dec. 19, 2014, 128 Stat. 4027, 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, and payee statements required to be furnished, 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

Pub. L. 101-239, title VII, §7711(c), Dec. 19, 1989, 103 Stat. 2393, 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

Pub. L. 99-514, title XV, §1501(e), Oct. 22, 1986, 100 Stat. 2741, 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 \$250 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 \$3,000,000.

**(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 date prescribed for furnishing such statement—

(A) the penalty imposed by subsection (a) shall be \$50 in lieu of \$250, and

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

**(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 date prescribed for furnishing such statement occurs—

(A) the penalty imposed by subsection (a) shall be \$100 in lieu of \$250, and

(B) the total amount imposed on the person for all such failures during the calendar year which are so corrected shall not exceed \$1,500,000.

**(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 date prescribed for furnishing such statement 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 furnished by the person during the calendar year.

**(3) Safe harbor for certain de minimis errors**

**(A) In general**

If, with respect to any payee statement—

(i) there are 1 or more failures described in subsection (a)(2)(B) relating to an incorrect dollar amount,

(ii) no single amount in error differs from the correct amount by more than \$100, and

(iii) no single amount reported for tax withheld on the payee statement differs from the correct amount by more than \$25, then no correction shall be required and, for purposes of this section, such statement shall be treated as having been furnished with all of the correct required information.

**(B) Exception**

Subparagraph (A) shall not apply to any payee statement if the person to whom such statement is required to be furnished makes an election (at such time and in such manner as the Secretary may prescribe) that subparagraph (A) not apply with respect to such statement.

**(C) Regulatory authority**

The Secretary may issue regulations to prevent the abuse of the safe harbor under this paragraph, including regulations providing that this paragraph shall not apply to the extent necessary to prevent any such abuse.

**(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 “\$1,000,000” for “\$3,000,000”,

(B) subsection (b)(1)(B) shall be applied by substituting “\$175,000” for “\$500,000”, and

(C) subsection (b)(2)(B) shall be applied by substituting “\$500,000” for “\$1,500,000”.

**(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 \$500, 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 \$3,000,000 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**

In the case of any failure relating to a statement required to be furnished in a calendar year beginning after 2014, each of the dollar amounts under subsections (a), (b), (d)(1), and (e) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year determined by substituting “calendar year 2011” for “calendar year 2016” in subparagraph (A)(ii) 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; Pub. L. 113-295, div. A, title II, § 207(a)(2), (3), div. B, title II, § 208(g), Dec. 19, 2014, 128 Stat. 4027, 4028, 4074; Pub. L. 114-27, title VIII, § 806(e), June 29, 2015, 129 Stat. 417; Pub. L. 114-113, div. Q, title II, § 202(b), Dec. 18, 2015, 129 Stat. 3077; Pub. L. 115-97, title I, § 11002(d)(1)(QQ), Dec. 22, 2017, 131 Stat. 2061; Pub. L. 115-141, div. U, title I, § 101(f)(1), title IV, § 401(a)(299)(G), Mar. 23, 2018, 132 Stat. 1161, 1198.)

**INFLATION ADJUSTED ITEMS FOR CERTAIN YEARS**

*For inflation adjustment of certain items in this section, see Revenue Procedures listed in a table under section 1 of this title.*

**AMENDMENTS**

2018—Subsec. (c)(3)(A). Pub. L. 115-141, § 101(f)(1)(B), substituted “furnished” for “filed” in concluding provisions.

Subsec. (c)(3)(A)(iii). Pub. L. 115-141, § 101(f)(1)(A), substituted “the payee statement” for “any information return”.

Subsec. (f)(1). Pub. L. 115-141, § 401(a)(299)(G), inserted “an amount equal to” after “increased by” and “for the calendar year” after “section 1(f)(3)”.

2017—Subsec. (f)(1). Pub. L. 115-97 substituted “for ‘calendar year 2016’ in subparagraph (A)(ii)” for “for ‘calendar year 1992’ in subparagraph (B)”.

2015—Subsec. (a)(1). Pub. L. 114-27, § 806(e)(1), substituted “\$250” for “\$100” and “\$3,000,000” for “\$1,500,000”.

Subsec. (b)(1)(A). Pub. L. 114-27, § 806(e)(2)(A)(i), (ii), substituted “\$50” for “\$30” and “\$250” for “\$100”.

Subsec. (b)(1)(B). Pub. L. 114-27, § 806(e)(2)(A)(iii), substituted “\$500,000” for “\$250,000”.

Subsec. (b)(2)(A). Pub. L. 114-27, § 806(e)(2)(B)(i), (ii), substituted “\$100” for “\$60” and “\$250” for “\$100”.

Subsec. (b)(2)(B). Pub. L. 114-27, § 806(e)(2)(B)(iii), substituted “\$1,500,000” for “\$500,000”.

Subsec. (c)(3). Pub. L. 114-113 added par. (3).

Subsec. (d)(1)(A). Pub. L. 114-27, § 806(e)(3)(A), substituted “\$1,000,000” for “\$500,000” and “\$3,000,000” for “\$1,500,000”.

Subsec. (d)(1)(B). Pub. L. 114-27, §806(e)(3)(B), substituted “\$175,000” for “\$75,000” and “\$500,000” for “\$250,000”.

Subsec. (d)(1)(C). Pub. L. 114-27, §806(e)(3)(C), substituted “\$500,000” for “\$200,000” and “\$1,500,000” for “\$500,000”.

Subsec. (e)(2). Pub. L. 114-27, §806(e)(4)(A), substituted “\$500” for “\$250” in introductory provisions.

Subsec. (e)(3)(A). Pub. L. 114-27, §806(e)(4)(B), substituted “\$3,000,000” for “\$1,500,000”.

2014—Subsecs. (b)(1), (2), (c)(1)(C). Pub. L. 113-295, §207(a)(2), substituted “the date prescribed for furnishing such statement” for “the required filing date”.

Subsec. (c)(2)(B). Pub. L. 113-295, §207(a)(3), substituted “furnished” for “filed”.

Subsec. (f)(1). Pub. L. 113-295, §208(g), substituted “In the case of any failure relating to a statement required to be furnished in a calendar year beginning after 2014” for “For each fifth calendar year beginning after 2012”.

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 2018 AMENDMENT

Amendment by section 101(f)(1) of Pub. L. 115-141 effective as if included in the provision of the Protecting Americans from Tax Hikes Act of 2015, div. Q of Pub. L. 114-113, to which such amendment relates, see section 101(s) of Pub. L. 115-141, set out as a note under section 24 of this title.

#### EFFECTIVE DATE OF 2017 AMENDMENT

Amendment by Pub. L. 115-97 applicable to taxable years beginning after Dec. 31, 2017, see section 11002(e) of Pub. L. 115-97, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 2015 AMENDMENT

Amendment by Pub. L. 114-113 applicable to returns required to be filed, and payee statements required to be provided, after Dec. 31, 2016, see section 202(e) of Pub. L. 114-113, set out as a note under section 6045 of this title.

Amendment by Pub. L. 114-27 applicable with respect to returns and statements required to be filed after Dec. 31, 2015, see section 806(f) of Pub. L. 114-27, set out as a note under section 6721 of this title.

#### EFFECTIVE DATE OF 2014 AMENDMENT

Pub. L. 113-295, div. A, title II, §207(b), Dec. 19, 2014, 128 Stat. 4028, provided that: “The amendments made by this section [amending this section and provisions set out as a note under section 6721 of this title] shall take effect as if included in the provision of the Creating Small Business Jobs Act of 2010 [Pub. L. 111-240, title II] to which they relate.”

Amendment by section 208(g) of Pub. L. 113-295 applicable to returns required to be filed, and statements required to be furnished, after Dec. 31, 2014, see section 208(h) of Pub. L. 113-295, set out as a note under section 6651 of this title.

#### EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-240 applicable with respect to information returns required to be filed, and payee statements required to be furnished, 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 the applicable number (determined under section 6011(e)(5) with respect to the calendar year to which such returns relate) of information returns or with respect to a return described in section 6011(e)(4).

#### (d) Definitions

For purposes of this part—