



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224
July 13, 2000

OFFICE OF
CHIEF COUNSEL

Number: **200034027**
Release Date: 8/25/2000

CC:DOM:IT&A:2:GHB
WTA-N-108587-00
UILN: 6050I.00-00

MEMORANDUM FOR ANTI-MONEY LAUNDERING COORDINATOR
PENNSYLVANIA DISTRICT

FROM: Lewis J. Fernandez
Deputy Associate Chief Counsel
(Income Tax & Accounting)

SUBJECT: Applicability of Section 6050I to Consumer Durables

This responds to your technical assistance request dated April 17, 2000, regarding the application of § 6050I of the Internal Revenue Code to the payment for certain items of personal property.

ISSUE:

Whether the reporting requirements of § 6050I apply to payment for certain items of personal property, purchased at the same time and paid for with monetary instruments or a combination of currency and monetary instruments, whose individual prices are \$10,000 or less, but aggregate in excess of \$10,000.

CONCLUSION:

Information reporting under § 6050I is not required for a group of items of tangible personal property suitable under ordinary usage for personal consumption or use, that can reasonably be expected to be useful for at least 1 year, none of which has a sales price in excess of \$10,000, even if the aggregate sales price exceeds \$10,000.

FACTS:

A vendor, in the course of his or her trade or business, sells items of personal property described above that have an aggregate sales price of more than \$10,000, although no single item that is part of the purchase has a sales price of more than \$10,000. The vendor is paid with monetary instruments or a combination of currency and monetary instruments.

LAW AND ANALYSIS:

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Section 6050I(a) provides that, in general, any person who, in the course of his or her trade or business, receives cash in excess of \$10,000 in one transaction (or two or more related transactions) must make a return of information with respect to the receipt of cash. Section 1.6050I-1(c)(1)(ii) of the Income Tax Regulations states that “cash” means (A) the coin and currency of the United States or of any other country, which circulate in and are customarily used and accepted as money in the country in which issued; and (B) a cashier’s check, bank draft, traveler’s check, or money order having a face amount of not more than \$10,000 if it is received in a designated reporting transaction or received in any transaction in which the recipient knows that the instrument is being used in an attempt to avoid the reporting requirements of § 6050I.

“Transaction” is defined in § 1.6050I-1(c)(7)(i) as the underlying event that precipitates the payer’s transfer of cash to the recipient. Several examples are given. “Designated reporting transaction” is defined in § 1.6050I-1(c)(1)(iii) as a retail sale of (A) a consumer durable, (B) a collectible, or (C) a travel or entertainment activity. “Consumer durable” is defined in § 6050I-1(c)(2) as an item of tangible personal property of a type that is suitable under ordinary usage for personal consumption or use, that can reasonably be expected to be useful for at least 1 year under ordinary usage, and that has a sales price of more than \$10,000.

Neither the Code nor the regulations contains a provision that allows grouping two or more consumer durables for the purpose of the \$10,000 threshold. The regulations clearly require that in order for an item of tangible personal property to be a consumer durable the sales price must be more than \$10,000. Therefore, a sale of tangible personal property suitable under ordinary usage for personal consumption¹ and having a useful life of at least 1 year is not a designated reporting transaction, and therefore not reportable under § 6050I, unless the personal property satisfies all of the elements that define a consumer durable, including having a sale price of more than \$10,000.

The conclusion is the same whether the payment is made in the form of currency, monetary instruments, or a combination of currency and monetary instruments.

In addition, § 6050I(c) exempts from the reporting requirements of § 6050I(a) any receipts of cash that are reportable under title 31 of the United States Code. As a result, reporting under § 6050I for the receipt of a financial instrument is required only if the financial instrument has a face value of \$10,000 or less. Financial instruments that have a face value in excess of \$10,000 are reportable under title 31 by the issuing financial institution.

¹For purposes of this memorandum, a “collectible” as defined in § 1.6050I-1(c)(3) is not considered to be an item of tangible personal property suitable for personal consumption.

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If we may be of further assistance in this matter, please contact George Bradley at
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