



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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SPR-112582-01

Ms. [REDACTED]
[REDACTED]
[REDACTED]

Dear Ms. [REDACTED]:

This is in response to your letter dated January 30, 2001, in which you requested an explanation of the word "freight" in the exceptions to filing Form 1099-MISC. In particular, you asked whether the exception pertains to payments to independent truck drivers.

Form 1099-MISC is used to report payments made in a trade or business which are reportable, among other sections, under section 6041 of the Internal Revenue Code.

Section 6041(a) of the Code provides that a person engaged in a trade or business and making payment in the course of such trade or business to another person of rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable gains, profits, or income of \$600 or more in any taxable year is required to file an information return setting forth the amount of such gains, profits, and income, and the name and address of the recipient of such payment.

Section 1.6041-3 of the regulations sets forth exceptions to the reporting requirements of section 6041 of the Code. Section 1.6041-3(d) provides that returns of information are not required with respect to payments of bills for merchandise, telegrams, telephone, freight, storage, and similar charges.

The term "freight" is given its plain meaning; *i.e.*, a method or service for transporting goods or the cost of such transportation. Payments for transporting goods, whether incidental to or integral to a taxpayer's business, are therefore excepted from information reporting. The fact that the payments are made to independent truckers does not change this exception.

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We hope this is helpful. If you need further assistance, please call Nancy Rose (ID #50-06240) at (202) 622-4910.

Sincerely,

Pamela W. Fuller
Senior Technician Reviewer, Branch 1
Administrative Provisions and Judicial
Practice