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From: [REDACTED]

Sent: Friday, September 06, 2013 2:05:53 PM

To: [REDACTED]

Cc: [REDACTED]

Bcc:

Subject: Request for assistance under 6039F and 6501

You asked us whether the Service can assess a penalty for the two tax years at issue with respect to the taxpayers' failure to file a Form 3520 under section 6039F. Under section 6501(c)(3), the statute of limitations has not begun to run in the case where a U.S. taxpayer has not filed a Form 3520 reporting the receipt of a large gift from a foreign person, and pursuant to section 6039F(c)(1)(B), the Service may assess a 5% penalty (up to 25%) on the amount of the unreported gift.

In addition, if the taxpayers' failure to file Form 5471 for the tax year was due to willful neglect and not due to reasonable cause, under section 6501(c)(8), the statute would remain open for the Service to also make an adjustment for the unreported interest income for that tax year.

Please let me know if you have any additional questions.

Best,