

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **202118003**
Release Date: 5/7/2021
Index Number: 60501.00-00

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact: _____, ID No.

Telephone Number:

Refer Reply To:
CC:PA:01
PLR-112182-20

Date:
November 18, 2020

Taxpayers =

Entity 1 =
Entity 2 =
State =
Date =

Dear _____ :

This is in response to your request for a ruling on behalf of Taxpayers. The ruling contained in this letter is based upon information and representations submitted by your authorized representatives and accompanied by a penalty of perjury statement executed by an appropriate party, as specified in Rev. Proc. 2020-1, 2020-1 I.R.B. 1.

You have requested a ruling regarding whether the entity controlled by Entity 1, Entity 2, is required to report sales of liquor over \$10,000 in cash pursuant to I.R.C. § 6050I. Your office represents that Entity 2 is an integral part of Entity 1. The Internal Revenue Service (IRS) has not verified any of the material submitted in support of the request for ruling, and such material is subject to verification on examination. This letter does not constitute a ruling that Entity 2 is an integral part of Entity 1.

FACTS

Your office also represents the following: Since Date, State has operated a monopoly over liquor sales and operates state owned liquor stores through Entity 2. On occasion, persons enter a store operated by Entity 2 and seek to purchase liquor using cash in an amount exceeding \$10,000. Pursuant to standing instructions issued by Entity 2, store managers, rather than regular employees, complete these transactions. The store manager signs Form 8300 on behalf of Entity 2 as the recipient of the cash and Entity 2 files a suspicious activity report of the transaction with IRS. See Publication 1544.

LAW AND ANALYSIS

Under I.R.C. § 6050I, a person engaged in a trade or business who, in the course of that trade or business, receives more than \$10,000 in cash in one transaction (or two or more related transactions), must file an information return with the IRS, Treas. Reg. § 1.6050I-1(a)(1)(i), and furnish the payor with a statement. Treas. Reg. § 6050I-1(f)(1). A report required by I.R.C. § 6050I and 31 U.S.C. § 5331 must be made on a Form 8300, *Report of Cash Payments Over \$10,000 Received in a Trade or Business*. Treas. Reg. § 1.6050I-1(e)(2).

With certain exceptions, reporting is required under I.R.C. § 6050I by “any ‘person’ (as defined in I.R.C. § 7701(a)(1)) who, in the course of a trade or business in which such person is engaged receives cash in excess of \$10,000 in one transaction (or two or more related transactions).” See Treas. Reg. § 1.6050-1(a). I.R.C. § 7701(a)(1) provides that: “[w]hen used in this title, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof, ... the term person shall be construed to mean and include an individual, a trust, estate, partnership, association, company, or corporation.” I.R.C. § 7701(a)(1), Treas. Reg. § 1.6050I-1(a)(1)(i).

In determining whether governmental units¹ are “persons” subject to the reporting requirements of I.R.C. § 6050I, we note that the list of entities in I.R.C. § 7701(a)(1) does not include governmental units. Although the list of entities explicitly included in section 7701(a)(1) cannot be construed as exhaustive, we look to I.R.C. § 6050I and its objective to determine whether “governmental units” should be considered “persons” for purposes of the Form 8300 reporting requirements. I.R.C. § 6050I(g), which was added in 1994, specifically subjects criminal court clerks to its filing requirements. If governmental units were not already excluded from the reporting requirements, I.R.C. § 6050I(g)’s amendment subjecting criminal court clerks to the Form 8300 reporting requirement would not be necessary. The fact that Congress left “governmental units” out of the definition of “person” in I.R.C. § 6050I, but included it in other information reporting Internal Revenue Code sections, implies that the omission should be understood here as an exclusion. Therefore, we conclude that “governmental units” are exempt from the reporting requirements under I.R.C. § 6050I.

It is further our view that the term “governmental unit” for purposes of determining the exclusion from reporting on the Form 8300 under I.R.C. § 6050I should be interpreted as including only the United States government, states, political subdivisions of states, integral parts of states, and integral parts of political subdivisions of states and not including instrumentalities of government.

¹ Although the term “governmental unit” is not used in § 6050I, the term is used in other information reporting sections, including I.R.C. §§ 6041A, 6045, 6049, 6050H, 6050J and 6050S.

CONCLUSION

Based on your office's representations, including that Entity 2 is an integral part of Entity 1, we conclude that Entity 2 is not required to report sales of liquor for cash over \$10,000 pursuant to section 6050I and that any Form 8300 filings made on behalf of Entity 2 by store managers are voluntary.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Internal Revenue Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Pamela Wilson Fuller
Senior Technician Reviewer
(Procedure & Administration)

cc: