

**Office of Chief Counsel
Internal Revenue Service
memorandum**

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subject: I.R.C. § 60501 Reporting Requirement

This memorandum responds to your request for assistance. This advice may not be used or cited as precedent.

ISSUE

Whether a person who, in the course of a trade or business, receives a check for an amount in excess of \$10,000 and cashes the check, must make a return of information under I.R.C. § 60501.

CONCLUSION

The transaction is not reportable under I.R.C. § 60501 as there was no receipt of cash in a reportable transaction.

FACTS

The issue addressed herein is based on a non-taxpayer specific scenario. The facts are that a person engaged in a trade or business received as payment on a transaction a personal check in excess of \$10,000 in the course of the trade or business. Instead of depositing the personal check, the person cashed the personal check with a check casher.

PMTA 2010-12

LAW AND ANALYSIS

Section 6050I(a) provides that any person who is engaged in a trade or business and who in the course of a trade or business receives more than \$10,000 in cash in one transaction (or two or more related transactions) must make the return of information with respect to the receipt of cash. Reporting is completed on Form 8300.

The focus of I.R.C. § 6050I is on the reporting of “cash” transactions. The information provided on Form 8300 is used to assist in tracking cash – the persons who have handled the cash (Parts I, II and IV of Form 8300) and a description of the transaction (Part III of Form 8300).

Reg. § 1.6050I-1(c) defines, among other terms, “cash,” “recipient” and “transaction.” Generally, “cash” means the coin and currency of the United States or any other country. Reg. § 1.6050I-1(c)(1). As to amounts received on or after February 3, 1992, “cash” also includes a cashier’s check, bank draft, traveler’s check or money order having a face amount of not more than \$10,000 received in a designated reporting transaction or received in any transaction in which the recipient knows that such instrument is being used in an attempt to avoid the reporting of the transaction under I.R.C. § 6050I. Reg. § 1.6050I-1(c)(1)(ii). However, a personal check does not constitute cash under the regulation. Reg. § 1.6050I-1(c)(1)(vii) Example 3.

The regulation defines “recipient” as the person receiving the cash. Reg. § 1.6050I-1(c)(8). We interpret this to mean a person receiving the cash in the course of the recipient’s trade or business. See Reg § 1.6050I-1(a)(1)(i). “Transaction” means the underlying event precipitating the payer’s transfer of cash to the recipient (such as a sale of goods or services). The term “related transactions” means any transactions conducted between a payer (or its agent) and a recipient of cash in a 24-hour period, or during a period of more than 24 hours if the recipient knows or has reason to know that each transaction is one of a series of connected transactions. Reg. § 1.6050I-1(c)(7).

In this case, the payer in the transaction (the underlying event) paid with a personal check. A personal check is not “cash” and a person receiving the personal check is not a “recipient” of “cash” for I.R.C. § 6050I reporting purposes. The subsequent cashing of the check was not a receipt of cash for the underlying event (the relevant transaction). Nor was the cashing of the check a related transaction that relates to the underlying transaction between the payer and recipient. The cashing of the check was a separate act by the recipient at a check casher. Neither the receipt of the personal check nor the subsequent check cashing is a transaction reportable under I.R.C. § 6050I.

CASE DEVELOPMENT, HAZARDS AND OTHER CONSIDERATIONS

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