

MEMO# 29177

July 14, 2015

Increase in Information Reporting Penalties

[29177]

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TO: TAX MEMBERS No. 16-15

TRANSFER AGENT ADVISORY COMMITTEE No. 36-15 RE: INCREASE IN INFORMATION REPORTING PENALTIES

Recently enacted legislation includes increases to the information reporting penalties under sections 6721 (Failure to File Correct Information Returns) and 6722 (Failure to Furnish Correct Payee Statements). These changes were made as revenue offsets to [P.L. 114-27](#), the "Trade Preferences Extension Act of 2015" (the "Act").

Section 806 of the Act increases the penalties that can be imposed under sections 6721 and 6722 from \$100 to \$250 per failure. The penalties are discounted for failures within 30 days (increased from \$30 to \$50 per failure) and failures corrected after 30 days but before August 1 (increased from \$50 to \$100 per failure). The penalties for intentional disregard are increased from \$100 to \$250 per failure.

The Act also increases the annual maximum penalties that can be imposed on a filer under sections 6721 and 6722 (other than for intentional disregard), from \$1.5 million to \$3 million. The annual maximum penalties are decreased to \$500,000 if corrected within 30 days (increased from \$250,000) and \$1.5 million if corrected after 30 days but before August 1 (increased from \$500,000).

The annual maximum penalties for filers with gross receipts of \$5 million or less are increased to \$1 million (increased from \$500,000). The penalties are decreased to \$175,000 if corrected within 30 days (increased from \$75,000) and \$500,000 if corrected after 30 days but before August 1 (increased from \$200,000).

The new penalty amounts apply to information returns and statements required to be filed after December 31, 2015.

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