

MEMO# 2844

June 14, 1991

PROPOSED REGULATIONS ON REPORTING OF TRANSACTIONS INVOLVING MONETARY INSTRUMENTS OF UNDER \$10,000

June 14, 1991 TO: BROKER/DEALER ADVISORY COMMITTEE NO. 21-91 INSURANCE BROKER-DEALER ADVISORY COMMITTEE NO. 6-91 OPERATIONS COMMITTEE NO. 19-91 TRANSFER AGENT ADVISORY COMMITTEE NO. 28-91 RE: PROPOSED REGULATIONS ON REPORTING OF TRANSACTIONS INVOLVING MONETARY INSTRUMENTS OF UNDER \$10,000

The Revenue Reconciliation Act of 1990 (the "Act") instructed the Treasury Department to promulgate regulations which would treat monetary instruments with a face amount of under \$10,000 (other than personal checks) as cash for purposes of the cash transaction reporting requirements under section 6050I of the Internal Revenue Code. (See Institute Memorandum to Tax Members No. 58-90, dated December 21, 1990.) Code section 6050I provides that certain persons must report to the Internal Revenue Service cash receipts of \$10,000 or more in a transaction or series of related transactions. The Internal Revenue Service has release the proposed regulations (attached) called for by the Act. Under the proposed regulations, specified monetary instruments are treated as cash only if received in a "designated reporting transaction" or in a transaction which the recipient knows is being used to avoid the cash reporting rules. A designated reporting transaction is defined in the proposed regulation as a retail sale of a consumer durable, a collectible, or a travel or entertainment activity. We will keep you informed of developments. David J. Mangefrida, Jr. Assistant Counsel - Tax Attachments