

**MEMO# 19820**

March 10, 2006

## **IRS Seeks Input on Form 8300 Reporting of Cash Transactions Over \$10,000**

©2006 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [19820] March 10, 2006 TO: AML COMPLIANCE WORKING GROUP No. 8-06 TAX COMMITTEE No. 7-06 TRANSFER AGENT ADVISORY COMMITTEE No. 18-06 RE: IRS SEEKS INPUT ON FORM 8300 REPORTING OF CASH TRANSACTIONS OVER \$10,000 The Internal Revenue Service (IRS) recently published a notice inviting comment on IRS Form 8300.<sup>1</sup> Form 8300 is used to report the receipt of more than \$10,000 in cash, foreign currency or certain non-cash instruments in one or more related transactions. The IRS has invited comments on, among other things, whether the collection of information on Form 8300 is necessary for the proper performance of the functions of Treasury, whether the information provided on the form has practical utility, and whether there are ways to minimize the burden of the collection of information on respondents. Comments are due to the IRS by May 2, 2006. The request is substantively the same as an IRS request for information on Form 8300 in 2003.<sup>2</sup> In response to the current request, we anticipate resubmitting our response to the 2003 request. In our 2003 comment letter, we pointed out that the adoption of an SAR rule for mutual funds will result in some funds being required to report the receipt of certain cash equivalents (i.e., money orders, traveler's checks, cashier's checks, and bank drafts with a face amount of \$10,000 or less) on two separate forms – the SAR-SF and Form 8300. We expressed our belief that this duplicative reporting is unnecessary for the proper performance of the functions of Treasury and serves no valid law enforcement or public policy purpose. We therefore recommended that mutual funds and/or their transfer agents not be required to report transactions involving cash equivalents on Form 8300. Instead, we provided the IRS with two alternative approaches that we believe would achieve the same policy result. Our 2003 comment letter on Form 8300 is attached. Please let us know if there are any reasons to change the positions or recommendations expressed in that letter. You can contact me at 202/371- 1 See Internal Revenue Service; Proposed Collection; Comment Request for Form 8300, 71 Fed. Reg. 11025 (March 3, 2006). 2 See Memorandum No. 15876, dated April 7, 2003. 2 5430 or rcg@ici.org or Glen Guymon at 202/326-5837 or gguymon@ici.org with comments or questions. Robert C. Grohowski Senior Counsel - International Affairs Attachment (in .pdf format)