

MEMO# 15876

April 7, 2003

ICI COMMENT LETTER ON IRS FORM 8300

[15876] April 7, 2003 TO: MONEY LAUNDERING RULES WORKING GROUP No. 24-03 TAX COMMITTEE No. 22-03 TRANSFER AGENT ADVISORY COMMITTEE No. 38-03 RE: ICI COMMENT LETTER ON IRS FORM 8300 The Internal Revenue Service (IRS) and the Financial Crimes Enforcement Network (FinCEN) recently published a joint notice inviting comment on IRS Form 8300 (the "Notice").¹ 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 Notice 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. In response, the Institute today filed a letter largely restating the comments relating to Form 8300 that it made on the proposed suspicious activity reporting rule for mutual funds.² The letter points out that following the adoption of an SAR rule for mutual funds, some funds will be 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. The letter expresses the belief that requiring this duplicative reporting is unnecessary for the proper performance of the functions of Treasury and serves no valid law enforcement or public policy purpose. The letter therefore recommends that mutual funds and/or their transfer agents not be required to report transactions involving cash equivalents on Form 8300 and provides Treasury with two alternative approaches that would achieve that result. Robert C. Grohowski Associate Counsel Attachment (in .pdf format) 1 See Internal Revenue Service, Financial Crimes Enforcement Network; Proposed Collection; Comment on Form 8300, 68 Fed. Reg. 6258 (February 6, 2003). 2 See Memorandum to Money Laundering Rules Working Group No. 23-03, Tax Committee No. 17-03, and Transfer Agent Advisory Committee No. 35-03, dated March 24, 2003.