

**MEMO# 2850**

June 19, 1991

## **IRS NEWS RELEASE ON SCHEDULE FOR 1989 INFORMATION RETURN PENALTY NOTICES**

June 19, 1991 TO: TAX MEMBERS NO. 20-91 OPERATIONS MEMBERS NO. 14-91 CLOSED-END FUND MEMBERS NO. 26-91 UNIT INVESTMENT TRUST MEMBERS NO. 24-91 TRANSFER AGENT ADVISORY COMMITTEE NO. 29-91 RE: IRS NEWS RELEASE ON SCHEDULE FOR 1989 INFORMATION RETURN PENALTY NOTICES

The attached IRS News Release announces the IRS' schedule for mailing to payors notices asserting information reporting penalties with respect to 1989 calendar year returns. Recently, the IRS began sending to about 7,500 payors the names of payees whose taxpayer identification numbers ("TINs") have been determined by the IRS to be missing or "incorrect". The IRS is sending the payee listings to payors in advance of the mailing of penalty notices to provide payors with additional time to determine whether they believe that the penalties should be waived because failures to provide a "correct" TIN were due to reasonable cause and not to willful neglect, as provided by section 6724 of the Internal Revenue Code. In late June, the IRS will send penalty notices to about 35,000 payors who failed to provide "correct" TINs, who filed information returns "late" (i.e., after October 1, 1990 for 1989 returns) and/or who failed to file information returns on magnetic media when required to do so. Payors will receive one notice summarizing the forms involved, the number of returns involved and the types of penalties assessed, with an explanation of the penalties. Assessed penalties must be paid by payors within 10 days from the date on the notice unless they can show reasonable cause for their failures to comply with the Code's information reporting requirements. We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment

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