§ 6705. Failure by broker to provide notice to payors  
(a) In general  
Any person required under section 3406(d)(2)(B) to provide notice to any payor who willfully fails to provide such notice to such payor shall pay a penalty of $500 for each such failure.  
(b) Penalty in addition to other penalties  
Any penalty imposed by this section shall be in addition to any other penalty provided by law.  

Statutory Notes and Related Subsidiaries  
**Effective Date**  
Section effective with respect to payments made after Dec. 31, 1983, see section 110(a) of Pub. L. 98–67, set out as an Effective Date of 1983 Amendment note under section 31 of this title.  

§ 6706. Original issue discount information requirements  
(a) Failure to show information on debt instrument  
In the case of a failure to set forth on a debt instrument the information required to be set forth on such instrument under section 1275(c)(1), unless it is shown that such failure is due to reasonable cause and not to willful neglect, the issuer shall pay a penalty of $50 for each instrument with respect to which such a failure exists.  
(b) Failure to furnish information to Secretary  
Any issuer who fails to furnish information required under section 1275(c)(2) with respect to any issue of debt instruments on the date prescribed therefor, or after Dec. 31, 1983, see section 110(a) of Pub. L. 98–67, set out as a note under section 1271 of this title.  

Statutory Notes and Related Subsidiaries  
**Effective Date**  
Section effective on day 30 days after July 18, 1984, see section 44(h) of Pub. L. 98–369, set out as a note under section 31 of this title.  

§ 6707. Failure to furnish information regarding reportable transactions  
(a) In general  
If a person who is required to file a return under section 6111(a) with respect to any reportable transaction—  
(1) fails to file such return on or before the date prescribed therefor, or  
(2) files false or incomplete information with the Secretary with respect to such transaction,  
such person shall pay a penalty with respect to such return in the amount determined under subsection (b).  
(b) Amount of penalty  
(1) In general  
Except as provided in paragraph (2), the penalty imposed under subsection (a) with respect to any failure shall be $50,000.  
(2) Listed transactions  
The penalty imposed under subsection (a) with respect to any listed transaction shall be an amount equal to the greater of—  
(A) $200,000, or  
(B) 50 percent of the gross income derived by such person with respect to aid, assistance, or advice which is provided with respect to the listed transaction before the date the return is filed under section 6111.  
Subparagraph (B) shall be applied by substituting “75 percent” for “50 percent” in the case of an intentional failure or act described in subsection (a).  
(c) Rescission authority  
The provisions of section 6707A(d) (relating to authority of Commissioner to rescind penalty) shall apply to any penalty imposed under this section.  
(d) Reportable and listed transactions  
For purposes of this section, the terms “reportable transaction” and “listed transaction” have the respective meanings given to such terms by section 6707A(c).  

Editorial Notes  
**Amendments**  
2004—Pub. L. 108–357 amended section catchline and text generally, substituting provisions relating to penalty for failure to furnish information regarding reportable transactions for provisions relating to penalty for failure to furnish information regarding tax shelters.  
1997—Subsec. (a)(1). Pub. L. 105–34, § 1028(d)(2), which directed the substitution of “paragraph (2) or (3), as the case may be” for “paragraph (3)” in subpar. (A) of par. (1), was executed by making the substitution in the concluding provisions of par. (1) to reflect the probable intent of Congress.  
Subsec. (a)(2). Pub. L. 105–34, § 1028(d)(1), substituted “Except as provided in paragraph (3), the penalty” for “The penalty”.  
1986—Subsec. (a)(2). Pub. L. 99–514, §1532(a), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “‘The penalty imposed under paragraph (1) with respect to any tax shelter shall be an amount equal to the greater of—  
(A) $500, or  
(B) the lesser of (i) 1 percent of the aggregate amount invested in such tax shelter, or (ii) $10,000.”  

The $10,000 limitation in subparagraph (B) shall not apply where there is an intentional disregard of the requirements of section 6111(a).”

(1) Reportable transaction

The term “reportable transaction” means any transaction with respect to which information is required to be included with a return or statement because, as determined under regulations prescribed under section 6011, such transaction is of a type which the Secretary determines as having a potential for tax avoidance or evasion.

(d) Authority to rescind penalty

(1) In general

The Commissioner of Internal Revenue may rescind all or any portion of any penalty imposed by this section with respect to any violation if—

(A) the violation is with respect to a reportable transaction other than a listed transaction, and

(B) rescinding the penalty would promote compliance with the requirements of this title and effective tax administration.

(2) No judicial appeal

Notwithstanding any other provision of law, any determination under this subsection may not be reviewed in any judicial proceeding.

(3) Records

If a penalty is rescinded under paragraph (1), the Commissioner shall place in the file in the Office of the Commissioner the opinion of the Commissioner with respect to the determination, including—

(A) a statement of the facts and circumstances relating to the violation,

(B) the reasons for the rescission, and

(C) the amount of the penalty rescinded.

(e) Penalty reported to SEC

In the case of a person—

(1) which is required to file periodic reports under section 13 or 15(d) of the Securities Exchange Act of 1934 or is required to be consolidated with another person for purposes of such reports, and

(2) which—

(A) is required to pay a penalty under this section with respect to a listed transaction, (B) is required to pay a penalty under section 6662A with respect to any reportable transaction at a rate prescribed under section 6662A(c), or

(C) is required to pay a penalty under section 6662(h) with respect to any reportable transaction and would (but for section

(3) Minimum penalty

The amount of the penalty under subsection (a) with respect to any transaction shall not be less than $10,000 ($5,000 in the case of a natural person).

(c) Definitions

For purposes of this section:

(1) Reportable transaction

The term “reportable transaction” means any transaction with respect to which information is required to be included with a return or statement because, as determined under regulations prescribed under section 6011, such transaction is of a type which the Secretary determines as having a potential for tax avoidance or evasion.

(2) Listed transaction

The term “listed transaction” means a reportable transaction which is the same as, or substantially similar to, a transaction specifically identified by the Secretary as a tax avoidance transaction for purposes of section 6011.

§ 6707A. Penalty for failure to include reportable transaction information with return

(a) Imposition of penalty

Any person who fails to include on any return or statement any information with respect to a reportable transaction which is required under section 6011 to be included with such return or statement shall pay a penalty in the amount determined under subsection (b).

(b) Amount of penalty

(1) In general

Except as otherwise provided in this subsection, the amount of the penalty under subsection (a) with respect to any reportable transaction shall be 75 percent of the decrease in tax shown on the return as a result of such transaction (or which would have resulted from such transaction if such transaction were respected for Federal tax purposes).

(2) Maximum penalty

The amount of the penalty under subsection (a) with respect to any reportable transaction shall not exceed—

(A) in the case of a listed transaction, $200,000 ($100,000 in the case of a natural person), or

(B) in the case of any other reportable transaction, $50,000 ($10,000 in the case of a natural person).

(d) Authority to rescind penalty

(1) In general

The Commissioner of Internal Revenue may rescind all or any portion of any penalty imposed by this section with respect to any violation if—

(A) the violation is with respect to a reportable transaction other than a listed transaction, and

(B) rescinding the penalty would promote compliance with the requirements of this title and effective tax administration.

(2) No judicial appeal

Notwithstanding any other provision of law, any determination under this subsection may not be reviewed in any judicial proceeding.

(3) Records

If a penalty is rescinded under paragraph (1), the Commissioner shall place in the file in the Office of the Commissioner the opinion of the Commissioner with respect to the determination, including—

(A) a statement of the facts and circumstances relating to the violation,

(B) the reasons for the rescission, and

(C) the amount of the penalty rescinded.

(e) Penalty reported to SEC

In the case of a person—

(1) which is required to file periodic reports under section 13 or 15(d) of the Securities Exchange Act of 1934 or is required to be consolidated with another person for purposes of such reports, and

(2) which—

(A) is required to pay a penalty under this section with respect to a listed transaction, (B) is required to pay a penalty under section 6662A with respect to any reportable transaction at a rate prescribed under section 6662A(c), or

(C) is required to pay a penalty under section 6662(h) with respect to any reportable transaction and would (but for section