

fiary was made without consideration and solely on a purely gratuitous basis, or

(II) as a trustee who holds an interest in the contract in a fiduciary capacity solely for the benefit of applicable exempt organizations or persons otherwise described in subclause (I) or clause (i) or (ii).

**(3) Applicable exempt organization**

The term “applicable exempt organization” means—

(A) an organization described in section 170(c),

(B) an organization described in section 168(h)(2)(A)(iv), or

(C) an organization not described in paragraph (1) or (2) which is described in section 2055(a) or section 2522(a).

**(e) Termination**

This section shall not apply to reportable acquisitions occurring after the date which is 2 years after the date of the enactment of this section.

(Added Pub. L. 109–280, title XII, § 1211(a)(1), Aug. 17, 2006, 120 Stat. 1072.)

**Editorial Notes**

REFERENCES IN TEXT

The date of the enactment of this section, referred to in subsec. (e), is the date of enactment of Pub. L. 109–280, which was approved Aug. 17, 2006.

CODIFICATION

Section 1211(a)(1) of Pub. L. 109–280, which directed the addition of section 6050V at the end of subpart B of part III of subchapter A of chapter 61, without specifying the act to be amended, was executed by adding section 6050V at the end of subpart B of part III of subchapter A of chapter 61 of this title, which consists of the Internal Revenue Code of 1986, to reflect the probable intent of Congress.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE

Pub. L. 109–280, title XII, § 1211(d), Aug. 17, 2006, 120 Stat. 1074, provided that: “The amendments made by this section [enacting this section and amending sections 6721 and 6724 of this title] shall apply to acquisitions of contracts after the date of enactment of this Act [Aug. 17, 2006].”

**§ 6050W. Returns relating to payments made in settlement of payment card and third party network transactions**

**(a) In general**

Each payment settlement entity shall make a return for each calendar year setting forth—

(1) the name, address, and TIN of each participating payee to whom one or more payments in settlement of reportable payment transactions are made, and

(2) the gross amount of the reportable payment transactions with respect to each such participating payee.

Such return shall be made at such time and in such form and manner as the Secretary may require by regulations.

**(b) Payment settlement entity**

For purposes of this section—

**(1) In general**

The term “payment settlement entity” means—

(A) in the case of a payment card transaction, the merchant acquiring entity, and

(B) in the case of a third party network transaction, the third party settlement organization.

**(2) Merchant acquiring entity**

The term “merchant acquiring entity” means the bank or other organization which has the contractual obligation to make payment to participating payees in settlement of payment card transactions.

**(3) Third party settlement organization**

The term “third party settlement organization” means the central organization which has the contractual obligation to make payment to participating payees of third party network transactions.

**(4) Special rules related to intermediaries**

For purposes of this section—

**(A) Aggregated payees**

In any case where reportable payment transactions of more than one participating payee are settled through an intermediary—

(i) such intermediary shall be treated as the participating payee for purposes of determining the reporting obligations of the payment settlement entity with respect to such transactions, and

(ii) such intermediary shall be treated as the payment settlement entity with respect to the settlement of such transactions with the participating payees.

**(B) Electronic payment facilitators**

In any case where an electronic payment facilitator or other third party makes payments in settlement of reportable payment transactions on behalf of the payment settlement entity, the return under subsection (a) shall be made by such electronic payment facilitator or other third party in lieu of the payment settlement entity.

**(c) Reportable payment transaction**

For purposes of this section—

**(1) In general**

The term “reportable payment transaction” means any payment card transaction and any third party network transaction.

**(2) Payment card transaction**

The term “payment card transaction” means any transaction in which a payment card is accepted as payment.

**(3) Third party network transaction**

The term “third party network transaction” means any transaction described in subsection (d)(3)(A)(iii) which is settled through a third party payment network.

**(d) Other definitions**

For purposes of this section—

**(1) Participating payee****(A) In general**

The term “participating payee” means—

(i) in the case of a payment card transaction, any person who accepts a payment card as payment, and

(ii) in the case of a third party network transaction, any person who accepts payment from a third party settlement organization in settlement of such transaction.

**(B) Exclusion of foreign persons**

Except as provided by the Secretary in regulations or other guidance, such term shall not include any person with a foreign address. Notwithstanding the preceding sentence, a person with only a foreign address shall not be treated as a participating payee with respect to any payment settlement entity solely because such person receives payments from such payment settlement entity in dollars.

**(C) Inclusion of governmental units**

The term “person” includes any governmental unit (and any agency or instrumentality thereof).

**(2) Payment card**

The term “payment card” means any card which is issued pursuant to an agreement or arrangement which provides for—

(A) one or more issuers of such cards,

(B) a network of persons unrelated to each other, and to the issuer, who agree to accept such cards as payment, and

(C) standards and mechanisms for settling the transactions between the merchant acquiring entities and the persons who agree to accept such cards as payment.

The acceptance as payment of any account number or other indicia associated with a payment card shall be treated for purposes of this section in the same manner as accepting such payment card as payment.

**(3) Third party payment network**

The term “third party payment network” means any agreement or arrangement—

(A) which involves the establishment of accounts with a central organization by a substantial number of persons who—

(i) are unrelated to such organization,

(ii) provide goods or services, and

(iii) have agreed to settle transactions for the provision of such goods or services pursuant to such agreement or arrangement,

(B) which provides for standards and mechanisms for settling such transactions, and

(C) which guarantees persons providing goods or services pursuant to such agreement or arrangement that such persons will be paid for providing such goods or services.

Such term shall not include any agreement or arrangement which provides for the issuance of payment cards.

**(e) De minimis exception for third party settlement organizations**

A third party settlement organization shall not be required to report any information under

subsection (a) with respect to third party network transactions of any participating payee if the amount which would otherwise be reported under subsection (a)(2) with respect to such transactions does not exceed \$600.

**(f) Statements to be furnished to persons with respect to whom information is required**

Every person required to make a return under subsection (a) shall furnish to each person with respect to whom such a return is required a written statement showing—

(1) the name, address, and phone number of the information contact of the person required to make such return, and

(2) the gross amount of the reportable payment transactions with respect to the person required to be shown on the return.

The written statement required under the preceding sentence shall be furnished to the person on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made. Such statement may be furnished electronically, and if so, the email address of the person required to make such return may be shown in lieu of the phone number.

**(g) Regulations**

The Secretary may prescribe such regulations or other guidance as may be necessary or appropriate to carry out this section, including rules to prevent the reporting of the same transaction more than once.

(Added Pub. L. 110-289, div. C, title III, §3091(a), July 30, 2008, 122 Stat. 2908; amended Pub. L. 115-123, div. D, title II, §41117(a), Feb. 9, 2018, 132 Stat. 162; Pub. L. 117-2, title IX, §9674(a), (b), Mar. 11, 2021, 135 Stat. 185.)

**Editorial Notes****AMENDMENTS**

2021—Subsec. (c)(3). Pub. L. 117-2, §9674(b), inserted “described in subsection (d)(3)(A)(iii)” after “any transaction”.

Subsec. (e). Pub. L. 117-2, §9674(a), amended subsec. (e) generally. Prior to amendment, subsec. (e) related to an exception for de minimis payments by third party settlement organizations.

2018—Subsec. (d)(1)(B). Pub. L. 115-123 inserted at end “Notwithstanding the preceding sentence, a person with only a foreign address shall not be treated as a participating payee with respect to any payment settlement entity solely because such person receives payments from such payment settlement entity in dollars.”

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 2021 AMENDMENT**

Pub. L. 117-2, title IX, §9674(c), Mar. 11, 2021, 135 Stat. 185, provided that:

“(1) IN GENERAL.—The amendment made by subsection (a) [amending this section] shall apply to returns for calendar years beginning after December 31, 2021.

“(2) CLARIFICATION.—The amendment made by subsection (b) [amending this section] shall apply to transactions after the date of the enactment of this Act [Mar. 11, 2021].”

**EFFECTIVE DATE OF 2018 AMENDMENT**

Pub. L. 115-123, div. D, title II, §41117(b), Feb. 9, 2018, 132 Stat. 162, provided that: “The amendment made by

this section [amending this section] shall apply to returns for calendar years beginning after December 31, 2017.”

EFFECTIVE DATE

Section applicable to returns for calendar years beginning after Dec. 31, 2010, with exception for purposes of carrying out any TIN matching program, see section 3091(e) of Pub. L. 110-289, set out as an Effective Date of 2008 Amendment note under section 3406 of this title.

**§ 6050X. Information with respect to certain fines, penalties, and other amounts**

**(a) Requirement of reporting**

**(1) In general**

The appropriate official of any government or any entity described in section 162(f)(5) which is involved in a suit or agreement described in paragraph (2) shall make a return in such form as determined by the Secretary setting forth—

(A) the amount required to be paid as a result of the suit or agreement to which paragraph (1) of section 162(f) applies,

(B) any amount required to be paid as a result of the suit or agreement which constitutes restitution or remediation of property, and

(C) any amount required to be paid as a result of the suit or agreement for the purpose of coming into compliance with any law which was violated or involved in the investigation or inquiry.

**(2) Suit or agreement described**

**(A) In general**

A suit or agreement is described in this paragraph if—

(i) it is—

(I) a suit with respect to a violation of any law over which the government or entity has authority and with respect to which there has been a court order, or

(II) an agreement which is entered into with respect to a violation of any law over which the government or entity has authority, or with respect to an investigation or inquiry by the government or entity into the potential violation of any law over which such government or entity has authority, and

(ii) the aggregate amount involved in all court orders and agreements with respect to the violation, investigation, or inquiry is \$600 or more.

**(B) Adjustment of reporting threshold**

The Secretary shall adjust the \$600 amount in subparagraph (A)(ii) as necessary in order to ensure the efficient administration of the internal revenue laws.

**(3) Time of filing**

The return required under this subsection shall be filed at the time the agreement is entered into, as determined by the Secretary.

**(b) Statements to be furnished to individuals involved in the settlement**

Every person required to make a return under subsection (a) shall furnish to each person who

is a party to the suit or agreement a written statement showing—

(1) the name of the government or entity, and

(2) the information supplied to the Secretary under subsection (a)(1).

The written statement required under the preceding sentence shall be furnished to the person at the same time the government or entity provides the Secretary with the information required under subsection (a).

**(c) Appropriate official defined**

For purposes of this section, the term “appropriate official” means the officer or employee having control of the suit, investigation, or inquiry or the person appropriately designated for purposes of this section.

(Added Pub. L. 115-97, title I, § 13306(b)(1), Dec. 22, 2017, 131 Stat. 2128.)

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE

Pub. L. 115-97, title I, § 13306(b)(3), Dec. 22, 2017, 131 Stat. 2129, provided that: “The amendments made by this subsection [enacting this section] shall apply to amounts paid or incurred on or after the date of the enactment of this Act [Dec. 22, 2017], except that such amendments shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.”

**§ 6050Y. Returns relating to certain life insurance contract transactions**

**(a) Requirement of reporting of certain payments**

**(1) In general**

Every person who acquires a life insurance contract or any interest in a life insurance contract in a reportable policy sale during any taxable year shall make a return for such taxable year (at such time and in such manner as the Secretary shall prescribe) setting forth—

(A) the name, address, and TIN of such person,

(B) the name, address, and TIN of each recipient of payment in the reportable policy sale,

(C) the date of such sale,

(D) the name of the issuer of the life insurance contract sold and the policy number of such contract, and

(E) the amount of each payment.

**(2) Statement to be furnished to persons with respect to whom information is required**

Every person required to make a return under this subsection shall furnish to each person whose name is required to be set forth in such return a written statement showing—

(A) the name, address, and phone number of the information contact of the person required to make such return, and

(B) the information required to be shown on such return with respect to such person, except that in the case of an issuer of a life insurance contract, such statement is not required to include the information specified in paragraph (1)(E).