

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

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CC:IT&A:2 – PLR-102944-00

Date: August 25, 2000

LEGEND:

Z =
City =
x =

Dear . :

This letter is in response to your request for a ruling that cash payments received by Z from taxicab drivers for lease of taxicab medallions are not subject to the reporting requirements of § 60501 of the Internal Revenue Code

FACTS:

The taxpayer, Z, leases taxicab medallions to drivers who have been granted a “hack” license by City. A medallion, when mounted on an approved taxi vehicle, confers the exclusive right in City for street-side pick-up of passengers. Vehicles without a medallion are forbidden from street-side passenger pick-up. The value of a medallion, currently \$27,500_x, is enhanced by the exclusive right it confers for street-side pick-up.

Z leases taxicab medallions to individuals who drive taxicabs. Z enters into a separate lease with each driver. The length of a lease varies but can be as long as 6 months. Lease payments of \$70_x cash are made weekly by drivers. Z leases a total of 15_x - 17_x medallions.

LAW:

Section 60501 provides, in general, that any person who, in the course of his or her trade or business, receives cash in excess of \$10,000 in one transaction (or two or more related transactions) must make a return of information with respect to the receipt of cash. Section 1.60501-1(c)(1)(ii) of the Income Tax Regulations states that “cash” means (A) the coin and currency of the United States or of any other country, which circulate in and are customarily used and accepted as money in the country in which issued; and (B) a cashier’s check, bank draft, traveler’s check, or money order having a face amount of not more than \$10,000 if it is received in a designated reporting

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transaction or received in any transaction in which the recipient knows that the instrument is being used in an attempt to avoid the reporting requirements of § 6050I.

A “transaction” is defined in § 1.6050I-1(c)(7)(i) as the underlying event precipitating the payer’s transfer of cash to the recipient. A non-inclusive list of transactions is set forth in § 1.6050I-1(c)(7)(i) and includes a rental of real or personal property.

Section 1.6050I-1(b)(2) states that with respect to the receipt of cash installment payments relating to a single transaction (or two or more related transactions), if the initial payment is \$10,000 or less, the recipient must aggregate the initial payment and subsequent payments made within 1 year of the initial payment until the aggregate amount exceeds \$10,000. When the aggregate amount exceeds \$10,000, an information return must be filed within 15 days.

CONCLUSION:

The lease of a taxicab medallion from Z by a driver is a transaction within the scope of § 6050I. The initial cash payment and subsequent payments under a particular lease with a driver must be aggregated. When the initial payment and the subsequent payments received within 12 months under a particular lease with a driver exceed \$10,000, a report must be made within 15 days on Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business.

CAVEATS:

A copy of this letter must be attached to any income tax return to which it is relevant. Enclosed is a copy of the letter showing the deletions proposed to be made when it is disclosed under § 6110.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Sincerely,
Associate Chief Counsel
(Income Tax & Accounting)
By: Robert A. Berkovsky
Chief, Branch 2