

Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:
CC:PA:APJP:1 / PLR-116158-00
Date:
9-12-00

Re: Letter Ruling Request Regarding the Information Filing Requirements Associated with a Local Real Property Tax Rebate Program

LEGEND:

Taxpayer =

State X =

Tax Rebate Act =

Fiscal Year 1 =

\$X =

Date 1 =

Date 2 =

Dear :

This responds to your letter dated August 14, 2000, requesting a ruling on whether Taxpayer is required to create and furnish information returns under sections 6041 and 6050E of the Internal Revenue Code in connection with payments made pursuant to a local real property tax rebate program authorized under state law.

FACTS

On Date 1, State X enacted the Tax Rebate Act which provides individual owners of homestead property in State X with a rebate of certain real property taxes imposed by school districts for Fiscal Year 1.

Under the provisions of the Tax Rebate Act, a homeowner is eligible for the

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rebate if the homeowner (1) is a State X resident; (2) occupied a homestead as his or her primary residence during any part of Fiscal Year 1; (3) was the owner of record of the homestead property as of Date 2; and (4) paid real property tax to a school district on the homestead property for Fiscal Year 1. A homestead is defined as an owner-occupied primary residence, the parcel of land on which it is situated, and any improvements located on the parcel.

The Tax Rebate Act authorizes the rebates on a one-time basis. Each homestead property situated within State X, even if jointly owned, is entitled to only one rebate. The tax rebate is calculated as follows. The homestead property owner can receive a rebate for 100% of the real property tax paid to the school district for Fiscal Year 1 but only up to the sum of \$X, an amount less than \$600.

Taxpayer is the agency of State X. Taxpayer is authorized to administer the provisions of the Tax Rebate Act. Under the Act, Taxpayer is responsible for making eligibility determinations for the rebates and issuing the rebates to the homeowners.

In your ruling request, you have asked whether State X has an income reporting requirement under sections 6041 and 6050E of the Code as a result of the Tax Rebate Act.

LAW

Section 6041(a) of the Code provides that all persons engaged in a trade or business and making payment in the course of such trade or business to another person, of rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable gains, profits, and income (other than payments to which section 6042(a)(1), 6044(a)(1), 6047(e), 6049(a), or 6050N(a) applies, and other than payments with respect to which a statement is required under the authority of section 6042(a)(2), 6044(a)(2), or 6045), of \$600 or more in any taxable year shall render a true and accurate return to the Secretary, under such regulations and in such form and manner and to such extent as may be prescribed by the Secretary, setting forth the amount of such gains, profits, and income, and the name and address of the recipient of such payment.

Section 6050E of the Code provides that every person who, with respect to any individual, during any calendar year makes payments of refunds of State or local income taxes (or allows credit or offsets with respect to such taxes) aggregating \$10 or more shall make a return according to forms or regulations prescribed by the Secretary setting forth the aggregate amount of such payments, credits, or offsets, and the name and address of the individual with respect to whom such payment, credit, or offset was made.

CONCLUSION

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Based on the facts as represented and the relevant law as set forth above, we conclude as follows:

- (1) Taxpayer does not have an income reporting requirement under section 6041 of the Code as a result of the Tax Rebate Act because the amount of the tax rebate issued to each homeowner will be less than \$600.
- (2) Taxpayer does not have an income reporting requirement under section 6050E of the Code as a result of the Tax Rebate Act because the tax rebates under the Act are not refunds of income taxes and section 6050E only applies to the refund of income taxes.

Except as specifically ruled upon above, no opinion is expressed or implied regarding whether the rebate satisfies the fixed or determinable requirement or any other requirements under section 6041 of the Code, or the income tax consequences of the Tax Rebate Act, any transaction, or any item discussed or referenced in this letter.

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

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,
PAMELA W. FULLER
Acting Assistant to the Branch Chief, Branch 1
Office of Chief Counsel
(Administrative Provisions & Judicial Practice)

Enclosures (2):

- Copy of this letter
- Copy of section 6110 purposes

cc: District Director
Chief, Examination Division