



OFFICE OF  
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
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INTERNAL REVENUE SERVICE NATIONAL OFFICE CHIEF COUNSEL ADVICE

MEMORANDUM FOR ANTI-MONEY LAUNDERING SPECIALIST  
SB/SE (Compliance),

FROM: Pamela W. Fuller  
Senior Technician Reviewer  
CC:PA:APJP:1

SUBJECT: Requirement to Issue Information Returns under IRC Section  
60501

This Chief Counsel Advice addresses how § 60501 of the Internal Revenue Code ("Code") applies to retail and wholesale scenarios. In accordance with I.R.C. § 6110(k)(3), this Chief Counsel Advice should not be cited as precedent.

Scenario 1

A retail auto auction sells a vehicle to Customer B. The vehicle has a selling price of \$25,000. Customer B indicates he will pay in cash (currency) to settle the transaction. When the sales manager is gathering information necessary to complete Form 8300, Customer B decides to change the form of payment from currency to money orders. He takes back the currency and provides 50 money orders, each with a face value of \$500.00, as full payment for the vehicle.

Scenario 2

Same as Scenario 1, except the business is a wholesale auto auction.

LAW AND ANALYSIS

Section 60501(a) of the Code provides that any person who is engaged in a trade or business, and who, in the course of such trade or business, receives more than \$10,000 in cash in one transaction (or 2 or more related transactions), shall make the return described in § 60501(b) with respect to such transaction (or related

transactions) at such time as the Secretary may by regulations prescribe. Form 8300 is the form required to comply with this provision.

According to § 6050I(e) of the Code, every person required to make a return under subsection (a) shall furnish to each person whose name is required to be set forth in such return a written statement that 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.

Section 1.6050I-1(c)(1)(ii)(B)(1) and (2) of the Income Tax Regulations (“regulations”) describes “cash” as a cashier’s check, bank draft, traveler’s check, or money order having a face amount of not more than \$10,000 received in a designated reporting transaction or received in any transaction in which the recipient knows that such instrument is being used in an attempt to avoid the reporting of the transaction under § 6050I and this section.

Section 1.6050I-1(c)(1)(iii) defines a designated reporting transaction as a retail sale of a consumer durable, a collectible, or a travel or entertainment activity. A consumer durable means an item of tangible personal property of a type that is suitable under ordinary usage for personal consumption or use, that can reasonably be expected to be useful for at least 1 year under ordinary usage, and that has a sales price of more than \$10,000. See Treas. Reg. § 1.6050I-1(c)(2).

Section 1.6050I-1(e)(2) of the regulations states that a report required by paragraph (a) must be made on Form 8300. In addition, any person required to make an information return under this section must furnish a single, annual, written statement to each person whose name is set forth in a return filed with the Service. See Treas. Reg. § 1.6050I-1(f)(1).

### Scenario 1

In Scenario 1, Customer B uses money orders in the amount of \$25,000 to purchase an automobile from a retail auto auction. The customer provides 50 money orders, each with a face value of \$500.00. As stated above, § 1.6050I-1(c)(1)(ii)(B)(1) defines “cash” as a money order having a face amount of not more than \$10,000 received in a designated reporting transaction. None of the individual money orders in this scenario exceeds a face value of \$10,000; thus, the money orders fall within the definition of cash. The auto auction retailer received cash in the amount of \$25,000 during one transaction. As a result, this transaction falls within the parameters of § 6050I. Therefore, the auto auction retailer must file Form 8300 with the Service and furnish a statement to Customer B.

### Scenario 2

In Scenario 2, Customer B indicates that he will purchase an automobile with cash. However, Customer B uses money orders in the amount of \$25,000 to purchase an automobile from the wholesale auto auction. As stated above, § 1.6050I-1(c)(1)(ii)(B)(1) defines “cash” as a money order having a face amount of not more than \$10,000 received in a designated reporting transaction. A designated reporting transaction is a retail sale of a consumer durable, a collectible, or a travel or entertainment activity. Treas. Reg. § 1.6050I-1(c)(1)(iii). A wholesale sale is not a retail sale. Therefore, a wholesale sale paid for with money orders is not a designated reporting transaction. Accordingly, the wholesale auto auction is not required to file Form 8300.

Though the wholesale auto auction is not required to file Form 8300, the auction may voluntarily file the form if the transaction is suspicious. A suspicious transaction is a transaction in which it appears that a person is attempting to cause Form 8300 not to be filed, or to file a false or incomplete form or there is an indication of illegal activity. If, in light of the facts and circumstances, the salesperson determines the switch from cash to money orders is a suspicious transaction, then the wholesale auto auction may file Form 8300. See Publication 1544, Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business). However, because of the voluntary nature of the filing, § 6050I does not require the wholesale auto auction to furnish a statement to Customer B .

If you have any questions, please contact (202) 622-4910.