

Part III - Administrative, Procedural, and Miscellaneous
Information Reporting for Discharges of Indebtedness

Notice 2000-22

PURPOSE

This notice provides that the Internal Revenue Service will not impose penalties under §§ 6721 and 6722 of the Internal Revenue Code on certain taxpayers for failure to file information returns or furnish payee statements under § 6050P for discharges of indebtedness occurring before January 1, 2001. This notice applies only to taxpayers who were made subject to § 6050P by § 533(a) of the Ticket to Work and Work Incentives Improvement Act of 1999, Pub. L. No. 106-170, 113 Stat. 1860, 1931 (1999) (“the Act”).

BACKGROUND

Generally, § 6050P(a) requires applicable entities that are subject to that section to file returns with the Service, and to provide statements to persons whose names are required to be shown on the returns (“payees”), setting forth certain information regarding discharges of indebtedness of \$600 or more. Sections 6721 and 6722 impose penalties for failure to file correct information returns or to provide correct payee statements, respectively, including those required under § 6050P.

Section 533(a) of the Act amended § 6050P of the Code by expanding the types of entities that are required to report discharges of indebtedness to include any organization “a significant trade or business of which is the lending of money.” The Act was signed into law on December 17, 1999. Section 533(a) was made effective for discharges of indebtedness occurring after December 31, 1999.

PENALTY SUSPENSION

The Service recognizes that many taxpayers that were made subject to § 6050P by the Act did not have sufficient time to make the necessary changes to their record keeping systems to capture the information required to be reported under § 6050P. In addition to the fact that § 533(a) of the Act became effective very shortly after enactment, many taxpayers were, at the time of enactment, focused on implementing computer system changes in preparation for Year 2000. To give these taxpayers additional time to make the changes necessary to comply with § 6050P, the Service will not impose penalties on these taxpayers for failing to comply with the requirements of § 6050P for discharges of indebtedness occurring before January 1, 2001.

This notice does not affect the reporting obligations of any entity that was already subject to § 6050P prior to its amendment by the Act.

DRAFTING INFORMATION

The principal author of this notice is Christopher F. Kane of the Office of Assistant Chief Counsel, Income Tax and Accounting. For further information regarding this notice, contact Mr. Kane at (202) 622-4930 (not a toll-free call).