

Treas. Reg. Section 1.6041-1(d)(2)

Return of information as to payments of \$600 or more

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(d) Payments specifically included.

(1) In general. Amounts paid in respect of life insurance, endowment, or annuity contracts are required to be reported in returns of information under this section-

(i) Unless the payment is made in respect of a life insurance or endowment contract by reason of the death of the insured and is not required to be reported by paragraph (b) of §1.6041-2,

(ii) Unless the payment is made by reason of the surrender prior to maturity or lapse of a policy, other than a policy which was purchased (a) by a trust described in section 401(a) which is exempt from tax under section 501(a), (b) as part of a plan described in section 403(a), or (c) by an employer described in section 403(b)(1)(A),

(iii) Unless the payment is interest as defined in §1.6049-2 and is made after December 31, 1962,

(iv) Unless the payment is a payment with respect to which a return is required by §1.6047-1, relating to employee retirement plans covering owner-employees,

(v) Unless the payment is payment with respect to which a return is required by §1.6052-1, relating to payment of wages in the form of group-term life insurance.



(2) Professional fees. Fees for professional services paid to attorneys, physicians, and members of other professions are required to be reported in returns of information if paid by persons engaged in a trade or business and paid in the course of such trade or business.

(3) Prizes and awards. Amounts paid as prizes and awards that are required to be included in gross income under section 74 and §1.74-1 when paid in the course of a trade or business are required to be reported in returns of information under this section.

(4) Disability payments. Amounts paid as disability payments under section 105(d) are required to be reported in returns of information under this section.

(5) Notional principal contracts. Except as provided in paragraphs (b)(5)(i) and (ii) of this section, amounts paid after December 31, 2000, with respect to notional principal contracts referred to in §1.863-7 or 1.988-2(e) to persons who are not described in §1.6049-4(c)(1)(ii) are required to be reported in returns of information under this

section. The amount required to be reported under this paragraph (d)(5) is limited to the amount of cash paid from the notional principal contract as described in 1.446-3(d). A non-periodic payment is reportable for the year in which an actual payment is made. Any amount of interest determined under the provisions of §1.446-3(g)(4) (dealing with interest in the case of a significant non-periodic payment) is reportable under this paragraph (d)(5) and not under section 6049 (see 1.6049-5(b)(15)). See 1.6041-4(a)(4) for reporting exceptions regarding payments to foreign persons. See, however, §1.1461-1(c)(1) for reporting amounts described under this paragraph (d)(5) that are paid to foreign persons. The provisions of §1.6049-5(d) shall apply for determining whether a payment with respect to a notional principal contract is made to a foreign person. See §1.6049-4(a) for a definition of payor. For purposes of this paragraph (d)(5), a payor includes a middleman defined in §1.6049-4(f)(4).

(i) An amount paid with respect to a notional principal contract is not required to be reported if the amount is paid by a non-U.S. payor or a non-U.S. middleman and is paid and received outside the United States (as defined in §1.6049-4(f)(16)).

(ii) An amount paid with respect to a notional principal contract is not required to be reported if the amount is paid by a payor that has no actual knowledge that the payee is a U.S. person and is paid and received outside the United States (as defined in §1.6049-4(f)(16)), and the payor is-

(A) A U.S. payor or U.S. middleman that is not a U.S. person (such as a controlled foreign corporation defined in section 957(a) or certain foreign corporations or foreign partnerships engaged in a U.S. trade or business);
or

(B) A foreign branch of a U.S. bank. See §1.6049-5(c)(5) for a definition of a U.S. payor, a U.S. middleman, a non-U.S. payor, and a non-U.S. middleman.

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