

Internal Revenue Service, Treasury

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separate contracts, each of which had a clause that constituted participation in or cooperation with an international boycott. Neither operation was completed during the fiscal year, nor were either of the boycotting clauses renounced. Operation (1) was carried out in accordance with the terms of a contract entered into on November 15, 1976. Operation (2) was carried out in accordance with the terms of a binding contract entered into before September 2, 1976. Corporation A had sales made to a boycotting country in connection with Operation (1) in the amount of \$50, and in connection with Operation (2) in the amount of \$100. Corporation A had sales made to countries other than the United States in the amount of \$500. Corporation A had no purchases made from, sales made from, or payroll paid or accrued for services performed in, any country other than the United States. In the absence of this subparagraph, Corporation A's international boycott factor would be

$$(\$50 + \$100) / \$500.$$

However, by reason of the application of this subparagraph, Corporation A's international boycott factor is reduced to

$$\left[(\$50 + \$100)(181 / 365) \right] / \$500$$

(3) *Incomplete controlled group taxable year.* If, at the end of the taxable year of a person that is a member of a controlled group, the controlled group taxable year that includes November 3, 1976 has not ended, or the taxable year of one or more members of the controlled group that includes November 3, 1976 has not ended, then the international boycott factor to be applied under sections 908(a), 952(a)(3) and 995(b)(1)(F) by such person for the taxable year shall be computed in the manner described in paragraph (c)(3) of this section. However, the numerator and the denominator in that paragraph shall include only the purchases, sales, and payroll of those members of the controlled group whose taxable years ending after November 3, 1976 have ended as the end of the taxable year of such person.

(f) *Effective date.* This section applies to participation in or cooperation with an international boycott after November 3, 1976. In the case of operations which constitute participation in or cooperation with an international boycott and which are carried out in accordance with the terms of a binding

contract entered into before September 2, 1976, this section applies to such participation or cooperation after December 31, 1977.

[T.D. 7467, 42 FR 11833, Mar. 1, 1977]

§ 7.6039A-1 Information regarding carryover basis property acquired from a decedent.

(a) *Information for Internal Revenue Service.* In the case of a decedent who dies after December 31, 1976, the executor (as defined in section 2203) shall furnish to the Internal Revenue Service the following information, as applicable—

(1) If an estate tax return is required to be filed under section 6018 of the Internal Revenue Code of 1954, as amended, and if the return form contains questions relating to carryover basis property, the executor must answer those questions.

(2) If no estate tax return is required to be filed under section 6018 of the Internal Revenue Code of 1954, as amended, or if a return is required to be filed but the return form used does not contain questions relating to carryover basis property, the executor must file the form prescribed by the Commissioner. This form may be attached to the estate tax return or the decedent's final individual income tax return. If this form is not attached to the estate tax return or the decedent's final individual income tax return, it must be filed with the Internal Revenue Service office where the decedent's final income tax return would be filed if one were required within 9 months after the date of the decedent's death or by December 31, 1978, whichever is later.

(b) *Information to be furnished to beneficiaries.* Any executor required under paragraph (a) of this section to furnish information to the Internal Revenue Service relating to carryover basis property must furnish in writing to the distributee of each piece of carryover basis property—

- (1) A description of the property,
- (2) The adjusted basis of the property as computed under section 1023 (a), (c), and (d),
- (3) The amount of the increase in the basis of the property determined under section 1023(h),

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(4) The value of the property for Federal estate tax purposes, and

(5) A notice that the beneficiary should keep this information as part of permanent records.

(c) *Time for furnishing information to beneficiaries.* The information which an executor is required to furnish to the beneficiaries under this paragraph must be furnished on or before the latest of—

(1) The date the property is distributed to the beneficiary,

(2)(i) In the case of an executor who is required to file an estate tax return, 6 months after the due date (including extensions) of such return,

(ii) In the case of an executor who is not required to file an estate tax return, 15 months from the date of death of the decedent, or

(3) December 31, 1978.

(d) *Subsequent adjustments to carryover basis.* In the event subsequent adjustments are made which relate to the carryover basis of any piece of property included in a decedent's gross estate, whether by reason of an adjustment resulting from an examination of the estate tax return or otherwise, any executor required under paragraph (a) of this section to furnish information to the Internal Revenue Service shall, within 3 months of a determination, as defined in section 1313 (a), of such adjustments, provide to the recipient of each item of carryover basis property the information set forth in paragraph (b) of this section recomputed as required by such adjustments.

(e) *Effective date.* This section is effective in respect of decedents dying after December 31, 1976.

(Secs. 7805 and 6039A of the Internal Revenue Code of 1954 (68A Stat. 917, 90 Stat. 1878; 26 U.S.C. 7805, 6039A))

[T.D. 7540, 43 FR 16735, Apr. 20, 1978, as amended by T.D. 7559, 43 FR 36244, Aug. 16, 1978]

§ 7.6041-1 Return of information as to payments of winnings from bingo, keno, and slot machines.

(a) *In general.* On or after May 1, 1977, every person engaged in a trade or business and making a payment in the course of such trade or business of winnings (including winnings which are exempt from withholding under section

3402(q)(5)) of \$1,200 or more from a bingo game or slot machine play or of \$1,500 or more from a keno game shall make an information return with respect to such payment.

(b) *Special rules.* For purposes of paragraph (a) of this section, in determining whether such winnings equal or exceed the \$1,200 or \$1,500 amount—

(1) In the case of a bingo game or slot machine play, the amount of winnings shall not be reduced by the amount wagered;

(2) In the case of a keno game, the amount of winnings from one game shall be reduced by the amount wagered in that one game;

(3) Winnings shall include the fair market value of a payment in any medium other than cash;

(4) All winnings by the winner from one bingo or keno game shall be aggregated; and

(5) Winnings and losses from any other wagering transaction by the winner shall not be taken into account.

(c) *Prescribed form.* The return required by paragraph (a) of this section shall be made on Form W-2G and shall be filed with the Internal Revenue Service Center serving the district in which is located the principal place of business of the person making the return on or before February 28 of the calendar year following the calendar year in which the payment of winnings is made. Each Form W-2G shall contain the following:

(1) Name, address, and employer identification number of the person making the payment;

(2) Name, address, and social security number of the winner;

(3) General description of two types of identification (*e.g.*, "driver's license", "social security card", or "voter registration card") furnished to the maker of the payment for verification of the winner's name, address, and social security number;

(4) Date and amount of the payment; and

(5) Type of wagering transaction.

In addition, in the case of a bingo or keno game, Form W-2G shall show any number, color, or other designation assigned to the game with respect to which the payment is made. In the case of a slot machine play, Form W-2G