

claim itemized deductions for Federal income tax purposes for the applicable taxable year only if—

(i)(A) An individual who itemized deductions for Federal income tax purposes either must attach a copy of Schedule A of the individual's Federal income tax return to the State or local income tax return or must transcribe information from Schedule A of the individual's Federal income tax return on the State or local income tax return;

(B) The information contained on or transcribed from the Schedule A is required for the purpose of computing liability for the State or local income tax; and

(C) The omission of a copy of the Schedule A, or of the information required to be transcribed from the Schedule A, is consistent with the taxpayer's computation of tax on the State or local income tax return; or

(ii) Individuals are required to transcribe information from their Federal income tax return (other than from Schedule A) on the State or local income tax return for the purpose of computing liability for the State or local income tax and the information can be used to determine conclusively whether the taxpayer itemized deductions for Federal income tax purposes.

(4) *Example.* The provisions of paragraph (k)(3)(ii) of this section may be illustrated by the following example:

Example. State X asks for transcription of the following information on its 1983 income tax return from the taxpayer's 1983 Federal income tax return: Adjusted gross income; taxable income; and number of exemptions claimed. The amount of adjusted gross income and the number of exemptions claimed on the Federal income tax return are taken into account in computing the liability for income tax under the laws of State X. The amount of taxable income transcribed from the Federal return, however, does not enter into the computation of liability for income tax under the laws of State X. Thus, this amount may not be taken into account by the refund officer of State X for purposes of verifying whether a taxpayer itemized deductions for Federal income tax purposes. Since the refund officer of State X will not be able to determine conclusively from the amount of adjusted gross income and the number of exemptions transcribed from the Federal return whether a taxpayer itemized deductions for Federal income tax purposes,

the transcribed information does not meet the requirements of paragraph (k)(3)(ii) of this section.

(1) *Time for furnishing statements*—(1) *General rule.* The statement required under paragraph (k) of this section shall be furnished after December 31 of the year in which the refund is paid or credit or offset is allowed, and on or before January 31 of the following year.

(2) *Extensions of time.* For good cause shown upon written application of the refund officer, the service center director may grant an extension of time not exceeding 30 days in which to furnish statements under this paragraph. The application shall be addressed to the Service Center with which the Forms 1099 required under this section are required to be filed and shall contain a concise statement of the reasons for requesting the extension to aid the service center director in determining the period of the extension, if any, which will be granted. The application shall state at the top of the first page that it is made under this section and shall be signed by the refund officer. In general, the application shall be filed after September 30 of the year in which the refund is paid or credit or offset is allowed, and before January 15 of the following year.

(m) *Effective date.* This section applies to payments of refunds and credits and offsets allowed after December 31, 1982.

[T.D. 8052, 50 FR 37349, Sept. 13, 1985, as amended by T.D. 8895, 65 FR 50408, Aug. 18, 2000]

§ 1.6050H-0 Table of contents.

This section lists the major captions that appear in §§1.6050H-1 and 1.6050H-2.

§1.6050H-1 Information reporting of mortgage interest received in a trade or business from an individual.

(a) Information reporting requirement.

- (1) Overview.
- (2) Reporting requirement.
- (3) Optional reporting.

(b) Qualified mortgage.

(1) In general.

(2) Mortgage.

(i) In general.

(ii) Transitional rule for certain obligations existing on December 31, 1984.

(iii) Transitional rule for certain obligations existing on December 31, 1987.

§ 1.6050H-1

26 CFR Ch. I (4-1-02 Edition)

- (3) Payor of record.
- (4) Lender of record.
- (c) Interest recipient.
 - (1) Trade or business requirement.
 - (2) Interest received or collected on behalf of another person.
 - (i) General rule.
 - (ii) Exception.
 - (3) Interest received in the form of points.
 - (i) In general.
 - (ii) If designation agreement is in effect.
 - (4) Governmental unit.
 - (5) Examples.
 - (d) Additional rules.
 - (1) Reporting by foreign person.
 - (2) Reporting with respect to nonresident alien individual.
 - (i) In general.
 - (ii) Nonresident alien individual status.
 - (3) Reporting by cooperative housing corporations.
 - (e) Amount of interest received on mortgage for calendar year.
 - (1) In general.
 - (2) Calendar year.
 - (i) In general.
 - (ii) De minimis rule.
 - (iii) Applicability to points.
 - (3) Certain interest not received on mortgage.
 - (i) Interest received from seller on payor of record's mortgage.
 - (ii) Interest received from governmental unit.
 - (4) Interest calculated under Rule of 78s method of accounting.
 - (f) Points treated as interest.
 - (1) General rule.
 - (2) Limitations.
 - (3) Special rule.
 - (i) Amounts paid directly by payor of record.
 - (ii) Examples.
 - (4) Construction loans.
 - (i) In general.
 - (ii) Limitation on refinancing of construction loans.
 - (5) Amounts paid to mortgage brokers.
 - (6) Effect on deduction of points.
 - (g) Effective date.
 - (1) In general.
 - (2) Points.

§ 1.6050H-2 *Time, form, and manner of reporting interest received on qualified mortgage.*

- (a) Requirement to file return.
 - (1) Form of return.
 - (2) Information included on return.
 - (3) Reimbursements of interest on a qualified mortgage.
 - (4) Time and place for filing return.
 - (5) Use of magnetic media.
 - (b) Requirement to furnish statement.
 - (1) In general.
 - (2) Information included on statement.
 - (3) Statement furnished pursuant to Federal mortgage program.

- (4) Copy of Form 1098 to payor of record.
- (5) Furnishing statement with other information reports.
- (6) Time and place for furnishing statement.
 - (c) Notice requirement for use of Rule of 78s method of accounting.
 - (1) In general.
 - (2) Time and manner.
 - (d) Reporting under designation agreement.
 - (1) In general.
 - (2) Qualified person.
 - (3) Designation agreement.
 - (4) Penalties.
 - (e) Penalty provisions.
 - (1) Returns and statements the due date for which (determined without regard for extensions) is after December 31, 1987, and before December 31, 1989.
 - (i) Failure to file return or to furnish statement.
 - (ii) Failure to furnish TIN.
 - (iii) Failure to include correct information.
 - (2) Returns and statements the due date for which (determined without regard for extensions) is after December 31, 1989.
 - (i) Failure to file return or to furnish statement.
 - (ii) Failure to furnish TIN.
 - (iii) Failure to include correct information.
 - (f) Requirement to request and to obtain TIN.
 - (1) In general.
 - (2) Manner of requesting TIN.
 - (g) Effective date.
 - (1) In general.
 - (2) Points.

[T.D. 8571, 59 FR 63250, Dec. 8, 1994]

§ 1.6050H-1 Information reporting of mortgage interest received in a trade or business from an individual.

- (a) *Information reporting requirement—*
 - (1) *Overview.* The information reporting requirements of section 6050H, this section, and § 1.6050H-2 apply to an interest recipient who receives at least \$600 of interest on a qualified mortgage for a calendar year or who makes a reimbursement of interest described in § 1.6050H-2(a)(2)(iv). Paragraph (b) of this section defines qualified mortgage. Paragraph (c) of this section defines interest recipient. Paragraph (d) of this section contains additional rules relating to the reporting requirement for foreign persons, cooperative housing corporations, and nonresident alien individuals. Paragraph (e) of this section contains rules for determining the