

Service on magnetic media or on Forms 8596 and 8596-A shall be signed by the head of the Federal executive agency (or his or her delegate) under the penalties of perjury, certifying that such official has examined the return, that it is prepared pursuant to the requirements of section 6050M and that, to the best of such official's knowledge and belief, it is compiled from agency records maintained in the normal course of business for the purpose of making a true, correct, and complete return as required by section 6050M.

(ii) *Returns made by Director of FPDC on agency's behalf.* Each return made under this section by the Director of the FPDC on behalf of a Federal executive agency shall be signed by the Director of the FPDC (or his or her delegate) under the penalties of perjury, certifying that such official has examined the return, that it is prepared pursuant to the requirements of section 6050M and that, to the best of such official's knowledge and belief, it is compiled from information submitted by the Federal executive agency to the FPDC pursuant to §1.6050M-1(d)(5)(i) for the purpose of making a true, correct, and complete return as required by section 6050M.

(e) *Special rules relating to increases in amount obligated.* If, through the exercise of an option contained in a basic or initial contract or under any other rule of contract law, express or implied, the amount of money or other property obligated under the contract is increased by more than \$25,000 in one contract action, then that action shall be treated as the entering into of a new contract with respect to which the information required by paragraph (a) of this section is to be reported to the Internal Revenue Service for the calendar quarter in which the increase occurs.

(f) *Effective date*—(1) *Contracts required to be reported.* Except as otherwise provided in this paragraph (f), this section applies to each Federal executive agency with respect to its contracts entered into on or after January 1, 1989 (including any increase in amount obligated on or after January 1, 1989, that is treated as a new contract under paragraph (e) of this section).

(2) *Contracts not required to be reported.* A Federal executive agency is not required to report—

(i) Any basic or initial contract entered into before January 1, 1989,

(ii) Any increase contract action occurring before January 1, 1989, that is treated as a new contract under paragraph (e) of this section, or

(iii) Any increase contract action that is treated as a new contract under paragraph (e) of this section if the basic or initial contract to which that contract action relates was entered into before January 1, 1989, and—

(A) The increase occurs before April 1, 1990, or

(B) The amount of the increase does not exceed \$50,000.

(3) *Illustration*—(i) If Federal executive agency enters into an initial contract on December 1, 1988, and the amount of money obligated under the contract is increased by \$55,000 on April 15, 1990, then (A) there is no reporting requirement with respect to the contract when entered into on December 1, 1988, and (B) the April 15, 1990, increase, which is treated as a new contract under paragraph (e) of this section, is subject to the reporting requirements of this section because it is considered to be a new contract entered into on April 15, 1990.

(ii) If the \$55,000 increase had occurred before April 1, 1990, there would have been no reporting requirement with respect to that increase.

[T.D. 8275, 54 FR 50369, Dec. 6, 1989; 55 FR 13522, Apr. 11, 1990]

**§ 1.6050N-1 Statements to recipients of royalties paid after December 31, 1986.**

(a) *Requirement.* A person required to make an information return under section 6050N(a) must furnish a statement to each recipient whose name is required to be shown on the related information return for royalties paid.

(b) *Form, manner, and time for providing statements to recipients.* The statement required by paragraph (a) of this section must be either the official Form 1099 prescribed by the Internal Revenue Service for the respective calendar year or an acceptable substitute statement. The rules under §1.6042-4 (relating to statements with respect to

dividends) apply comparably in determining the form of the acceptable substitute statement permitted by this section. Those rules also apply for purposes of determining the manner of and time for providing the Form 1099 or its acceptable substitute statement to a recipient under this section.

(c) *Exempted foreign-related items*—(1) *In general.* No return shall be required under paragraph (a) of this section for payments of the items described in paragraphs (c)(1)(i) through (iv) of this section.

(i) Returns of information are not required for payments of royalties that a payor can, prior to payment, associate with documentation upon which it may rely to treat as made to a foreign beneficial owner in accordance with § 1.1441-1(e)(1)(ii) or as made to a foreign payee in accordance with § 1.6049-5(d)(1) or presumed to be made to a foreign payee under § 1.6049-5(d)(2), (3), (4), or (5). However, such payments may be reportable under § 1.1461-1(b) and (c).

For purposes of this paragraph (c)(1)(i), the provisions in § 1.6049-5(c) (regarding rules applicable to documentation of foreign status and definition of U.S. payor and non-U.S. payor) shall apply. See § 1.1441-1(b)(3)(iii)(B) and (C) for special payee rules regarding scholarships, grants, pensions, annuities, etc. The provisions of § 1.1441-1 shall apply by substituting the term *payor* for the term *withholding agent* and without regard to the fact that the provisions apply only to amounts subject to withholding under chapter 3 of the Internal Revenue Code.

(ii) Returns of information are not required for payments of royalties from sources outside the United States (determined under Part I of subchapter N and the regulations under these provisions) made outside the United States by a non-U.S. payor or non-U.S. middleman. For a definition of non-U.S. payor or non-U.S. middleman, see § 1.6049-5(c)(5). For circumstances in which a payment is considered to be made outside the United States, see § 1.6049-5(e).

(iii) Returns of information are not required for payments made by a foreign intermediary described in § 1.1441-1(e)(3)(i) that it has received in its capacity as an intermediary and that are

associated with a valid withholding certificate described in § 1.1441-1(e)(3)(ii) or (iii) and payments made by a U.S. branch of a foreign bank or of a foreign insurance company described in § 1.1441-1(b)(2)(iv) that are associated with a valid withholding certificate described in § 1.1441-1(e)(3)(v), which certificate the intermediary or branch has furnished to the payor or middleman from whom it has received the payment, unless, and to the extent, the intermediary or branch knows that the payments are required to be reported and were not so reported.

(2) *Definitions*—(i) *Payor.* For purposes of this section, the term *payor* shall have the meaning ascribed to it under § 1.6049-4(a).

(ii) *Joint owners.* Amounts paid to joint owners for which a certificate or documentation is required as a condition for being exempt from reporting under this paragraph (c) of this section are presumed made to U.S. payees who are not exempt recipients if, prior to payment, the payor cannot reliably associate the payment either with a Form W-9 furnished by one of the joint owners in the manner required in §§ 31.3406(d)-1 through 31.3406(d)-5 of this chapter, or with documentation described in paragraph (c)(1)(i) of this section furnished by each joint owner upon which it can rely to treat each joint owner as a foreign payee or foreign beneficial owner. For purposes of applying this paragraph (c)(2)(ii), the grace period described in § 1.6049-5(d)(2)(i) shall apply only if each payee qualifies for such grace period.

(d) *Cross-reference to penalties.* For provisions relating to the penalty provided for failure to file timely a correct information return required under section 6050N(a), see § 301.6721-1 of this chapter (Procedure and Administration Regulations). For provisions relating to the penalty provided for failure to furnish timely a correct payee statement required under section 6050N(b) and § 1.6050N-1(a), see § 301.6722-1 of this chapter. See § 301.6724-1 of this chapter for the waiver of a penalty if the failure is due to reasonable cause and is not due to willful neglect.

(e) *Effective date*—This section, except paragraph (c), applies to payee statements due after December 31, 1995,

without regard to extensions. For further guidance regarding the substantially similar statement mailing requirements that apply with respect to forms required to be filed after October 22, 1986, and before January 1, 1996 (see Rev. Proc. 84-70 (1984-2 C.B. 716) and § 601.601(d)(2) of this chapter). The provisions of paragraph (c) of this section apply to payments made after December 31, 2000.

[T.D. 8637, 60 FR 66111, Dec. 21, 1995, as amended by T.D. 8734, 62 FR 53492, Oct. 14, 1997; T.D. 8804, 63 FR 72188, Dec. 31, 1998; T.D. 8856, 64 FR 73412, Dec. 30, 1999]

**§ 1.6050N-2 Coordination with reporting rules for widely held fixed investment trusts under § 1.671-5.**

See § 1.671-5 for the reporting rules for widely held fixed investment trusts (as defined under that section).

[T.D. 9241, 71 FR 4025, Jan. 24, 2006]

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[T.D. 8654, 61 FR 268, Jan. 4, 1996, as amended by T.D. 9160, 69 FR 62185, Oct. 25, 2004]

**§ 1.6050P-1 Information reporting for discharges of indebtedness by certain entities.**

- (a) *Reporting requirement*—(1) *In general.* Except as provided in paragraph (d) of this section, any applicable entity (as defined in section 6050P(c)(1)) that discharges an indebtedness of any person (within the meaning of section