

Internal Revenue Code Section 6721(c)(3)

Failure to file correct information returns

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(c) Exceptions for certain de minimis failures.

(1) Exception for de minimis failure to include all required information.

If-

(A) an information return is filed with the Secretary,

(B) there is a failure described in subsection (a)(2)(B) (determined after the application of section 6724(a)) with respect to such return, and

(C) such failure is corrected on or before August 1 of the calendar year in which the required filing date occurs,

for purposes of this section , such return shall be treated as having been filed with all of the correct required information.

(2) Limitation.

The number of information returns to which paragraph (1) applies for any calendar year shall not exceed the greater of-

(A) 10, or

(B) one-half of 1 percent of the total number of information returns required to be filed by the person during the calendar year.



(3) Safe harbor for certain de minimis errors.

(A) In general. If, with respect to an information return filed with the Secretary-

(i) there are 1 or more failures described in subsection (a)(2)(B) relating to an incorrect dollar amount,

(ii) no single amount in error differs from the correct amount by more than \$100, and

(iii) no single amount reported for tax withheld on any information return differs from the correct amount by more than \$25, then no correction shall be required and, for purposes of this section , such return shall be treated as having been filed with all of the correct required information.

(B) Exception. Subparagraph (A) shall not apply with respect to any incorrect dollar amount to the extent that such error relates to an amount with respect to which an election is made under section 6722(c)(3)(B) .

(C) Regulatory authority. The Secretary may issue regulations to prevent the abuse of the safe harbor under this paragraph , including regulations providing that this paragraph shall not apply to the extent necessary to prevent any such abuse.

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