

agreement under paragraph (f)(1)(ii)(B) of this section.

(B) *By agreement.* The governments or governmental entities that are parties to an order or agreement may agree to appoint one or more other appropriate officials to be responsible for complying with the information reporting requirements of paragraphs (a), (b), and (c) of this section.

(2) *Government.* For purposes of this section, *government* means the government of the United States, a State, the District of Columbia, or a political subdivision (such as a local government unit) of any of the foregoing.

(3) *Governmental entity.* For purposes of this section, *governmental entity* means—

(i) A corporation or other entity serving as an agency or instrumentality of a government (as defined in paragraph (f)(2) of this section), or

(ii) A nongovernmental entity treated as a governmental entity as described in paragraph (f)(4) of this section.

(4) *Nongovernmental entity treated as governmental entity.* For purposes of this section, the definition of nongovernmental entity treated as a governmental entity as set forth in §1.162-21(e)(3) applies but does not include a nongovernmental entity of a territory of the United States, including American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, or the U.S. Virgin Islands, a foreign country, or an Indian tribe.

(5) *Payor.* The payor is the person, as defined in section 7701(a)(1), which, pursuant to an order or agreement, has paid or incurred, or is liable to pay or incur, an amount to, or at the direction of, a government or governmental entity in relation to the violation or potential violation of any law. In general, the payor will be the person to which section 162(f) and §1.162-21 of the regulations apply.

(6) *Threshold amount.* The *threshold amount* is \$50,000.

(g) *Applicability date.* The rules of this section apply only to orders and agreements, pursuant to suits and agreements, which become binding under applicable law on or after January 1, 2022, determined without regard to whether

all appeals have been exhausted or the time for filing an appeal has expired.

[T.D. 9946, 86 FR 4989, Jan. 19, 2021]

§ 1.6050Y-1 Information reporting for reportable policy sales, transfers of life insurance contracts to foreign persons, and reportable death benefits.

(a) *Definitions.* The following definitions apply for purposes of this section and §§1.6050Y-2 through 1.6050Y-4:

(1) *Acquirer.* The term *acquirer* means any person that acquires an interest in a life insurance contract (through a direct acquisition or indirect acquisition of the interest) in a reportable policy sale.

(2) *Buyer.* The term *buyer* means, with respect to any interest in a life insurance contract that has been transferred in a reportable policy sale, the person that was the most recent acquirer of that interest in a reportable policy sale as of the date reportable death benefits are paid under the contract.

(3) *Direct acquisition of an interest in a life insurance contract.* The term *direct acquisition of an interest in a life insurance contract* has the meaning given to it in §1.101-1(e)(3)(i).

(4) *Foreign person.* The term *foreign person* means a person that is not a United States person, as defined in section 7701(a)(30).

(5) *Indirect acquisition of an interest in a life insurance contract.* The term *indirect acquisition of an interest in a life insurance contract* has the meaning given to it in §1.101-1(e)(3)(ii).

(6) *Interest in a life insurance contract.* The term *interest in a life insurance contract* has the meaning given to it in §1.101-1(e)(1).

(7) *Investment in the contract—(i) Definition of investment in the contract.* With respect to the original policyholder of a life insurance contract, the term *investment in the contract* on any date means that person's investment in the contract under section 72(e)(6) on that date. With respect to any other person, the term *investment in the contract* on any date means the *estimate of investment in the contract* on that date.

(ii) *Definition of estimate of investment in the contract.* The term *estimate of investment in the contract* with respect to

any person, other than the original policyholder, means, on any date, the aggregate amount of premiums paid for the contract by that person before that date, less the aggregate amount received under the contract by that person before that date to the extent such information is known to or can reasonably be estimated by the issuer or payor.

(8) *Issuer*—(i) *In general.* Except as provided in paragraph (a)(8)(ii) or (iii) of this section, the term *issuer* generally means, on any date, with respect to any interest in a life insurance contract, any person that bears any part of the risk with respect to the contract on that date and any person responsible on that date for administering the contract, including collecting premiums and paying death benefits. For instance, if a reinsurer reinsures on an indemnity basis all or a portion of the risks that the original issuer (and continuing contract administrator) of the contract might otherwise have incurred with respect to the contract, both the reinsurer and the original issuer of the contract are issuers of the contract for purposes of this paragraph (a)(8)(i). Any designee of an issuer of a contract is also considered an issuer of the contract for purposes of this paragraph (a)(8)(i).

(ii) *6050Y(a) issuer.* For purposes of information reporting under section 6050Y(a) and § 1.6050Y-2, the 6050Y(a) issuer is the issuer that is responsible for administering the life insurance contract, including collecting premiums and paying death benefits under the contract, on the date of the reportable policy sale. In the case of the issuance of a life insurance contract to a policyholder in an exchange pursuant to section 1035, the 6050Y(a) issuer is the issuer that issues the new contract.

(iii) *6050Y(b) issuer.* For purposes of information reporting under section 6050Y(b) and § 1.6050Y-3, a 6050Y(b) issuer is:

(A) Any person that receives an RPSS with respect to a life insurance contract or interest therein (or, in the case of a designee, receives notice that the issuer for whom it serves as designee received an RPSS), and is or was, on or before the date of receipt of the

RPSS, an issuer with respect to the contract; or

(B) Any person that receives notice of a transfer to a foreign person of a life insurance contract, provided that the person is or was, on the date of transfer or on the date of receipt of the notice, an issuer with respect to the contract, and provided that the information is not received from the issuer responsible for administering the contract (or its designee), unless:

(1) That person (or, in the case of a designee, the issuer for whom it serves as designee) is not responsible for administering the contract, including collecting premiums and paying death benefits under the contract, on the date the notice of a transfer to a foreign person is received; and

(2) That person, or its designee, provides the issuer that is responsible on that date for administering the contract, including collecting premiums and paying death benefits under the contract, with such notice and with any available information necessary to accomplish reporting under section 6050Y(b) and § 1.6050Y-3.

(iv) *Designee.* A person is treated as the designee of an issuer for purposes of this paragraph (a)(8) only if so designated in writing, including electronically. The designation must be signed and acknowledged, in writing or electronically, by the person named as designee, or that person's representative, and by the issuer making the designation, or its representative.

(9) *Life insurance contract.* The term *life insurance contract* has the meaning given to it in section 7702(a). A life insurance contract may also be referred to as a life insurance policy.

(10) *Notice of a transfer to a foreign person.* The term *notice of a transfer to a foreign person* means any notice of a transfer of title to, possession of, or legal ownership of a life insurance contract received by a 6050Y(b) issuer that includes foreign indicia, including information provided for nontax purposes such as a change of address notice for purposes of sending statements or for other purposes, and information relating to loans, premiums, or death benefits with respect to the contract, unless the 6050Y(b) issuer knows that no transfer of the contract has occurred or

knows that the transferee is a United States person. For this purpose, a 6050Y(b) issuer may rely on a Form W-9, Request for Taxpayer Identification Number and Certification, or a valid substitute form that meets the requirements of §1.1441-1(d)(2) (substituting “6050Y(b) issuer” for “withholding agent”), that indicates the transferee is a United States person. For instance, a change of address notice that changes the address to a foreign address or other updates to the information relating to the payment of premiums that includes foreign banking or other foreign financial institution information is notice of a transfer to a foreign person unless the 6050Y(b) issuer knows that no transfer has occurred or the transferee is a United States person.

(11) *Payor*. The term *payor* means any person making a payment of reportable death benefits.

(12) *Reportable death benefits*. The term *reportable death benefits* means amounts paid by reason of the death of the insured under a life insurance contract that are attributable to an interest in the contract that was transferred in a reportable policy sale.

(13) *Reportable death benefits payment recipient*. The term *reportable death benefits payment recipient* means any person that receives reportable death benefits as a beneficiary under a life insurance contract or as the holder of an interest in a life insurance contract.

(14) *Reportable policy sale*. The term *reportable policy sale* has the meaning given to it in §1.101-1(c).

(15) *Reportable policy sale payment*. The term *reportable policy sale payment* generally means the total amount of cash and the fair market value of any other consideration reducible to a money value transferred, or to be transferred, in a reportable policy sale, including any amount of a reportable policy sale payment recipient’s debt assumed by the acquirer in a reportable policy sale. In the case of an indirect acquisition of an interest in a life insurance contract that is a reportable policy sale, the reportable policy sale payment is the total amount of cash and the fair market value of any other consideration reducible to a money value transferred, or to be transferred, for the ownership interest in the enti-

ty, including the amount of any debt assumed by the acquirer, that is appropriately allocable to the interest in the life insurance contract held by the entity.

(16) *Reportable policy sale payment recipient*—(i) Except as provided in paragraph (a)(16)(ii) of this section, the term *reportable policy sale payment recipient* means any person that receives a reportable policy sale payment in a reportable policy sale. A broker or other intermediary that retains a portion of the cash or other consideration transferred in a reportable policy sale is also a reportable policy sale payment recipient.

(ii) A person other than the seller is not a reportable policy sale payment recipient with respect to a reportable policy sale if that person receives aggregate payments of less than \$600 with respect to that reportable policy sale.

(17) *Reportable policy sale statement*. The term *reportable policy sale statement (RPSS)* means a statement furnished by an acquirer to an issuer under section 6050Y(a)(2) and §1.6050Y-2(d)(2)(i).

(18) *Seller*. The term *seller* means any person that—

(i) Holds an interest in a life insurance contract and transfers that interest, or any part of that interest, to an acquirer in a reportable policy sale; or

(ii) Owns a life insurance contract and transfers title to, possession of, or legal ownership of that contract to a foreign person.

(19) *Transfer of an interest in a life insurance contract*. The term *transfer of an interest in a life insurance contract* has the meaning given to it in §1.101-1(e)(2).

(20) *United States person*. The term *United States person* has the meaning given to it in section 7701(a)(30).

(b) *Applicability date*. This section and §§1.6050Y-2 through 1.6050Y-3 apply to reportable policy sales made after December 31, 2018. This section and §1.6050Y-4 apply to reportable death benefits paid after December 31, 2018. This section and §1.6050Y-3 apply to any notice of a transfer to a foreign person received after December 31, 2018. However, for reportable policy sales and payments of reportable death benefits occurring after December 31, 2018, and on or before December 31, 2019, and

any notice of a transfer to a foreign person received after December 31, 2018, and on or before December 31, 2019, transition relief is provided as follows:

(1) Statements required to be furnished to issuers under section 6050Y(a)(2) and § 1.6050Y-2(d)(2)(i) must be furnished by the later of the applicable deadline set forth in § 1.6050Y-2(d)(2)(ii) or December 30, 2019.

(2) Statements required to be furnished to reportable policy sale payment recipients under section 6050Y(a)(2) and § 1.6050Y-2(d)(1)(i) must be furnished by the later of the applicable deadline set forth in § 1.6050Y-2(d)(1)(ii) or February 28, 2020.

(3) Statements required to be furnished to sellers under section 6050Y(b)(2) and § 1.6050Y-3(d)(1) must be furnished by the later of the applicable deadline set forth in § 1.6050Y-3(d)(2) or February 28, 2020.

(4) Statements required to be furnished to reportable death benefits payment recipients under section 6050Y(c)(2) and § 1.6050Y-4(c)(1) must be furnished by the later of the applicable deadline set forth in § 1.6050Y-4(c)(2) or February 28, 2020.

(5) Returns required to be filed under section 6050Y(a)(1) and § 1.6050Y-2(a), section 6050Y(b)(1) and § 1.6050Y-3(a), and section 6050Y(c)(1) and § 1.6050Y-4 must be filed by the later of the applicable deadline set forth in § 1.6050Y-2(c), § 1.6050Y-3(c), and § 1.6050Y-4(b) or February 28, 2020.

[T.D. 9879, 84 FR 58484, Oct. 31, 2019, as amended by T.D. 9879, 84 FR 68043, Dec. 13, 2019]

§ 1.6050Y-2 Information reporting by acquirers for reportable policy sale payments.

(a) *Requirement of reporting.* Except as provided in paragraph (f) of this section, every person that is an acquirer in a reportable policy sale during any calendar year must file a separate information return with the Internal Revenue Service (IRS) in the form and manner as required by the IRS for each reportable policy sale payment recipient, including any seller that is a reportable policy sale payment recipient. Each return must include the following information with respect to the seller or other reportable policy sale pay-

ment recipient to which the return relates:

(1) The name, address, and taxpayer identification number (TIN) of the acquirer;

(2) The name, address, and TIN of the seller or other reportable policy sale payment recipient to which the return relates;

(3) The date of the reportable policy sale;

(4) The name of the 6050Y(a) issuer of the life insurance contract acquired and the policy number of the life insurance contract;

(5) The aggregate amount of reportable policy sale payments made, or to be made, to the seller or other reportable policy sale payment recipient to which the return relates with respect to the reportable policy sale; and

(6) Any other information that is required by the form or its instructions.

(b) *Unified reporting.* The information reporting requirement of paragraph (a) of this section applies to each acquirer in a series of prearranged transfers of an interest in a life insurance contract, as well as each acquirer in a simultaneous transfer of different interests in a single life insurance contract. In either case, an acquirer's reporting obligation is deemed satisfied if the information required by paragraph (a) of this section with respect to that acquirer is timely reported on behalf of that acquirer in a manner that is consistent with forms, instructions, and other IRS guidance by one or more other acquirers or by a third party information reporting contractor.

(c) *Time and place for filing.* Returns required to be made under paragraph (a) of this section must be filed with the Internal Revenue Service Center designated on the prescribed form or in its instructions on or before February 28 (March 31 if filed electronically) of the year following the calendar year in which the reportable policy sale occurred. However, see § 1.6050Y-1(b)(5) for transition rules.

(d) *Requirement of and time for furnishing statements—*(1) *Statements to reportable policy sale payment recipients—*(i) *Requirement of furnishing statement.* Every person required to file an information return under paragraph (a) of