

26 U.S. Code § 6677 - Failure to file information with respect to certain foreign trusts

(a) Civil penalty

In addition to any criminal penalty provided by law, if any notice or [return](#) required to be filed by [section 6048](#)—

(1) is not filed on or before the time provided in such section, or

(2) does not include all the information required pursuant to such section or includes incorrect information,

the [person](#) required to file such notice or [return](#) shall pay a penalty equal to the greater of \$10,000 or 35 percent of the [gross reportable amount](#). If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to the [person](#) required to pay such penalty, such [person](#) shall pay a penalty (in addition to the amount determined under the preceding sentence) of \$10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. At such time as the [gross reportable amount](#) with respect to any failure can be determined by the Secretary, any subsequent penalty imposed under this subsection with respect to such failure shall be reduced as necessary to assure that the aggregate

amount of such penalties do not exceed the **gross reportable amount** (and to the extent that such aggregate amount already exceeds the **gross reportable amount** the Secretary shall refund such excess to the taxpayer).

(b)Special rules for returns under section 6048(b)

In the case of a **return** required under **section 6048(b)**—

(1)the United States **person** referred to in such section shall be liable for the penalty imposed by subsection (a), and

(2)subsection (a) shall be applied by substituting “5 percent” for “35 percent”.

(c)Gross reportable amount

For purposes of subsection (a), the term “**gross reportable amount**” means—

(1)the gross value of the property involved in the event (determined as of the date of the event) in the case of a failure relating to section 6048(a),

(2)the gross value of the portion of the trust’s assets at the close of the year treated as owned by the United States **person** in the case of a failure relating to section 6048(b)(1), and

(3)the gross amount of the distributions in the case of a failure relating to section 6048(c).

(d)Reasonable cause exception

No penalty shall be imposed by this section on any failure which is shown to be due to reasonable cause and not due to willful neglect. The fact that a foreign jurisdiction would impose a civil or criminal penalty on the taxpayer (or any other **person**) for disclosing the required information is not reasonable cause.

(e)Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).

(Added [Pub. L. 87-834, § 7\(g\)](#), Oct. 16, 1962, [76 Stat. 988](#); amended [Pub. L. 91-172, title I, § 101\(j\)\(53\)](#), Dec. 30, 1969, [83 Stat. 531](#); [Pub. L. 93-406, title II, § 1016\(a\)\(21\)](#), Sept. 2, 1974, [88 Stat. 931](#); [Pub. L. 94-455, title X, § 1013\(d\)\(2\)](#), Oct. 4, 1976, [90 Stat. 1616](#); [Pub. L. 104-188, title I, § 1901\(b\)](#), Aug. 20, 1996, [110 Stat. 1907](#); [Pub. L. 111-147, title V, § 535\(a\)](#), Mar. 18, 2010, [124 Stat. 115](#).)