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Internal Revenue Code Section 6041A(e)(3)

Returns regarding payments of remuneration for services and direct sales

(a) Returns regarding remuneration for services.

If-

(1) any service-recipient engaged in a trade or business pays in the course of such trade or business during any calendar year remuneration to any person for services performed by such person, and

Note: Section 6041A(a)(2), below, is effective for payments made before Jan. 1, 2026. For Section 6041A(a)(2), effective after Dec. 31, 2025, see subsequent.

(2) the aggregate of such remuneration paid to such person during such calendar year is \$600 or more,

Note: Section 6041A(a)(2), following, is effective for payments made after Dec. 31, 2025. For Section 6051A(a)(2), effective before Jan. 1, 2026, see below.

(2) the aggregate of such remuneration paid to such person during such calendar year equals or exceeds the dollar amount in effect for such calendar year under section 6041(a),

then the service-recipient shall make a return, according to the forms or regulations prescribed by the Secretary, setting forth the aggregate amount of such payments (including a separate accounting of any such amounts reasonably designated as cash tips and the occupation described in section 224(d)(1) of the person receiving such tips) and the name and address of the recipient of such payments. For purposes of the preceding sentence, the term "service-recipient" means the person for whom the service is performed.

(b) Direct sales of \$5,000 or more.

(1) In general.

If-

(A) any person engaged in a trade or business in the course of such trade or business during any calendar year sells consumer products to any buyer on a buy-sell basis, a deposit-commission basis, or any similar basis which the Secretary prescribes by regulations, for resale (by the buyer or any other person) in the home or otherwise than in a permanent retail establishment, and

(B) the aggregate amount of the sales to such buyer during such calendar year is \$5,000 or more,

then such person shall make a return, according to the forms or regulations prescribed by the Secretary, setting forth the name and address of the buyer to whom such sales are made.

(2) Definitions.

For purposes of paragraph (1) -

(A) Buy-sell basis. A transaction is on a buy-sell basis if the buyer performing the services is entitled to retain part or all of the difference between the price at which the buyer purchases the product and the price at which the buyer sells the product as part or all of the buyer's remuneration for the services, and

(B) Deposit-commission basis. A transaction is on a deposit-commission basis if the buyer performing the services is entitled to retain part or all of a purchase deposit paid by the consumer in connection with the transaction as part or all of the buyer's remuneration for the services.

(c) Certain services not included.

No return shall be required under subsection (a) or (b) if a statement with respect to the services is required to be furnished under section 6051 , 6052 , or 6053 .

(d) Applications to governmental units.

(1) Treated as persons.

The term "person" includes any governmental unit (and any agency or instrumentality thereof).

(2) Special rules.

In the case of any payment by a governmental entity or any agency or instrumentality thereof-

(A) subsection (a) shall be applied without regard to the trade or business requirement contained therein, and

(B) any return under this section shall be made by the officer or employee having control of the payment or appropriately designated for the purpose of making such return.

(3) Payments to corporations by Federal executive agencies.

(A) In general. Notwithstanding any regulation prescribed by the Secretary before the date of the enactment of this paragraph , subsection (a) shall apply to remuneration paid to a corporation by any Federal executive agency (as defined in section 6050M(b)).

(B) Exception. Subparagraph (A) shall not apply to-

(i) services under contracts described in section 6050M(e)(3) with respect to which the requirements of section 6050M(e)(2) are met, and

(ii) such other services as the Secretary may specify in regulations prescribed after the date of the enactment of this paragraph .

(e) Statements to be furnished to persons with respect to whom information is required to be furnished.

Every person required to make a return under subsection (a) or (b) shall furnish to each person whose name is required to be set forth in such return a written statement showing-

(1) the name, address, and phone number of the information contact of the person required to make such return,

(2) in the case of subsection (a) , the aggregate amount of payments to the person required to be shown on such return, and

 (3) in the case of subsection (a) , the portion of payments that have been reasonably designated as cash tips and the occupation described in section 224(d)(1) of the person receiving such tips.

The written statement required under the preceding sentence shall be furnished to the person on or before January 31 of the year following the calendar year for which the return under subsection (a) was made.

(f) Recipient to furnish name, address, and identification number; inclusion on return.

(1) Furnishing of information.

Any person with respect to whom a return or statement is required under this section to be made by another person shall furnish to such other person his name, address, and identification number at such time and in such manner as the Secretary may prescribe by regulations.

(2) Inclusion on return.

The person to whom an identification number is furnished under paragraph (1) shall include such number on any return which such person is required to file under this section and to which such identification number relates.