

TO: Chief Business Officers

FROM: Ron Maples

DATE: August 11, 2010

SUBJECT: Reporting cash payments over \$10,000 – FORM 8300

The University of Tennessee is required by the Internal Revenue Service (IRS) to report to the Service any cash payments over \$10,000 received in a single transaction from the conduct of a trade or business by the University. In the University setting, the most frequent payment of this type would be tuition. In the event you receive more than one cash payment for a single transaction or for related transactions, you must report the multiple payments any time the aggregate totals over \$10,000 within any consecutive 12-month period. Form 8300 (attached) is to be submitted to the IRS within 15 days of the date of receipt of each payment that causes the total amount to exceed \$10,000. A copy of the completed Form 8300 must be retained for at least five years from the date of filing the form. **Severe penalties for noncompliance with the law are imposed by the IRS. Compliance is effective immediately.**

Cash typically means only the currency of the U.S. or a foreign country received in any transaction. However, in the unusual instance of the retail sale of a consumer durable (e.g. automobile), a collectible (e.g. art), or a travel and entertainment activity (e.g. if the Alumni Association ran a tour directly instead of receiving and forwarding payments to the travel agency) that exceeded \$10,000, then monetary instruments such as **cashier's checks, bank drafts, traveler's checks and money orders with a face amount of less than \$10,000** would also be considered "cash". Cash does not include **a cashier's check, bank draft, traveler's check, or money order with a face value of more than \$10,000**. When an individual uses currency of more than \$10,000 to purchase a monetary instrument, the financial institution issuing the cashier's check, bank draft, traveler's check, or money order is required to report the transaction. A personal check is not considered cash regardless of the amount. The filing of Form 8300 does not apply to wire transfers. **Please note: Donations and/or contributions are excluded from this regulation.**

On the date of the transaction, the department receiving the cash must complete Form 8300 and notify Melissa Johnson at johnsonm@tennessee.edu that a reportable transaction has taken place. Within 48 hours of the date of the transaction, the department must hand deliver the completed Form 8300 to the Campus Compliance Officer you designate to review the form. Once reviewed, the form must be hand delivered or mailed by next day air to the Controller's Office for filing with the IRS. **Remember completion, review and filing of the form must take place within 15 days of receiving the cash.**

Attached is a sample letter to give persons who pay cash to the University in excess of the threshold informing them of the IRS rule. As required by the IRS, the Controller's Office will send year-end statements by January 31 to all payers who were identified on Forms 8300 (and reported to IRS) during the immediately preceding calendar year. Additional tools have been developed to assist you in this process including reporting procedures, reporting procedures process stream, and a sample completed form. These documents will be published on the Controller's website, Tax Section at <http://controller.tennessee.edu>. For additional information, please refer to IRS Publication 1544, Reporting Cash Payments over \$10,000 at <http://www.irs.gov/pub/irs-pdf/p1544.pdf>. If you have questions, contact Melissa Johnson in the Controller's Office.