

September 2023

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## **E-FILE REQUIREMENT – FORM 8300**

### **Reporting Requirements for Cash Payments Exceeding \$10,000**

Effective Jan. 1, 2024, clubs, generally speaking, must now electronically file (e-file) Forms 8300. To file electronically Form 8300, a club must set up an account with the Financial Crimes Enforcement Network's BSA E-Filing System. The IRS will ensure the privacy and security of all taxpayer data.

A club must keep a copy of every Form 8300 it files, along with any supporting documentation and the required statement it sends to customers, for five years from the date filed. Clubs should keep in mind that filing electronically will provide a confirmation email that the form was filed, but e-file confirmation emails do not meet the record keeping requirement. When e-filing, clubs must save or print a copy of the form prior to finalizing the form submission. Clubs should associate the confirmation number with the saved copy.

As we have previously discussed in earlier TaxViews, clubs that permit their members to pay dues, assessments and charges in cash may have a reporting requirement to the Internal Revenue Service ("IRS"). Payment of more than \$10,000 in cash must be reported by the club to the IRS within fifteen (15) days of receiving the payment. Multiple cash payments made by a member must be aggregated and when they exceed \$10,000 within a year from the first payment, must be reported when the payments exceed the \$10,000 amount.

For example, assume that a member's club dues and house charges for a year total \$12,000 and the member makes four (4) payments in cash of \$3,000 each. When the last cash payment is received, the club must report the transaction to the IRS on Form 8300 within fifteen (15) days.

Failure to comply with these reporting requirements may result in civil and criminal penalties.

Cash is defined as coin or currency (U.S. or foreign). Cashier checks, bank drafts, travelers' checks or money orders having a face amount of not more than \$10,000 may be a reportable transaction if the club knows that the instrument is being used to avoid the reporting requirements.

In addition to internal control considerations, the burden of the reporting requirements and related penalties for noncompliance gives clubs enough of an incentive to prohibit cash payments by members.

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