

§ 1.6049-7T Market discount fraction reported with other financial information with respect to REMICs and collateralized debt obligations (temporary).

For purposes of § 1.6049-7(f)(2)(i)(G)(I) relating to the market discount fraction to be reported with other financial information with respect to REMICs and other collateralized debt obligations, if the REMIC regular interest or the collateralized debt obligation has de minimis original issue discount (as defined in section 1273(a)(3) and any regulations thereunder), then, at the option of the REMIC or the issuer of the collateralized debt obligation, a fraction computed in the manner specified in paragraph (f)(2)(ii)(K) of this section taking into account the de minimis original issue discount may be reported instead of the fraction specified in § 1.6049-7(f)(2)(i)(G)(I)(i). The REMIC or the issuer of the collateralized debt obligation, however, must be consistent in the method used to compute this fraction.

[T.D. 8366, 56 FR 49518, Sept. 30, 1991]

§ 1.6049-8 Interest and original issue discount paid to residents of Canada.

(a) *Interest subject to reporting requirement.* For purposes of §§ 1.6049-4, 1.6049-6 and this section and except as provided in paragraph (b) of this section, the term *interest* means interest paid to a Canadian nonresident alien individual after December 31, 1996, where the interest is described in section 871(i)(2)(A) with respect to a deposit maintained at an office within the United States. For purposes of the regulations under section 6049, a Canadian nonresident alien individual is an individual who resides in Canada and is not a United States citizen. The payor or middleman may rely upon the permanent residence address (as defined in section 1441 and the regulations under that section) as stated on the Form W-8 (described in section 6049 and the regulations under that section) in order to determine whether the payment is made to a Canadian nonresident alien individual. The payor or middleman may rely upon the permanent residence address (as defined in § 1.1441-1(e)(2)(ii)) as stated on the Form W-8 described in

§ 1.1441-1(e)(2)(i) in order to determine whether the payment is made to a Canadian nonresident alien individual. If the permanent residence address stated on the certificate is in Canada, or if the payor has actual knowledge of the individual's residence address in Canada, the payor must presume that the individual resides in Canada. Amounts described in this paragraph (a) are not subject to backup withholding under section 3406. See § 31.3406(g)-1(d) of this chapter.

(b) *Interest excluded from reporting requirement.* The term *interest* does not include an amount that is paid by the issuer or its agent outside the United States with respect to an obligation that is described in paragraph (b) (1) or (2) of this section.

(1)(i) The obligation is not in registered form (within the meaning of section 163(f) and the regulations thereunder); is part of a larger single public offering of securities; and is described in section 163(f)(2)(B).

(ii) Unless it has actual knowledge to the contrary, a middleman may treat an obligation as if it is described in section 163(f)(2)(B) if the obligation or coupon therefrom, whichever is presented for payment, contains the statement described in section 163(f)(2)(B)(ii)(II) and the regulations thereunder.

(2)(i) The obligation has a face or principal amount of not less than \$500,000, and satisfies the requirements described in paragraphs (b)(2)(i) (A), (B), and (C) of this section.

(A) The obligation satisfies the requirements of sections 163(f)(2)(B) (i) and (ii)(I) and the regulations thereunder (as if it were a registration-required obligation within the meaning of section 163(f)(2)(A)) and is issued in accordance with the procedures of § 1.163-5(c)(2)(i)(D)).

(B) If the obligation is in registered form, it is registered in the name of an exempt recipient described in § 1.6049-4(c)(1)(ii).

(C) The obligation has on its face and on any detachable coupons the following statement (or a similar statement having the same effect): "By accepting this obligation or coupon, the holder represents and warrants that it is not a United States person (other