Internal Revenue bulletin

Bulletin No. 2010-12
March 22, 2010

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

INCOME TAX

Notice 2010–21, page 451.

Low-income housing tax credit; private activity bonds. Resident populations of the 50 states, the District of Columbia, Puerto Rico, and the insular areas for purposes of determining the 2010 calendar year (1) state housing credit ceiling under section 42(h) of the Code, (2) private activity bond volume cap under section 146, and (3) private activity bond volume limit under section 142(k) are reproduced.

Rev. Proc. 2010–14, page 456.

Safe harbor for failed section 1031 exchanges. This procedure provides a safe harbor method of reporting gain or loss for certain taxpayers who initiate deferred like-kind exchanges under section 1031 of the Code, but fail to complete the exchange because a qualified intermediary defaults on its obligation to acquire and transfer replacement property to the taxpayer.

Announcement 2010–18, page 460.

This document contains a correction to final regulations (T.D. 9424, 2008–44 I.R.B. 1012) that apply to corporations filing consolidated returns, and corporations that enter into certain tax-free reorganizations. The regulations provide rules for determining the tax consequences of a member's transfer (including by deconsolidation and worthlessness) of loss shares of subsidiary stock.

EMPLOYEE PLANS

Notice 2010–24, page 452.

Weighted average interest rate update; corporate bond indices; 30-year Treasury securities; segment rates. This notice contains updates for the corporate bond weighted average interest rate for plan years beginning in March 2010; the 24-month average segment rates; the funding transitional segment rates applicable for March 2010; and the minimum present value transitional rates for February 2010.

Finding Lists begin on page ii.

Department of the Treasury
Internal Revenue Service

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents are compiled semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.
This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.
This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.
To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.
This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Part III. Administrative, Procedural, and Miscellaneous

2010 Calendar Year Resident Population Estimates

Notice 2010–21

This notice informs (1) State and local housing credit agencies that allocate low-income housing tax credits under § 42 of the Internal Revenue Code and (2) States and other issuers of tax-exempt private activity bonds under § 141, of the proper population figures to be used for calculating the 2010 calendar year population-based component of the State housing credit ceiling (Credit Ceiling) under § 42(h)(3)(C)(ii), the 2010 calendar year volume cap (Volume Cap) under § 146, and the 2010 volume limit (Volume Limit) under § 142(k)(5).

The population figures for both the population-based component of the Credit Ceiling and the Volume Cap are determined by reference to § 146(j). That section provides generally that determinations of population for any calendar year are made on the basis of the most recent census estimate of the resident population of a State (or issuing authority) released by the U.S. Census Bureau before the beginning of such calendar year. Section 142(k)(5) provides that the Volume Limit is based on the State population.

The population-based component of the Credit Ceiling and the Volume Cap are adjusted for inflation pursuant to §§ 42(h)(3)(H) and 146(d)(2), respectively. The adjustments for the 2010 calendar year were published in Rev. Proc. 2009–50, 2009–45 I.R.B. 617. Section 3.08 of Rev. Proc. 2009–50 provides that, for calendar year 2010, the amounts used under § 42(h)(3)(C)(ii) to calculate the Credit Ceiling is the greater of $2.10 multiplied by the State population (see the resident population figures provided below) or $2,430,000. Further, section 3.15 of Rev. Proc. 2009–50 provides that the amounts used under § 146(d)(1) to calculate the Volume Cap for calendar year 2010 is the greater of $90 multiplied by the State population (see the resident population figures provided below) or $273,775,000.

The proper population figures for calculating the Credit Ceiling, the Volume Cap, and the Volume Limit for the 2010 calendar year are the estimates of the resident population of the 50 states, the District of Columbia, and Puerto Rico released electronically by the U.S. Census Bureau on December 23, 2009, in Press Release CB09–199. The proper population figures for calculating the Credit Ceiling, the Volume Cap, and the Volume Limit for the 2010 calendar year for Guam and the U.S. Virgin Islands are the figures released electronically by the U.S. Census Bureau on July 17, 2003, and referenced in Census Bureau Tip Sheet TP03–16, dated August 8, 2003. The figures for these two areas are in the U.S. Census Bureau's International Data Base (IDB) as 2009 midyear population figures. The proper population figure for calculating the Credit Ceiling, the Volume Cap, and the Volume Limit for the 2010 calendar year for American Samoa is the figure released electronically by the U.S. Census Bureau in an IDB release note dated June 18, 2008, which is also in the IDB as a 2009 midyear population figure. The proper population figure for calculating the Credit Ceiling, the Volume Cap, and the Volume Limit for the 2010 calendar year for the Northern Mariana Islands is the figure released electronically by the U.S. Census Bureau in an IDB release note dated June 23, 2009, which is also in the IDB as a 2009 midyear population figure.

For convenience, these estimates and figures are reprinted below.

Resident Population Figures

Alabama	4,708,708
Alaska	698,473
American Samoa	65,628
Arizona	6,595,778
Arkansas	2,889,450
California	36,961,664
Colorado	5,024,748
Connecticut	3,518,288
Delaware	885,122
District of Columbia	599,657
Florida	18,537,969
Georgia	9,829,211
Guam	178,430
Hawaii	1,295,178
Idaho	1,545,801
Illinois	12,910,409
Indiana	6,423,113
Iowa	3,007,856

Resident Population Figures

Kansas	2,818,747
Kentucky	4,314,113
Louisiana	4,492,076
Maine	1,318,301
Maryland	5,699,478
Massachusetts	6,593,587
Michigan	9,969,727
Minnesota	5,266,214
Mississippi	2,951,996
Missouri	5,987,580
Montana	974,989
Nebraska	1,796,619
Nevada	2,643,085
New Hampshire	1,324,575
New Jersey	8,707,739
New Mexico	2,009,671
New York	19,541,453
North Carolina	9,380,884
North Dakota	646,844
Northern Mariana Islands	51,484
Ohio	11,542,645
Oklahoma	3,687,050
Oregon	3,825,657
Pennsylvania	12,604,767
Puerto Rico	3,967,288
Rhode Island	1,053,209
South Carolina	4,561,242
South Dakota	812,383
Tennessee	6,296,254
Texas	24,782,302
U.S. Virgin Islands	109,825
Utah	2,784,572
Vermont	621,760
Virginia	7,882,590
Washington	6,664,195
West Virginia	1,819,777
Wisconsin	5,654,774
Wyoming	544,270

The principal authors of this notice are Christopher J. Wilson, Office of the Associate Chief Counsel (Passthroughs and Special Industries) and Timothy L. Jones, Office of the Associate Chief Counsel (Financial Institutions and Products). For further information regarding this notice, contact Mr. Wilson at (202) 622–3040 (not a toll-free call).

Update for Weighted Average Interest Rates, Yield Curves, and Segment Rates

Notice 2010–24

This notice provides guidance as to the corporate bond weighted average interest rate and the permissible range of interest rates specified under § 412(b)(5)(B)(ii)(II) of the Internal Revenue Code as in effect for plan years beginning before 2008. It also provides guidance on the corporate bond monthly yield curve (and the corresponding spot segment rates), the 24-month average segment rates, and the funding transitional segment rates under § 430(h)(2). In addition, this notice provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning before 2008, the 30-year Treasury weighted average rate under § 431(c)(6)(E)(ii)(I), and the minimum present value segment rates under § 417(e)(3)(D) as in effect for plan years beginning after 2007.

CORPORATE BOND WEIGHTED AVERAGE INTEREST RATE

Sections 412(b)(5)(B)(ii) and 412(l)(7)(C)(i), as amended by the Pension Funding Equity Act of 2004 and by the Pension Protection Act of 2006 (PPA), provide that the interest rates used to calculate current liability and to determine the required contribution under § 412(l) for plan years beginning in 2004 through 2007 must be within a permissible range based on the weighted average of the rates of interest on amounts invested conservatively in long term investment grade corporate bonds during the 4-year period ending on the last day before the beginning of the plan year.

Notice 2004–34, 2004–1 C.B. 848, provides guidelines for determining the corporate bond weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability. That notice establishes that the corporate bond weighted average is based on the monthly composite corporate bond rate derived from designated corporate bond indices. The methodology for determining the monthly composite corporate bond rate as set forth in Notice 2004–34 continues to apply in determining that rate. See Notice 2006–75, 2006–2 C.B. 366.

The composite corporate bond rate for February 2010 is 6.01 percent. Pursuant to Notice 2004–34, the Service has determined this rate as the average of the monthly yields for the included corporate bond indices for that month.

The following corporate bond weighted average interest rate was determined for plan years beginning in the month shown below.

For Plan Years Beginning in		Corporate Bond Weighted Average	Permissible Range		
Month	*Year*		90%	to	100%
March	2010	6.40	5.76		6.40

YIELD CURVE AND SEGMENT RATES

Generally for plan years beginning after 2007 (except for delayed effective dates for certain plans under sections 104, 105, and 106 of PPA), § 430 of the Code specifies the minimum funding requirements that apply to single employer plans pursuant to § 412. Section 430(h)(2) specifies the interest rates that must be used to determine a plan's target normal cost and funding target. Under this provision, present value is generally determined using three 24-month average interest rates ("segment rates"), each of which applies to cash flows during specified periods. However, an election may be made under § 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates. For plan years beginning in 2008 and 2009, a transitional rule under § 430(h)(2)(G) provides that the segment rates are blended with the corporate bond weighted average as specified above. An election may be made under § 430(h)(2)(G)(iv) to use the segment rates without applying the transitional rule.

Notice 2007–81, 2007–2 C.B. 899, provides guidelines for determining the monthly corporate bond yield curve, the 24-month average corporate bond segment rates, and the funding transitional segment rates used to compute the target normal cost and the funding target. Pursuant to Notice 2007–81, the monthly corporate bond yield curve derived from February 2010 data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of February 2010 are, respectively, 2.29, 5.77, and 6.63. The three 24-month average corporate bond segment rates applicable for March 2010 under the election of § 430(h)(2)(G)(iv) are as follows:

First Segment	Second Segment	Third Segment
4.44	6.62	6.74

The transitional segment rates under § 430(h)(2)(G) applicable for March 2010, taking into account the corporate bond weighted average of 6.40 stated above, are as follows:

For Plan Years Beginning in	First Segment	Second Segment	Third Segment
2009	5.09	6.55	6.63

The transitional rule of § 430(h)(2)(G) does not apply to plan years starting in 2010. Therefore, for a plan year starting in 2010 with a lookback month to March 2010, the funding segment rates are the three 24-month average corporate bond segment rates applicable for March 2010, listed above without blending for the transitional period.

30-YEAR TREASURY SECURITIES INTEREST RATES

Section 417(e)(3)(A)(ii)(II) (prior to amendment by PPA) defines the applicable interest rate, which must be used for purposes of determining the minimum present value of a participant's benefit under § 417(e)(1) and (2), as the annual rate of interest on 30-year Treasury securities for the month before the date of distribution or such other time as the Secretary may by regulations prescribe. Section 1.417(e)–1(d)(3) of the Income Tax Regulations provides that the applicable interest rate for a month is the annual rate of interest on 30-year Treasury securities as specified by the Commissioner for that month in revenue rulings, notices or other guidance published in the Internal Revenue Bulletin.

The rate of interest on 30-year Treasury securities for February 2010 is 4.62 percent. The Service has determined this rate as the average of the yield on the 30-year Treasury bond maturing in November 2039 determined each day through February 10, 2010, and the yield on the 30-year Treasury bond maturing in February 2040 determined each day for the balance of the month.

Generally for plan years beginning after 2007, § 431 specifies the minimum funding requirements that apply to multiemployer plans pursuant to § 412. Section 431(c)(6)(B) specifies a minimum amount for the full-funding limitation described in section 431(c)(6)(A), based on the plan's current liability. Section 431(c)(6)(E)(ii)(I) provides that the interest rate used to calculate current liability for this purpose must be no more than 5 percent above and no more than 10 percent below the weighted average of the rates of interest on 30-year Treasury securities during the four-year period ending on the last day before the beginning of the plan year. Notice 88–73, 1988–2 C.B. 383, provides guidelines for determining the weighted average interest rate. The following rates were determined for plan years beginning in the month shown below.

For Plan Years Beginning in		30-Year Treasury Weighted Average	Permissible Range	
Month	*Year*		90% to	105%
March	2010	4.39	3.95	4.61

MINIMUM PRESENT VALUE SEGMENT RATES

Generally for plan years beginning after December 31, 2007, the applicable interest rates under § 417(e)(3)(D) are segment rates computed without regard to a 24-month average. For plan years beginning in 2008 through 2011, the applicable interest rates are the monthly spot segment rates blended with the applicable rate under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning in 2007. Notice 2007–81 provides guidelines for determining the minimum present value segment rates. Pursuant to that notice, the minimum present value transitional segment rates determined for February 2010, taking into account the February 2010 30-year Treasury rate of 4.62 stated above, are as follows:

For Plan Years Beginning in	First Segment	Second Segment	Third Segment
2009	3.69	5.08	5.42
2010	3.22	5.31	5.83

DRAFTING INFORMATION

The principal author of this notice is Tony Montanaro of the Employee Plans, Tax Exempt and Government Entities Division. Mr. Montanaro may be e-mailed at *RetirementPlanQuestions@irs.gov*.

Table I

Monthly Yield Curve for February 2010

Derived from February 2010 Data

Maturity	*Yield*	*Maturity*	*Yield*	*Maturity*	*Yield*	*Maturity*	*Yield*	*Maturity*	*Yield*
0.5	0.75	20.5	6.42	40.5	6.66	60.5	6.74	80.5	6.79
1.0	1.06	21.0	6.43	41.0	6.66	61.0	6.75	81.0	6.79
1.5	1.39	21.5	6.44	41.5	6.67	61.5	6.75	81.5	6.79
2.0	1.73	22.0	6.45	42.0	6.67	62.0	6.75	82.0	6.79
2.5	2.10	22.5	6.46	42.5	6.67	62.5	6.75	82.5	6.79
3.0	2.48	23.0	6.47	43.0	6.67	63.0	6.75	83.0	6.79
3.5	2.85	23.5	6.48	43.5	6.68	63.5	6.75	83.5	6.79
4.0	3.20	24.0	6.49	44.0	6.68	64.0	6.75	84.0	6.79
4.5	3.52	24.5	6.50	44.5	6.68	64.5	6.76	84.5	6.79
5.0	3.82	25.0	6.50	45.0	6.68	65.0	6.76	85.0	6.79
5.5	4.09	25.5	6.51	45.5	6.69	65.5	6.76	85.5	6.80
6.0	4.34	26.0	6.52	46.0	6.69	66.0	6.76	86.0	6.80
6.5	4.56	26.5	6.52	46.5	6.69	66.5	6.76	86.5	6.80
7.0	4.76	27.0	6.53	47.0	6.69	67.0	6.76	87.0	6.80
7.5	4.94	27.5	6.54	47.5	6.70	67.5	6.76	87.5	6.80
8.0	5.10	28.0	6.54	48.0	6.70	68.0	6.76	88.0	6.80
8.5	5.25	28.5	6.55	48.5	6.70	68.5	6.76	88.5	6.80
9.0	5.38	29.0	6.56	49.0	6.70	69.0	6.77	89.0	6.80
9.5	5.50	29.5	6.56	49.5	6.71	69.5	6.77	89.5	6.80
10.0	5.61	30.0	6.57	50.0	6.71	70.0	6.77	90.0	6.80
10.5	5.70	30.5	6.57	50.5	6.71	70.5	6.77	90.5	6.80
11.0	5.79	31.0	6.58	51.0	6.71	71.0	6.77	91.0	6.80
11.5	5.87	31.5	6.59	51.5	6.71	71.5	6.77	91.5	6.80
12.0	5.94	32.0	6.59	52.0	6.72	72.0	6.77	92.0	6.80
12.5	6.00	32.5	6.60	52.5	6.72	72.5	6.77	92.5	6.80
13.0	6.06	33.0	6.60	53.0	6.72	73.0	6.77	93.0	6.81
13.5	6.10	33.5	6.60	53.5	6.72	73.5	6.78	93.5	6.81
14.0	6.15	34.0	6.61	54.0	6.72	74.0	6.78	94.0	6.81
14.5	6.19	34.5	6.61	54.5	6.73	74.5	6.78	94.5	6.81
15.0	6.22	35.0	6.62	55.0	6.73	75.0	6.78	95.0	6.81
15.5	6.25	35.5	6.62	55.5	6.73	75.5	6.78	95.5	6.81
16.0	6.28	36.0	6.63	56.0	6.73	76.0	6.78	96.0	6.81
16.5	6.30	36.5	6.63	56.5	6.73	76.5	6.78	96.5	6.81
17.0	6.32	37.0	6.63	57.0	6.73	77.0	6.78	97.0	6.81
17.5	6.34	37.5	6.64	57.5	6.74	77.5	6.78	97.5	6.81
18.0	6.36	38.0	6.64	58.0	6.74	78.0	6.78	98.0	6.81
18.5	6.37	38.5	6.65	58.5	6.74	78.5	6.78	98.5	6.81
19.0	6.39	39.0	6.65	59.0	6.74	79.0	6.79	99.0	6.81
19.5	6.40	39.5	6.65	59.5	6.74	79.5	6.79	99.5	6.81
20.0	6.41	40.0	6.66	60.0	6.74	80.0	6.79	100.0	6.81

26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.
(Also Part 1, § 1031.)

Rev. Proc. 2010–14

SECTION 1. PURPOSE

This revenue procedure provides a safe harbor method of reporting gain or loss for certain taxpayers who initiate deferred like-kind exchanges under § 1031 of the Internal Revenue Code but fail to complete the exchange because a qualified intermediary (QI) defaults on its obligation to acquire and transfer replacement property to the taxpayer.

SECTION 2. BACKGROUND

.01 Under § 1031(a), no gain or loss is recognized on an exchange of property held for productive use in a trade or business or for investment (the "relinquished property") if the property is exchanged solely for property of like kind that is to be held either for productive use in a trade or business or for investment (the "replacement property").

.02 Section 1031 and the regulations under § 1031 allow for deferred exchanges of property. Section 1.1031(k)–1(a) defines a deferred exchange as an exchange in which, pursuant to an agreement (the "exchange agreement"), the taxpayer transfers relinquished property and subsequently receives replacement property. Under § 1031(a)(3), a taxpayer must (A) identify the replacement property within 45 days of the transfer of the relinquished property (the "identification period"), and (B) acquire the replacement property within 180 days of the transfer of the relinquished property, or by the due date of the taxpayer's return (including extensions) for the year of the transfer of the relinquished property, if sooner (the "exchange period").

.03 Section 1.1031(k)–1(g)(4) allows a taxpayer to use a QI to facilitate a like-kind exchange. As required by the written exchange agreement entered into with the taxpayer, the QI acquires the relinquished property from the taxpayer, transfers the relinquished property, acquires the replacement property, and transfers the replacement property to the taxpayer. If a taxpayer transfers relinquished property using a QI, the taxpayer's transfer of the relinquished property to the QI and subsequent receipt of replacement property from the QI is treated as an exchange with the QI.

.04 Under § 1.1031(k)–1(a), if a taxpayer actually or constructively receives money in the full amount of the consideration for the relinquished property, the transaction is a sale and not a deferred like-kind exchange. Section 1.1031(k)–1(f)(2) provides that the determination of whether and the extent to which a taxpayer is in actual or constructive receipt of money or non like-kind property is made under the general rules concerning actual or constructive receipt and without regard to the taxpayer's method of accounting. Generally, actual or constructive receipt of money by an agent of the taxpayer is actual or constructive receipt by the taxpayer. However, § 1.1031(k)–1(g)(4)(i) provides that a QI is not considered the agent of the taxpayer for purposes of determining whether the taxpayer is in actual or constructive receipt of money before the taxpayer receives like-kind replacement property.

.05 The Internal Revenue Service and the Treasury Department are aware of situations in which taxpayers initiated like-kind exchanges by transferring relinquished property to a QI and were unable to complete these exchanges within the exchange period solely due to the failure of the QI to acquire and transfer replacement property to the taxpayer (a "QI default"). In many of these cases, the QI enters bankruptcy or receivership, thus preventing the taxpayer from obtaining immediate access to the proceeds of the sale of the relinquished property. The Service and the Treasury Department generally are of the view that a taxpayer who in good faith sought to complete the exchange using the QI, but who failed to do so because the QI defaulted on the exchange agreement and became subject to a bankruptcy or receivership proceeding, should not be required to recognize gain from the failed exchange until the taxable year in which the taxpayer receives a payment attributable to the relinquished property.

SECTION 3. SCOPE OF REVENUE PROCEDURE

This revenue procedure applies to taxpayers who:

.01 Transferred relinquished property to a QI in accordance with § 1.1031(k)–1(g)(4);

.02 Properly identified replacement property within the identification period (unless the QI default occurs during that period);

.03 Did not complete the like-kind exchange solely because of a QI default involving a QI that becomes subject to a bankruptcy proceeding under the United States Code or a receivership proceeding under federal or state law; and

.04 Did not, without regard to any actual or constructive receipt by the QI, have actual or constructive receipt of the proceeds from the disposition of the relinquished property or any property of the QI prior to the time the QI entered bankruptcy or receivership. For purposes of the preceding sentence, relief of a liability pursuant to the exchange agreement prior to the QI default, either through the assumption or satisfaction of the liability in connection with the transfer of the relinquished property or through the transfer of the relinquished property subject to the liability, is disregarded.

SECTION 4. APPLICATION OF SAFE HARBOR METHOD FOR REPORTING FAILED LIKE-KIND EXCHANGES

.01 *No gain recognized until payment received.* If a QI defaults on its obligation to acquire and transfer replacement property to the taxpayer and becomes subject to a bankruptcy or receivership proceeding, the taxpayer generally may not seek to enforce its rights under the exchange agreement with the QI or otherwise access the sale proceeds from the relinquished property outside of the bankruptcy or receivership proceeding while the proceeding is pending. Consequently, the Service will treat the taxpayer as not having actual or constructive receipt of the proceeds during that period if the taxpayer reports gain in accordance with this revenue procedure. Accordingly, the taxpayer need recognize gain on the disposition of the relinquished property only as required under the safe harbor gross profit ratio method described in section 4.03 of this revenue procedure.

.02 *Gain recognized upon receipt of payment*. A taxpayer within the scope of this revenue procedure may report gain realized on the disposition of the relinquished property as the taxpayer receives payments attributable to the relinquished property using the safe harbor gross profit ratio method described in section 4.03 of this revenue procedure.

.03 *Safe harbor gross profit ratio method*. Under the safe harbor gross profit ratio method, the portion of any payment attributable to the relinquished property that is recognized as gain is determined by multiplying the payment by a fraction, the numerator of which is the taxpayer's gross profit and the denominator of which is the taxpayer's contract price.

.04 *Definitions*. The following definitions apply solely for purposes of applying the safe harbor gross profit ratio method.

(1) *Payment attributable to the relinquished property*. A payment attributable to the relinquished property means a payment of proceeds, damages, or other amounts attributable to the disposition of the relinquished property (other than selling expenses), whether paid by the QI, the bankruptcy or receivership estate of the QI, the QI's insurer or bonding company, or any other person. Except as provided in section 4.05 of this revenue procedure, satisfied indebtedness is not a payment attributable to the relinquished property.

(2) *Gross profit*. Gross profit means the selling price of the relinquished property, minus the taxpayer's adjusted basis in the relinquished property (increased by any selling expenses not paid by the QI using proceeds from the sale of the relinquished property).

(3) *Selling price*. The selling price of the relinquished property is generally the amount realized on the sale of the relinquished property, without reduction for selling expenses. However, if a court order, confirmed bankruptcy plan, or written notice from the trustee or receiver specifies, by the end of the first taxable year in which the taxpayer receives a payment attributable to the relinquished property, an amount to be received by the taxpayer in full satisfaction of the taxpayer's claim, the selling price of the relinquished property is the sum of the payments attributable to the relinquished property (including satisfied indebtedness in excess of basis) received or to be received and the amount of any satisfied indebtedness not in excess of the adjusted basis of the relinquished property.

(4) *Contract price*. The contract price is the selling price of the relinquished property minus the amount of any satisfied indebtedness not in excess of the adjusted basis of the relinquished property.

(5) *Satisfied indebtedness*. Satisfied indebtedness means any mortgage or encumbrance on the relinquished property that was assumed or taken subject to by the buyer or satisfied in connection with the transfer of the relinquished property.

.05 *Treatment of satisfied indebtedness in excess of basis*. The amount of satisfied indebtedness in excess of the adjusted basis of the relinquished property is treated as a payment attributable to the relinquished property (within the meaning of section 4.04(1) of this revenue procedure) in the year in which the indebtedness is satisfied.

.06 *Treatment of recapture income*. Any required depreciation recapture is taken into account in accordance with §§ 1245 and 1250, except that the recapture income is included in income in the taxable year in which gain is recognized under this section 4 to the extent of the gain recognized in that taxable year.

.07 *Maximum gain to be recognized*. The total gain (including recapture income) recognized under this revenue procedure should not exceed the sum of (1) the payments attributable to the relinquished property (including satisfied indebtedness in excess of basis) and (2) the satisfied indebtedness not in excess of basis, minus the adjusted basis of the relinquished property. Adjustments to the gain determined using the safe harbor gross profit ratio method should be made in the last taxable year in which the taxpayer receives a payment attributable to the relinquished property.

.08 *Loss deduction*. A taxpayer within the scope of this revenue procedure may claim a loss deduction under § 165 for the amount, if any, by which the adjusted basis of the relinquished property exceeds the sum of (1) the payments attributable to the relinquished property (including satisfied indebtedness in excess of basis), plus (2) the amount of any satisfied indebtedness not in excess of basis. A taxpayer who may claim a loss deduction under the preceding sentence may also claim a loss deduction under § 165 for the amount of any gain recognized in accordance with this section 4 in a prior taxable year. The timing of any § 165 loss claimed by the taxpayer is determined under the general rules of § 165 and the regulations thereunder, and the character of any loss is determined under subchapter P of the Code.

.09 *Imputed interest*.

(1) *Sections 483 and 1274*. For purposes of applying the safe harbor gross profit ratio method to a transaction within the scope of this revenue procedure, the selling price, the contract price, and any payment attributable to the relinquished property must be reduced by the amount of any imputed interest allocable to the payment as determined under § 483 or § 1274 and the regulations thereunder, whichever is applicable. For purposes of applying § 483 or § 1274 to a transaction within the scope of this revenue procedure, the taxpayer is treated as selling the relinquished property on the date of the confirmation of the bankruptcy plan or other court order that resolves the taxpayer's claim against the QI (the "safe harbor sale date"). As a result, if the only payment in full satisfaction of the taxpayer's claim is received by the taxpayer on or before the date that is six months after the safe harbor sale date, then no interest is imputed on this payment under either § 483 or § 1274. In addition, the selling price determined under section 4.04(3) of this revenue procedure (determined without regard to this section 4.09) is used to determine whether § 483 (in general, sales for $250,000 or less) or § 1274 (in general, sales for more than $250,000) applies to a transaction within the scope of this revenue procedure.

(2) *Section 7872*. In the case of a transaction within the scope of this revenue procedure, if exchange funds held by the QI were treated as an exchange facilitator loan under § 1.468B–6(c)(1), and the loan otherwise met the requirements of § 1.7872–5(b)(16), the Service will continue to treat the loan as meeting the requirements of § 1.7872–5(b)(16) until the safe harbor sale date, even if the duration of the loan exceeds six months solely due to the QI default. In addition, if an exchange facilitator loan under § 1.468B–6(c)(1) does not meet the requirements of § 1.7872–5(b)(16) because the loan exceeds $2 million, the Service

will not impute additional interest on the loan after the date of the QI default under § 7872. However, interest may be imputed under § 483 or § 1274 pursuant to section 4.09(1) of this revenue procedure.

.10 *Examples*.

Example 1. *A*, an individual who files federal income tax returns on a calendar year basis, owns investment property (Property 1) with a fair market value of $150x and an adjusted basis of $50x. *A* enters into an agreement with *QI*, a qualified intermediary, to facilitate a deferred like-kind exchange. On May 6, Year 1, *A* transfers Property 1 to *QI* and *QI* transfers Property 1 to a third party in exchange for $150x. *A* intends that the $150x held by *QI* be used by *QI* to acquire *A*'s replacement property. On June 1, Year 1, *A* identifies Property 2 as replacement property. On June 15, Year 1, *QI* notifies *A* that it has filed for bankruptcy protection and cannot acquire replacement property. Consequently, *A* fails to acquire Property 2 or any other replacement property within the exchange period. As of December 31, Year 1, *QI*'s bankruptcy proceedings are on-going and *A* has received none of the $150x proceeds from *QI* or any other source. On July 1, Year 2, *QI* exits from bankruptcy and the bankruptcy court approves the trustee's final report, which shows that *A* will be paid $130x in full satisfaction of *QI*'s obligation under the exchange agreement. *A* receives the $130x payment on August 4, Year 2 and does not receive any other payment attributable to the relinquished property.

A is within the scope of this revenue procedure and thus may report the failed like-kind exchange due to the QI default in accordance with this section 4. *A* is not required to recognize gain in Year 1 because *A* did not receive any payments attributable to the relinquished property in Year 1. *A* recognizes gain in Year 2. *A*'s selling price is $130x (the payments attributable to the relinquished property (the amount specified by the trustee before the end of the first taxable year in which *A* receives a payment attributable to the relinquished property)). *A*'s contract price also is $130x because there is no satisfied or assumed indebtedness. *A*'s gross profit is $80x (the selling price ($130x) minus the adjusted basis ($50x)). A's gross profit ratio is 80/130 (the gross profit over the contract price). *A* must recognize gain in Year 2 of $80x (the payment attributable to the relinquished property ($130x) multiplied by *A*'s gross profit ratio (80/130)). Furthermore, even though the payment attributable to the relinquished property ($130x) is less than the $150x proceeds received by the *QI*, *A* is not entitled to a § 165 loss deduction because the payment attributable to the relinquished property exceeds *A*'s adjusted basis in the relinquished property ($50x).

Example 2. *B*, an individual who files federal income tax returns on a calendar year basis, owns investment property (Property 1) with a fair market value of $160x and an adjusted basis of $90x. Property 1 is encumbered by a mortgage of $60x. *B* enters into an agreement with *QI*, a qualified intermediary, to facilitate a deferred like-kind exchange. On May 6, Year 1, *B* transfers Property 1 to *QI* and *QI* transfers Property 1 to a third party in exchange for $160x. At closing, *QI* uses $60x of the proceeds to satisfy the mortgage on Property 1 and retains the remaining $100x. *B* intends that the $100x held by *QI* be used by *QI* to acquire *B*'s replacement property. On June 1, Year 1, *B* identifies Property 2 as replacement property. On June 15, Year 1, *QI* notifies *B* that it has filed for bankruptcy protection and cannot acquire replacement property. Consequently, *B* fails to acquire Property 2 or any other replacement property during the exchange period. As of December 31, Year 1, *QI*'s bankruptcy proceedings are on-going and *B* has received none of the $100x proceeds from *QI* or any other source. On September 1, Year 2, *QI* exits from bankruptcy and the bankruptcy plan of reorganization specifies that *B* will receive $70x in full satisfaction of *QI*'s obligation under the exchange agreement. The terms of the bankruptcy plan of reorganization provide that *QI* will pay *B* $35x in October of Year 2 and $35x in February of Year 3. *B* receives the payments according to the plan and does not receive any other payment attributable to the relinquished property.

B is within the scope of this revenue procedure and thus may report the failed like-kind exchange due to the QI default in accordance with this section 4. Accordingly, *B* is not required to recognize gain in Year 1 because *B* did not receive any payments attributable to the relinquished property in Year 1 (the amount of the mortgage satisfied by *QI* did not exceed *B*'s adjusted basis in Property 1). *B* recognizes gain in Year 2 and Year 3. *B*'s selling price is $130x (the payments attributable to the relinquished property (the amount specified by the bankruptcy plan before the end of the first taxable year in which *B* receives a payment attributable to the relinquished property ($70x)) plus the mortgage satisfied by *QI* (60x)). *B*'s contract price is $70x (the selling price ($130x) minus the satisfied indebtedness not in excess of basis ($60x)). *B*'s gross profit is $40x (the selling price ($130x) minus the adjusted basis ($90x)). *B*'s gross profit ratio is 40/70 (the gross profit over the contract price). In Year 2 and Year 3, *B* must recognize gain of $20x each year (the payment attributable to the relinquished property ($35x) multiplied by *B*'s gross profit ratio (40/70)). Furthermore, *B* is not entitled to a § 165 loss deduction because the sum of all payments attributable to the relinquished property ($70x) and the amount of *B*'s satisfied indebtedness not in excess of basis ($60x) exceeds *B*'s adjusted basis in the relinquished property ($90x).

Example 3. The facts are the same as in *Example 2* except *B*'s adjusted basis in Property 1 is $40x. *B* is within the scope of this revenue procedure and thus may report the failed like-kind exchange due to the QI default in accordance with this section 4. *B* is considered to have received a payment of $20x in Year 1 because the amount of the mortgage satisfied by *QI* ($60x) exceeds *B*'s adjusted basis in the relinquished property ($40x). *B* recognizes gain in Year 1. *B*'s selling price is $160x (the amount realized by the QI on the sale of the relinquished property because neither a court order, the bankruptcy plan, nor the trustee specified by the end of Year 1, the first year in which *B* receives a payment attributable to the relinquished property, the amount *B* will receive in full satisfaction of *B*'s claim). *B*'s contract price is $120x (the selling price ($160x) minus the satisfied indebtedness not in excess of basis ($40x)). *B*'s gross profit is $120x (the selling price ($160x) minus the adjusted basis ($40x)). *B*'s gross profit ratio is 120/120 (the gross profit over the contract price). Thus, *B* must recognize gain in Year 1 of $20x (the deemed payment of $20x multiplied by 120/120) and $35x in Year 2 and Year 3 (the payments attributable to the relinquished property received by *B* in those years multiplied by 120/120). Furthermore, *B* is not entitled to a §165 loss deduction because the sum of the payments attributable to the relinquished property ($90x) and the amount of *B*'s satisfied indebtedness not in excess of basis ($40x) exceeds *B*'s adjusted basis in the relinquished property ($40x).

Example 4. *C*, an individual who files federal income tax returns on a calendar year basis, owns investment property (Property 1) with a fair market value of $100x and an adjusted basis of $40x. *C* enters into an agreement with *QI*, a qualified intermediary, to facilitate a deferred like-kind exchange. On May 6, Year 1, *C* transfers Property 1 to *QI* and *QI* transfers Property 1 to a third party in exchange for $100x. *C* intends that the $100x held by *QI* be used by *QI* to acquire *C*'s replacement property. On June 1, Year 1, *C* identifies Property 2 as replacement property. On June 15, Year 1, *QI* notifies *C* that it has filed for bankruptcy protection and cannot acquire replacement property. Consequently, *C* fails to acquire Property 2 or any other replacement property within the exchange period. As of December 31, Year 1, *QI*'s bankruptcy proceedings are on-going and *C* has received none of the $100x proceeds from *QI* or any other source. On September 1, Year 2, *QI* exits from bankruptcy and the bankruptcy plan of reorganization provides that *C* will receive $35x in October of Year 2 in partial satisfaction of *QI*'s obligation under the exchange agreement. The bankruptcy plan also provides that, depending on various facts and circumstances described in the reorganization plan, *C* may receive a payment in February of Year 3. On October 2, Year 2, *QI* pays *C* $35x. On February 3, Year 3, *C* is notified that there will be no Year 3 payment and that the $35x received by *C* in Year 2 represents full satisfaction of *QI*'s obligation under the exchange agreement. *C* receives no other payments attributable to the relinquished property.

C is within the scope of this revenue procedure and thus may report the failed like-kind exchange due to the QI default in accordance with this section 4. Accordingly, *C* is not required to recognize gain in Year 1. *C* recognizes gain in Year 2. *C*'s selling price is $100x (the amount realized by the *QI* on the sale of the relinquished property because, by stating that *C* may receive a payment in Year 3, the bankruptcy plan did not specify by the end of Year 2, the first year in which *C* receives a payment attributable to the relinquished property, the amount *C* will receive in full satisfaction of *C*'s claim). Because there is no satisfied or assumed indebtedness, *C*'s contract price also is $100x. *C*'s gross profit is $60x (the selling price ($100x) minus the adjusted basis ($40x)). *C*'s gross profit ratio is 60/100 (the gross profit over the contract price). Thus, *C* must recognize gain in Year 2 of $21x (the payment attributable to the relinquished property ($35x) multiplied by 60/100). In Year 3, *C* is entitled to a § 165 loss deduction of $5x, the excess of *C*'s adjusted basis ($40x) over the payments attributable to the relinquished property ($35x). *C* is also entitled to a § 165 loss deduction of $21x in Year 3, the amount of gain that *C* recognized in Year 2.

Example 5. *D*, an individual who uses the cash receipts and disbursements method of accounting and files federal income tax returns on a calendar year basis, owns investment property (Property 1) with a fair market value of $150x and an adjusted basis of $50x. *D* enters into an agreement with *QI*, a qualified intermediary, to facilitate a deferred like-kind exchange. On May 6, Year 1, *D* transfers Property 1 to *QI* and *QI* transfers Property 1 to a third party in exchange for $150x. *D* intends that the $150x held by *QI* be used by *QI* to acquire *D*'s replacement property. On June 1, Year 1, *D* identifies Property 2 as replacement property. On June 15, Year 1, *QI* notifies *D* that it has filed for bankruptcy protection and cannot acquire replacement property. Consequently, *D* fails to acquire Property 2 or any other replacement property within the exchange period. As of December 31, Year 1, *QI*'s bankruptcy proceedings are on-going and *D* has received none of the $150x proceeds from *QI* or any other source. On July 1, Year 2, *QI* exits from bankruptcy and the bankruptcy court approves the trustee's final report, which shows that *D* will be paid, in August of Year 3, $130x in full satisfaction of *QI*'s obligation under the exchange agreement. *D* receives the $130x payment on August 1, Year 3 and does not receive any other payment attributable to the relinquished property. Assume that the selling price of Property 1 is less than $250,000 and that, based on § 483, $5x of the $130x payment is unstated interest.

D is within the scope of this revenue procedure and thus may report the failed like-kind exchange due to the QI default in accordance with this section 4. *D* is not required to recognize gain in Year 1 or Year 2 because *D* did not receive any payments attributable to the relinquished property in those years. Further, § 483 applies to *D*'s Year 3 payment because the payment was due more than 6 months after the safe harbor sale date and *D* received the payment more than 1 year after such date. See § 483(c). Under section 4.09(1) of this revenue procedure, *D*'s selling price is $125x ($130x minus the $5x of unstated interest). *D*'s contract price also is $125x because there is no assumed or satisfied indebtedness. *D*'s gross profit is $75x (the selling price ($125x) minus the adjusted basis ($50x)). *D*'s gross profit ratio is 75/125 (the gross profit over the contract price). *D* must recognize gain in Year 3 of $75x (the payment attributable to the relinquished property ($125x) multiplied by *D*'s gross profit ratio (75/125)). In addition, *D* must include $5x of the $130x payment in income in Year 3 as interest income. See § 1.446–2. Furthermore, even though the payment attributable to the relinquished property ($125x) is less than the $150x proceeds received by the QI, *D* is not entitled to a § 165 loss deduction because the payment attributable to the relinquished property exceeds *D*'s adjusted basis in the relinquished property ($50x).

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective for taxpayers whose like-kind exchanges fail due to a QI default occurring on or after January 1, 2009. A taxpayer who is within the scope of this revenue procedure may, subject to the limitations on credit or refund under § 6511, file an original or amended return to report a deferred like-kind exchange that failed due to a QI default in a taxable year ending before January 1, 2009, in accordance with this revenue procedure.

SECTION 6. REQUEST FOR COMMENTS

The Service and the Treasury Department are studying whether additional guidance is appropriate to address the effect of a bankruptcy of a qualified intermediary on a taxpayer that is attempting to complete a like-kind exchange. For example, existing regulations allow for the proceeds from the disposition of relinquished property to be held in such a way that they do not become property of a qualified intermediary's bankruptcy estate. The Service and the Treasury Department are studying whether these regulatory provisions should be modified so that they may be used in a more efficient manner. The Service and the Treasury Department request comments on these issues.

Comments should be submitted in writing on or before April 12, 2010, and should include a reference to Rev. Proc. 2010–14. Submissions should be sent to:

Internal Revenue Service
Attn: CC:PA:LPD:PR
(Rev. Proc. 2010–14), Room 5203
P. O. Box 7604
Ben Franklin Station
Washington, DC 20044

Submissions also may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (Rev. Proc. 2010–14), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC. Alternatively, comments may be submitted electronically directly to the IRS via the following e-mail address: *Notice.comments@irscounsel.treas.gov*. Please include "Rev. Proc. 2010–14" in the subject line of any electronic communication. All comments will be available for public inspection and copying.

SECTION 7. DRAFTING INFORMATION

The principal author of this revenue procedure is J. Peter Baumgarten of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue procedure, contact Mr. Baumgarten at (202) 622–4920 (not a toll-free call).

Part IV. Items of General Interest

Unified Rule for Loss on Subsidiary Stock; Correction

Announcement 2010–18

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains a correction to final regulations (T.D. 9424, 2008–44 I.R.B. 1012) that were published in the **Federal Register** on Wednesday, September 17, 2008 (73 FR 53934). The regulations apply to corporations filing consolidated returns, and corporations that enter into certain tax-free reorganizations. The regulations provide rules for determining the tax consequences of a member's transfer (including by deconsolidation and worthlessness) of loss shares of subsidiary stock.

DATES: *Effective Date*: This correction is effective on March 5, 2010, and is applicable on September 17, 2008.

FOR FURTHER INFORMATION CONTACT: Maury Passman, (202) 622–7550 or Theresa Abell, (202) 622–7700 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (T.D. 9424) that are the subject of this document are under sections 337, 358, 362 and 1502 of the Internal Revenue Code.

Need for Correction

As published, the final regulations (T.D. 9424) contain an error that may prove to be misleading and is in need of clarification. The final regulations revised §1.1502–35(a) to provide that, in general, §1.1502–35 would only apply to transactions completed prior to September 17, 2008. The final regulations also revised the operative rules in §1.1502–35. However, the effective date prescribed in §1.1502–35(j) appeared to preclude the application of the revised §1.1502–35 to transactions completed prior to September 17, 2008. The final regulations are clarified to provide that the revised rules in §1.1502–35 (including the ten-year termination of application of §1.1502–35 described in Background section 2.A. of the preamble) apply after September 16, 2008, to all transactions subject to that section.

* * * * *

Correction of Publication

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendment:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.1502–35 is amended by revising the first sentence of paragraph (j) to read as follows:

§1.1502–35 Transfers of subsidiary stock and deconsolidations of subsidiaries.

* * * * *

(j) *Effective/applicability dates*. This section applies after September 16, 2008. * * *

* * * * *

LaNita Van Dyke,
Chief, Publications and Regulations Branch,
Legal Processing Division,
Associate Chief Counsel
(Procedure and Administration).

(Filed by the Office of the Federal Register on March 4, 2010, 8:45 a.m., and published in the issue of the Federal Register for March 5, 2010, 75 F.R. 10172)

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D. —Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z —Corporation.

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[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2009–27 through 2009–52 is in Internal Revenue Bulletin 2009–52, dated December 28, 2009.

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