Internal Revenue
bulletin

Bulletin No. 2014–32
August 04, 2014

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.

SPECIAL ANNOUNCEMENT

Rev. Proc. 2014–43, page 273.

This revenue procedure changes procedures an individual payee must follow to validate a social security number to prevent or stop backup withholding following receipt of a second B notice from a payor.

INCOME TAX

Rev. Rul. 2014–19, page 266.

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for August 2014.

Notice 2014–44, page 270.

This Notice provides guidance concerning sections 901 (m), particularly with regard to certain dispositions.

Rev. Proc. 2014–44, page 274.

This procedure provides specifications for the private printing of red-ink substitutes for the 2014 revisions of certain information returns. This procedure will be reproduced as the next revision of Publication 1179. Rev. Proc. 2014–27 is superseded.

T.D. 9664, page 254.

Amendment to Final Regulations (TD 9664) under section 67 of the Code published in the Federal Register on Friday, May 9, 2014 (79 FR 90). This amendment provides that the Final Regulations apply to taxable years beginning after December 31, 2014.

T.D. 9676, page 260.

The regulations provide rules regarding the allocation and apportionment of interest expense under section 864.

T.D. 9678, page 262.

Final regulations explaining how to account for unrealized gain or loss on a position held by a taxpayer prior to the time the taxpayer establishes an identified mixed straddle.

T.D. 9679, page 267.

U.S. citizens who apply for passports from the Department of State are required by the IRS to provide certain information on the application form. These proposed regulations specify the information that must be included and provide guidance on when the IRS may impose a $500 penalty for failure to provide that information.

T.D. 9680, page 254.

Research and experimental expenditures under section 174. Final regulations providing guidance on the treatment of amounts paid or incurred in connection with the development of tangible property, including pilot models.

ADMINISTRATIVE

Rev. Proc. 2014–43, page 273.

This revenue procedure changes procedures an individual payee must follow to validate a social security number to prevent or stop backup withholding following receipt of a second B notice from a payor.

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Finding Lists begin on page ii.
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Department of the Treasury
Internal Revenue Service

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The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the 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.

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.

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 67.—Limitations on Estates or Trusts; Change of Effective Date

26 CFR 1.67–4(d): Costs paid or incurred by estates or non-grantor trusts.

TD 9664

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 1

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations; amendment.

SUMMARY: This document amends final regulations (TD 9664) that were published in the **Federal Register** on May 9, 2014. The final regulations provide guidance on which costs incurred by estates or trusts other than grantor trusts (non-grantor trusts) are subject to the 2-percent floor for miscellaneous itemized deductions under section 67(a) of the Internal Revenue Code.

DATES: *Effective date*: This amendment to the final regulations published on May 9, 2014 (79 FR 90), is effective on July 17, 2014.

Applicability Date: For date of applicability, see § 1.67–4(d).

FOR FURTHER INFORMATION CONTACT: Jennifer N. Keeney, (202) 317-6850 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of these amendments are under section 67 of the Internal Revenue Code. The final regulations (TD 9664) were published in the Federal Register on Friday, May 9, 2014 (79 FR 90). The final regulations applied to taxable years beginning on or after May 9, 2014.

Need for Amendment

The Treasury Department and the IRS received a comment raising concerns about the effective/applicability date of the regulations. As issued, the final regulations apply to taxable years beginning on or after May 9, 2014. Therefore, fiduciaries of existing trusts and calendar-year estates would implement the rules beginning January 1, 2015. However, the rules would apply immediately to any non-grantor trust created after May 8, 2014, the estate of any decedent who dies after May 8, 2014, and any existing fiscal-year estate with a taxable year beginning after May 8, 2014. The commentator stated that the effective/applicability date in the regulations does not give fiduciaries of these trusts and estates sufficient time to implement the changes that are necessary to comply with the regulations. Specifically, the commentator is concerned about allowing fiduciaries sufficient time to design and implement the necessary program changes to determine the portion of a bundled fee that is attributable to costs that are subject to the 2-percent floor versus costs that are not subject to the 2-percent floor. In response to these comments, this document amends § 1.67–4(d) of the Final Regulations so that the regulations apply to taxable years beginning on or after January 1, 2015.

* * * * *

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

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. In § 1.67–4, paragraph (d) is revised read as follows:

§ 1.67–4 Costs paid or incurred by estates or non-grantor trusts.

* * * * *

(d) *Effective/applicability date.* This section applies to taxable years beginning after December 31, 2014.

Martin V. Franks, Branch Chief,
Publications & Regulations Branch,
Legal Processing Division,
Associate Chief Counsel,
(Procedure & Administration).

(Filed by the Office of the Federal Register on July 16, 2014, 8:45 a.m., and published in the issue of the Federal Register for July 17, 2014, 79 F.R. 41636)

Section 174.—Research and Experimental Expenditures

26 CFR 1.174–2: provide guidance on the treatment of amounts paid or incurred in connection with the development of tangible property, including pilot models affecting taxpayers engaged in research activities.

TD 9680

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 1

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations to amend the definition of research and experimental expenditures under section 174 of the Internal Revenue Code (Code). In particular, these final regulations provide guidance on the treatment of amounts paid or incurred in connection with the development of tangible property, including pilot models. The final regulations will affect taxpayers engaged in research activities.

DATES: *Effective date*: These regulations are effective July 21, 2014.

Applicability date: For date of applicability see § 1.174–2(d).

FOR FURTHER INFORMATION CONTACT: David McDonnell at (202) 317-4137 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Summary of Proposed Regulations

On September 6, 2013, a notice of proposed rulemaking (REG–124148–05) and a notice of public hearing were published in the **Federal Register** (78 FR 547896). The IRS and the Treasury Department proposed the following revisions to the current regulations:

First, to counter an interpretation that section 174 eligibility can be reversed by a subsequent event, the proposed regulations provided that the ultimate success, failure, sale, or other use of the research or property resulting from research or experimentation is not relevant to a determination of eligibility under section 174.

Second, the proposed regulations amended § 1.174–2(b)(4) to provide that the Depreciable Property Rule (the rules in § 1.174–2(b)(1) and § 1.174–2(b)(4)) is an application of the general definition of research or experimental expenditures provided for in § 1.174–2(a)(1) and should not be applied to exclude otherwise eligible expenditures.

Third, the proposed regulations defined the term "pilot model" as any representation or model of a product that is produced to evaluate and resolve uncertainty concerning the product during the development or improvement of the product. The term included a fully-functional representation or model of the product or a component of a product (to the extent the shrinking-back rule applies).

Fourth, the proposed regulations clarified the general rule that the costs of producing a product after uncertainty concerning the development or improvement of a product is eliminated are not eligible under section 174 because these costs are not for research or experimentation.

Finally, the proposed regulations provided a shrinking-back rule, similar to the rule provided in § 1.41–4(b)(2), to address situations in which the requirements of § 1.174–2(a)(1) are met with respect to only a component part of a larger product and are not met with respect to the overall product itself.

The proposed regulations also provided new examples applying the foregoing provisions.

Summary of Comments and Explanation of Provisions

Several comments were received in response to the proposed regulations. Following is a discussion of significant comments. Certain other comments presented issues unrelated to the proposed regulations, and they are not adopted or discussed herein.

Uncertainty

Some commentators requested a definition of "uncertainty" because the examples rely on "elimination of uncertainty" as the point when research activities have concluded. Section 1.174–2(a)(1) provides that "[u]ncertainty exists if the information available to the taxpayer does not establish the capability or method for developing or improving the product or the appropriate design of the product." Because the current regulations already provide a sufficient definition of "uncertainty," and the point at which uncertainty is eliminated (that is, information available to the taxpayer establishes the capability or method for developing or improving the product or the appropriate design of the product) is based on the taxpayer's facts and circumstances, the final regulations do not provide additional guidance with respect to the definition of "uncertainty."

Some commentators requested a bright-line standard, such as the commencement of commercial production as in section 41(d)(4)(A), to determine when uncertainty is eliminated. Section 1.174–2(a)(1) of the proposed regulations provided that costs may be eligible under section 174 if paid or incurred after production begins but before uncertainty concerning the development or improvement of the product is eliminated. The point at which uncertainty is resolved is based on the taxpayer's facts and circumstances, and therefore a bright-line standard is not appropriate under section 174.

Some commentators requested that the regulations explicitly incorporate the rule of application regarding the discovering information requirement found in section 41(d)(1)(B) and § 1.41–4(a)(3)(ii) (that is, there is no requirement that the taxpayer be seeking to obtain information that exceeds, expands, or refines the common knowledge of skilled professionals in the particular field, and there is no requirement that the taxpayer succeed in developing a new or improved business component). The IRS and the Treasury Department note that section 174 does not contain any provision defining research or experimentation. In contrast, section 41 provides a statutory definition for "qualified research," which includes a requirement that the research be undertaken for the purpose of discovering information. In addition, neither the section 174 statute nor its legislative history suggest that a taxpayer must seek information that exceeds, expands, or refines the common knowledge of skilled professionals in the particular field in which the taxpayer is performing research. Section 1.174–2(a)(1) of the current regulations simply provides that "[e]xpenditures represent research and development costs in the experimental or laboratory sense if they are for activities intended to discover information that would eliminate uncertainty concerning the development or improvement of a product." Consequently, this comment is not adopted.

Some commentators questioned how the substantially all requirement in section 41(d)(1)(C) and § 1.41–4(a)(6) (that is, 80 percent or more of a taxpayer's research activities, measured on a cost or other consistently applied reasonable basis, constitute elements of a process of experimentation) applies to section 174. Section 174 does not contain a similar "substantially all" requirement. Accordingly, the requirement in section 41(d)(1)(C) and § 1.41–4(a)(6) does not apply to section 174.

Supplies

Some commentators requested clarification that indirect or ancillary supplies used in research are eligible under section 174 although ineligible under section 41. Section 1.174–2(a)(1) of the current reg-

ulations provides that the term "research or experimental expenditures" "generally includes all such costs incident to the development or improvement of a product." This statement is sufficiently broad to include indirect or ancillary supplies used in research that otherwise satisfies the requirements of section 174. Therefore, revisions to the proposed regulations are not needed to respond to the commentators' concern.

Pilot Model

One commentator expressed concern regarding a proposed example demonstrating the application of the rules in the case of multiple pilot models. The commentator suggested that, under *Example 5* of § 1.174–2(a)(11) of the proposed regulations, the deductibility of section 174 expenses for multiple pilot models is permitted only if each pilot model is tested for a purpose that is different from any other pilot model. The definition of pilot model contained in § 1.174–2(a)(4) of the proposed regulations does not contain a requirement that the pilot model be used to test for a discrete purpose. A pilot model within the definition of § 1.174–2(a)(4) of the proposed regulations (including a component to the extent paragraph (a)(5) applies) is eligible for section 174, subject to satisfaction of the other requirements of section 174 and the regulations. The final regulations modify *Example 5* to clarify that it is not necessary for each pilot model to be tested for a discrete purpose for the costs of multiple pilot models to qualify as research and experimental expenditures under section 174.

One commentator requested clarification regarding the distinction between a section 174 eligible "pilot model" and a section 174 ineligible "test bed." Furthermore, the commentator construed *Example 2* and *Example 3* of proposed regulation § 1.174–2(b)(5) to state that test beds are depreciable property excluded from section 174. As provided in proposed regulation § 1.174–2(a)(4), a pilot model means any representation or model of a product that is produced to evaluate and resolve uncertainty concerning the product during the development or improvement of the product. The proposed examples demonstrate the application of § 1.174–2(b)(1), (b)(2), and (b)(4) (that is, when expenditures for property may be research and experimental expenditures). The facts of the proposed examples do not demonstrate the existence of a pilot model nor do they foreclose the possibility that a test bed may be a pilot model if it meets the definition of a pilot model under proposed regulation § 1.174–2(a)(4). For example, if the taxpayer constructed a new test bed as a model test bed and the new test bed was produced to evaluate and resolve uncertainty *concerning the test bed* during its development or improvement, it could be a pilot model. Because these examples were not intended to illustrate pilot models, the final regulations do not adopt this comment.

Shrinking-Back Rule

Some commentators expressed concern that the shrinking-back rule in § 1.174–2(a)(5) of the proposed regulations may exclude from section 174 the cost of testing to eliminate uncertainty regarding the integration of an experimental component with a nonexperimental product. Section 1.174–2(a)(1) of the current regulations provides that the term "research or experimental expenditures" "generally includes all such costs incident to the development or improvement of a product." This statement is sufficiently broad to encompass the cost of testing (other than testing specifically excluded under current § 1.174–1(a)(3) (quality control testing)) performed to eliminate uncertainty with respect to an experimental component and costs to resolve uncertainty regarding integration of an experimental component with a nonexperimental product when the requirements of § 1.174–2(a)(1) are not met for the product as a whole. Therefore, revisions to the proposed regulations are not needed to respond to the commentators' concern.

Some commentators requested that the shrinking-back rule in § 1.174–2(a)(5) of the proposed regulations be eliminated. The commentators stated that the shrinking-back rule in § 1.41–4(b)(2) is peculiar to section 41 and serves no purpose in section 174. As with business components under section 41, research or experimental expenditures may relate only to one or more components of a larger product. The shrinking-back rule in the proposed regulations was intended to ensure that section 174 eligibility is preserved in instances in which a basic design specification of the product may be established, but there is uncertainty with respect to certain components of the product, even if uncertainty arises after production of the product has begun. Therefore, the substance of the shrinking-back rule is retained in the final regulations. However, in response to commentator concerns, and to avoid any unintended confusion with the shrinking-back rule of § 1.41–4(b)(2), the rule in § 1.174–2(a)(5) of the proposed regulations has been renamed. Furthermore, the last sentence of § 1.174–2(a)(5) of the proposed regulations has been eliminated in response to commentator concerns that references to section 41 may imply that other requirements under section 41, such as the process of elimination requirement, apply to expenditures under section 174.

The final regulations also modify *Example 8* of the proposed regulations and include one additional example, *Example 9*, to demonstrate the application of section 174 to components of a product.

Examples

One commentator expressed concern about *Example 7* of § 1.174–2(a)(11) of the proposed regulations, which described the development of "a new, experimental aircraft." The commentator believes that the use of the words "new" and "experimental" in proposed *Example 7* could be interpreted to establish a new, heightened standard for eligibility for section 174. Section 1.174–2(a)(1) of the current regulations provides the only qualitative criteria for eligibility for section 174 and provides that whether expenditures qualify as research or experimental expenditures depends on the nature of the activity to which they relate, not the nature of the product or improvement being developed or the level of technological advancement the product or improvement represents. Terms used in examples do not have substantive meaning that expand or reduce the meaning or application of terms used in the regulations; they are simply describing the facts of the example. Accord-

ingly, the final regulations do not revise *Example 7* to remove the descriptive terms "new" or "experimental."

One commentator requested guidance revising § 1.174–2(c), regarding exploration expenditures for oil, gas, or minerals. This comment is outside the scope of the proposed regulations which did not propose changes to § 1.174–2(c). Therefore, the requested guidance is not adopted in the final regulations.

Effective/Applicability Date

These regulations apply to taxable years ending on or after the date of their publication as final regulations in the **Federal Register**. Taxpayers may apply the final regulations to taxable years for which the limitations for assessment of tax has not expired.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866, as supplemented by Executive Order 13563. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, the notice of proposed rulemaking that preceded these final regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business and no comments were received.

Drafting Information

The principal author of these regulations is David McDonnell of the Office of Associate Chief Counsel (Passthroughs and Special Industries). However, other personnel from the Treasury Department and the IRS participated in their development.

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Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

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

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

Par. 2. Section 1.174–2 is amended:

1. In paragraph (a)(1), by adding a heading and by adding two sentences at the end.

2. By removing paragraph (a)(7).

3. By redesignating paragraphs (a)(8) and (9) as paragraphs (a)(10) and (11), respectively, and adding headings to them.

4. By redesignating paragraphs (a)(3) through (6) as paragraphs (a)(6) through (9), respectively, and adding headings to them.

5. By redesignating paragraph (a)(2) as paragraph (a)(3) and adding a heading to newly designated paragraph (a)(3).

6. By adding new paragraphs (a)(2), (4) and (5).

7. In newly redesignated paragraph (a)(7), by removing the language "(a)(3)(i)" and adding "(a)(6)(i)" in its place.

8. In newly redesignated paragraph (a)(9), by removing the language "(a)(6)" and adding "(a)(9)" in its place.

9. By revising newly redesignated paragraph (a)(11) introductory text.

10. In *Example 1* in newly redesignated paragraph (a)(11) by adding a heading.

11. In *Example 2 in* newly redesignated paragraph (a)(11) by adding a heading, removing the language "X" and adding "S" in its place everywhere "X" appears, and removing the language "Y" and adding "T" in its place everywhere "Y" appears.

12. In newly redesignated paragraph (a)(11) by adding *Example 3* through *Example 10*.

13. In paragraphs (b)(1) through (3) by adding headings.

14. By revising paragraph (b)(4).

15. By adding paragraph (b)(5).

16. By adding paragraph (d).

The revisions and additions read as follows:

§ 1.174–2 Definition of research and experimental expenditures.

(a) *In general*. (1) *Research or experimental expenditures defined*. * * * The ultimate success, failure, sale, or use of the product is not relevant to a determination of eligibility under section 174. Costs may be eligible under section 174 if paid or incurred after production begins but before uncertainty concerning the development or improvement of the product is eliminated.

(2) *Production costs*. Except as provided in paragraph (a)(5) of this section (the rule concerning the application of section 174 to components of a product), costs paid or incurred in the production of a product after the elimination of uncertainty concerning the development or improvement of the product are not eligible under section 174.

(3) *Product defined*. * * *

(4) *Pilot model defined*. For purposes of this section, the term *pilot model* means any representation or model of a product that is produced to evaluate and resolve uncertainty concerning the product during the development or improvement of the product. The term includes a fully-functional representation or model of the product or, to the extent paragraph (a)(5) of this section applies, a component of the product.

(5) *Application of section 174 to components of a product*. If the requirements of paragraph (a)(1) of this section are not met at the level of a product (as defined in paragraph (a)(3) of this section), then whether expenditures represent research and development costs is determined at the level of the component or subcomponent of the product. The presence of uncertainty concerning the development or improvement of certain components of a product does not necessarily indicate the presence of uncertainty concerning the development or improvement of other components of the product or the product as a whole. The rule in this paragraph (a)(5) is not itself applied as a reason to exclude research or experimental expenditures from section 174 eligibility.

(6) *Research or experimental expenditures—exclusions*. * * *

(7) *Quality control testing*. * * *

(8) *Expenditures for literary, historical, or similar research—cross reference.* * * *

(9) *Research or experimental expenditures limited to reasonable amounts.* * * *

(10) *Amounts paid to others for research or experimentation.* * * *

(11) *Examples.* The following examples illustrate the application of this paragraph (a).

Example 1. Amounts paid to others for research or experimentation allowed as a deduction. * * *

Example 2. Amounts paid to others not allowable as a deduction. * * *

Example 3. Pilot model. U is engaged in the manufacture and sale of custom machines. U contracts to design and produce a machine to meet a customer's specifications. Because U has never designed a machine with these specifications, U is uncertain regarding the appropriate design of the machine, and particularly whether features desired by the customer can be designed and integrated into a functional machine. U incurs a total of $31,000 on the project. Of the $31,000, U incurs $10,000 of costs on materials and labor to produce a model that is used to evaluate and resolve the uncertainty concerning the appropriate design. U also incurs $1,000 of costs using the model to test whether certain features can be integrated into the design of the machine. This $11,000 of costs represents research and development costs in the experimental or laboratory sense. After uncertainty is eliminated, U incurs $20,000 to produce the machine for sale to the customer based on the appropriate design. The model produced and used to evaluate and resolve uncertainty is a pilot model within the meaning of paragraph (a)(4) of this section. Therefore, the $10,000 incurred to produce the model and the $1,000 incurred on design testing activities qualifies as research or experimental expenditures under section 174. However, section 174 does not apply to the $20,000 that U incurred to produce the machine for sale to the customer based on the appropriate design. See paragraph (a)(2) of this section (relating to production costs).

Example 4. Product component redesign. Assume the same facts as *Example 3*, except that during a quality control test of the machine, a component of the machine fails to function due to the component's inappropriate design. U incurs an additional $8,000 (including design retesting) to reconfigure the component's design. The $8,000 of costs represents research and development costs in the experimental or laboratory sense. After the elimination of uncertainty regarding the appropriate design of the component, U incurs an additional $2,000 on its production. The reconfigured component produced and used to evaluate and resolve uncertainty with respect to the component is a pilot model within the meaning of paragraph (a)(4) of this section. Therefore, in addition to the $11,000 of research and experimental expenditures previously incurred, the $8,000 incurred on design activities to establish the appropriate design of the component qualifies as research or experimental expenditures under section 174. However, section 174 does not apply to the additional $2,000 that U incurred for the production after the elimination of uncertainty of the re-designed component based on the appropriate design or to the $20,000 previously incurred to produce the machine. See paragraph (a)(2) of this section (relating to production costs).

Example 5. Multiple pilot models. V is a manufacturer that designs a new product. V incurs $5,000 to produce a number of models of the product that are to be used in testing the appropriate design before the product is mass-produced for sale. The $5,000 of costs represents research and development costs in the experimental or laboratory sense. Multiple models are necessary to test the design in a variety of different environments (exposure to extreme heat, exposure to extreme cold, submersion, and vibration). In some cases, V uses more than one model to test in a particular environment. Upon completion of several years of testing, V enters into a contract to sell one of the models to a customer and uses another model in its trade or business. The remaining models were rendered inoperable as a result of the testing process. Because V produced the models to resolve uncertainty regarding the appropriate design of the product, the models are pilot models under paragraph (a)(4) of this section. Therefore, the $5,000 that V incurred in producing the models qualifies as research or experimental expenditures under section 174. See also paragraph (a)(1) of this section (ultimate use is not relevant).

Example 6. Development of a new component; pilot model. W wants to improve a machine for use in its trade or business and incurs $20,000 to develop a new component for the machine. The $20,000 is incurred for engineering labor and materials to produce a model of the new component that is used to eliminate uncertainty regarding the development of the new component for the machine. The $20,000 of costs represents research and experimental costs in the experimental or laboratory sense. After W completes its research and experimentation on the new component, W incurs $10,000 for materials and labor to produce the component and incorporate it into the machine. The model produced and used to evaluate and resolve uncertainty with respect to the new component is a pilot model within the meaning of paragraph (a)(4) of this section. Therefore, the $20,000 incurred to produce the model and eliminate uncertainty regarding the development of the new component qualifies as research or experimental expenditures under section 174. However, section 174 does not apply to the $10,000 of production costs of the component because those costs were not incurred for research or experimentation. See paragraph (a)(2) of this section (relating to production costs).

Example 7. Disposition of a pilot model. X is a manufacturer of aircraft. X is researching and developing a new, experimental aircraft that can take off and land vertically. To evaluate and resolve uncertainty during the development or improvement of the product and test the appropriate design of the experimental aircraft, X produces a working aircraft at a cost of $5,000,000. The $5,000,000 of costs represents research and development costs in the experimental or laboratory sense. In a later year, X sells the aircraft. Because X produced the aircraft to resolve uncertainty regarding the appropriate design of the product during the development of the experimental aircraft, the aircraft is a pilot model under paragraph (a)(4) of this section. Therefore, the $5,000,000 of costs that X incurred in producing the aircraft qualifies as research or experimental expenditures under section 174. Further, it would not matter if X sold the pilot model or incorporated it in its own business as a demonstration model. See paragraph (a)(1) of this section (ultimate use is not relevant).

Example 8. Development of new component; pilot model. Y is a manufacturer of aircraft engines. Y is researching and developing a new type of compressor blade, a component of an aircraft engine, to improve the performance of an existing aircraft engine design that Y already manufactures and sells. To test the appropriate design of the new compressor blade and evaluate the impact of fatigue on the compressor blade design, Y produces and installs the compressor blade on an aircraft engine held by Y in its inventory. The costs of producing and installing the compressor blade component that Y incurred represent research and development costs in the experimental or laboratory sense. Because Y produced the compressor blade component to resolve uncertainty regarding the appropriate design of the component, the component is a pilot model under paragraph (a)(4) of this section. Therefore, the costs that Y incurred to produce and install the component qualify as research or experimental expenditures under section 174. See paragraph (a)(5) of this section (regarding the application of section 174 to components of a product). However, section 174 does not apply to Y's costs of producing the aircraft engine on which the component was installed. See paragraph (a)(2) of this section (relating to production costs).

Example 9. Variant product. T is a fuselage manufacturer for commercial and military aircraft. T is modifying one of its existing fuselage products, Class 20XX–1, to enable it to carry a larger passenger and cargo load. T modifies the Class 20XX–1 design by extending its length by 40 feet. T incurs $1,000,000 to develop and evaluate different designs to resolve uncertainty with respect to the appropriate design of the new fuselage class, Class 20XX–2. The $1,000,000 of costs represents research and development costs in the experimental or laboratory sense. Although Class 20XX–2, is a variant of Class 20XX–1, Class 20XX–2 is a new product because the information available to T as a result of T's development of Class 20XX–1 does not resolve uncertainty with respect to T's development of Class 20XX–2. Therefore, the $1,000,000 of costs that T incurred to develop and evaluate the Class 20XX–2 qualifies as research or experimental expenditures under section 174. Paragraph (a)(5) of this section does not apply, as the requirements of paragraph (a)(1) of this section are met with respect to the entire product.

Example 10. New process development. Z is a wine producer. Z is researching and developing a new wine production process that involves the use of a different method of crushing the wine grapes. In order to test the effectiveness of the new method of crushing wine grapes, Z incurs $2,000 in labor and materials to conduct the test on this part of the new manufacturing process. The $2,000 of costs represents research and development costs in the experimental or laboratory sense. Therefore, the $2,000 incurred qualifies as research or experimental expenditures under section 174 because it is a cost incident

to the development or improvement of a component of a process.

(b) * * *

(1) *Land and other property*. * * *

(2) *Expenditure resulting in depreciable property*. * * *

(3) *Amounts paid to others for research or experimentation resulting in depreciable property*. * * *

(4) *Deductions limited to amounts expended for research or experimentation*. The deductions referred to in paragraphs (b)(2) and (3) of this section for expenditures in connection with the acquisition or production of depreciable property to be used in the taxpayer's trade or business are limited to amounts expended for research or experimentation within the meaning of section 174 and paragraph (a) of this section.

(5) *Examples*. The following examples illustrate the application of paragraph (b) of this section.

Example 1. Amounts paid to others for research or experimentation resulting in depreciable property. X is a tool manufacturer. X has developed a new tool design, and orders a specially-built machine from Y to produce X's new tool. The machine is built upon X's order and at X's risk, and Y does not provide a guarantee of economic utility. There is uncertainty regarding the appropriate design of the machine. Under X's contract with Y, X pays $15,000 for Y's engineering and design labor, $5,000 for materials and supplies used to develop the appropriate design of the machine, and $10,000 for Y's machine production materials and labor. The $15,000 of engineering and design labor costs and the $5,000 of materials and supplies costs represent research and development costs in the experimental or laboratory sense. Therefore, the $15,000 X pays Y for Y's engineering and design labor and the $5,000 for materials and supplies used to develop the appropriate design of the machine are for research or experimentation under section 174. However, section 174 does not apply to the $10,000 of production costs of the machine because those costs were not incurred for research or experimentation. See paragraph (a)(2) of this section (relating to production costs) and paragraph (b)(4) of this section (limiting deduction to amounts expended for research or experimentation).

Example 2. Expenditures with respect to other property. Z is an aircraft manufacturer. Z incurs $5,000,000 to construct a new test bed that will be used in the development and improvement of Z's aircraft. No portion of Z's $5,000,000 of costs to construct the new test bed represent research and development costs in the experimental or laboratory sense to develop or improve the test bed. Because no portion of the costs to construct the new test bed were incurred for research or experimentation, the $5,000,000 will be considered an amount paid or incurred in the production of depreciable property to be used in the taxpayer's trade or business that are not allowable under section 174. However, the allowances for depreciation of the test bed are considered research and experimental expenditures of other products, for purposes of section 174, to the extent the test bed is used in connection with research or experimentation of other products. See paragraph (b)(1) of this section (depreciation allowances may be considered research or experimental expenditures).

Example 3. Expenditure resulting in depreciable property. Assume the same facts as *Example 2*, except that $50,000 of the costs of the test bed relates to costs to resolve uncertainties regarding the new test bed design. The $50,000 of costs represents research and development costs in the experimental or laboratory sense. Because $50,000 of Z's costs to construct the new test bed was incurred for research and experimentation, the costs qualify as research or experimental expenditures under section 174. Paragraph (b)(2) of this section applies to $50,000 of Z's costs for the test bed because they are expenditures for research or experimentation that result in depreciable property to be used in the taxpayer's trade or business. Z's remaining $4,950,000 of costs is not allowable under section 174 because these costs were not incurred for research or experimentation.

* * * * *

(d) *Effective/applicability date*. The eighth and ninth sentences of § 1.174–2(a)(1); § 1.174–2(a)(2); § 1.174–2(a)(4); § 1.174–2(a)(5); § 1.174–2(a)(11) *Example 3* through *Example 10*; § 1.174–2(b)(4); and § 1.174–2(b)(5) apply to taxable years ending on or after July 21, 2014. Taxpayers may apply the provisions enumerated in the preceding sentence to taxable years for which the limitations for assessment of tax has not expired.

John Dalrymple
Deputy Commissioner for Services and Enforcement.

Approved June 27, 2014.

Mark J. Mazur
Assistant Secretary of the Treasury (Tax Policy).

(Filed by the Office of the Federal Register on July 18, 2014, 8:45 a.m., and published in the issue of the Federal Register for July 21, 2014, 79 F.R. 42193)

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 467.—Certain Payments for the Use of Property or Services

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014-19, page 266.

Section 864.—Definitions and Special Rules

26 CFR 1.864 (e) Rules for allocation interest, etc.

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 1

TD 9676

Allocation and Apportionment of Interest Expense

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations and removal of temporary regulations.

SUMMARY: This document contains final regulations that provide guidance concerning the allocation and apportionment of interest expense by corporations owning a 10 percent or greater interest in a partnership, as well as the allocation and apportionment of interest expense using the fair market value method. These regulations also update the interest allocation regulations to conform to the statutory changes made by section 216 of the legislation commonly referred to as the Education Jobs and Medicaid Assistance Act (EJMAA), enacted on August 10, 2010, affecting the affiliation of certain foreign corporations for purposes of section 864(e). These regulations affect taxpayers that allocate and apportion interest expense.

DATES: *Effective Date*: These regulations are effective on July 15, 2014.

Applicability Dates: For dates of applicability, see §§ 1.861–9(k) and 1.861–11(d)(6)(ii).

FOR FURTHER INFORMATION CONTACT: Jeffrey L. Parry, (202) 317-6936 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

On September 14, 1988, a notice of proposed rulemaking by cross-reference to temporary regulations and temporary regulations (TD 8228) under section 861 of the Internal Revenue Code (Code) (the 1988 temporary regulations) were published in the **Federal Register** at [53 FR 35525] and [53 FR 35467], respectively. On January 17, 2012, a notice of proposed rulemaking by cross-reference to temporary regulations (REG–113903–10) and temporary regulations (the 2012 temporary regulations) (TD 9571) which revised, in part, the 1988 temporary regulations, were published in the **Federal Register** at [77 FR 2240] and [77 FR 2225], respectively. Corrections to the 2012 temporary regulations were published on February 21, 2012, in the **Federal Register** at [77 FR 9844]. No written comments were received on the 2012 temporary regulations or on the portion of the 1988 temporary regulations included in this regulation. A public hearing was not requested and none was held. This Treasury decision adopts the proposed regulations published in connection with the 2012 temporary regulations, as well as the portions of § 1.861–9T(e)(2) and (3) of the 1988 temporary regulations that were not amended by the 2012 temporary regulations, with no substantive change.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866, as supplemented by Executive Order 13653. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f), the notice of proposed rulemaking preceding this regulation was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Jeffrey L. Parry of the Office of Chief Counsel (International). However, other personnel from the IRS and the Treasury Department participated in their development.

* * * * *

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

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 1.861–9 is amended by

1. Revising paragraphs (a), (b), (c), (d), (e), (f)(1), (f)(2), (f)(3)(i), (f)(5), (g), (h)(1), (h)(2), (h)(3), and (h)(4); and

2. Adding five new sentences to the end of paragraph (k).

The revisions and addition read as follows:

§ 1.861–9 Allocation and apportionment of interest expense

(a) through (e)(1) [Reserved]. For further guidance, see § 1.861–9T(a) through (e)(1).

(2) *Corporate partners whose interest in the partnership is 10 percent or more*. A corporate partner shall apportion its interest expense, including the partner's distributive share of partnership interest expense, by reference to the partner's assets, including the partner's pro rata share of partnership assets, under the rules of paragraph (f) of this section if the corporate partner's direct and indirect interest in the partnership (as determined under the attribution rules of section 318) is 10 percent or more. A corporation using the tax book value method or alternative tax book value method of apportionment shall use the partnership's inside basis in its assets, including adjustments under sections 734(b) and 743(b), if any, and adjusted to the extent required under § 1.861–10T(d)(2). A corporation using the fair market value method of apportionment shall use the fair market value of the partnership's assets, adjusted to the extent required under § 1.861–10T(d)(2).

(3) *Individual partners who are general partners or who are limited partners with an interest in the partnership of 10 percent or more*. An individual partner is subject to the rules of this paragraph (e)(3) if either the individual is a general partner or the individual's direct and indirect interest (as determined under the attribution rules of section 318) in the partnership is 10 percent or more. The individual shall first classify his or her distributive share of partnership interest expense as interest incurred in the active conduct of a trade or business, as passive activity interest, or as investment interest under regulations issued under sections 163 and 469. The individual must then apportion his or her interest expense, including the partner's distributive share of partnership interest expense, under the rules of paragraph (d) of this section. Each such individual partner shall take into account his or her distributive share of the partnership gross income or pro rata share of the partnership assets in applying such rules. An individual using the tax book value or alternative tax book value method of apportionment shall use the partnership's inside basis in its assets, including adjustments under sections 734(b) and 743(b), if any, and adjusted to the extent required under § 1.861–10T(d)(2). An individual using the fair market value method of apportionment shall use the fair market value of the partnership's assets, adjusted to the extent required under § 1.861–10(d)(2).

(e)(4) through (f)(3)(i) [Reserved]. For further guidance, see § 1.861–9T(e)(4) through (f)(3)(i).

* * * * *

(f)(5) through (h)(3) [Reserved]. For further guidance, see § 1.861–9T(f)(5) through (h)(3).

(h)(4) *Valuing related party debt and stock in related persons* – (i) *Related party debt*. For purposes of this section, the value of a debt obligation of a related person held by the taxpayer or another person related to the taxpayer equals the amount of the liability of the obligor related person.

(ii) *Stock in related persons*. The value of stock in a related person held by the taxpayer or by another person related to the taxpayer equals the sum of the following amounts reduced by the taxpayer's pro rata share of liabilities of such related person:

(A) The portion of the value of intangible assets of the taxpayer and related persons that is apportioned to such related person under § 1.861–9T(h)(2);

(B) The taxpayer's pro rata share of tangible assets held by the related person (as determined under § 1.861–9T(h)(1)(ii));

(C) The taxpayer's pro rata share of debt obligations of any related person held by the related person (as valued under paragraph (h)(4)(i) of this section); and

(D) The total value of stock in all related persons held by the related person as determined under this paragraph (h)(4).

(iii) *Example*. (A) *Facts*. USP, a domestic corporation, wholly owns CFC1 and owns 80% of CFC2, both foreign corporations. The aggregate trading value of USP's stock traded on established securities markets at the end of Year 1 is $700 and the amount of USP's liabilities to unrelated persons at the end of Year 1 is $400. Neither CFC1 nor CFC2 has liabilities to unrelated persons at the end of Year 1. USP owns plant and equipment valued at $500, CFC1 owns plant and equipment valued at $400, and CFC2 owns plant and equipment valued at $250. The value of these assets has been determined using generally accepted valuation techniques, as required by § 1.861–9(h)(1)(ii). There is an outstanding loan from CFC2 to CFC1 in an amount of $100. There is also an outstanding loan from USP to CFC1 in an amount of $200.

(B) *Valuation of group assets*. Pursuant to § 1.861–9T(h)(1)(i), the aggregate value of USP's assets is $1100 (the $700 trading value of USP's stock increased by $400 of USP's liabilities to unrelated persons).

(C) *Valuation of tangible assets*. Pursuant to § 1.861–9T(h)(1)(ii), the value of USP's tangible assets and pro rata share of assets held by CFC1 and CFC2 is $1100 (the plant and equipment held directly by USP, valued at $500, plus USP's 100% pro rata share of the plant and equipment held by CFC1 valued at $400 and USP's 80% pro rata share of the plant and equipment held by CFC 2 valued at $200 (80% of $250)).

(D) *Computation of intangible asset value*. Pursuant to § 1.861–9T(h)(1)(iii), the value of the intangible assets of USP, CFC1, and CFC2 is $0 (total aggregate group asset value ($1100) determined in paragraph (B) less total tangible asset value ($1100) determined in paragraph (C)). Because the intangible asset value is zero, the provisions of § 1.861–9T(h)(2) and (3) relating to the apportionment and characterization of intangible assets do not apply.

(E) *Valuing related party debt obligations*. Pursuant to § 1.861–9(h)(4)(i), the value of the debt obligation of CFC1 held by CFC2 is equal to the amount of the liability, $100. The value of the debt obligation of CFC1 held by USP is equal to the amount of the liability, $200.

(F) *Valuing the stock of CFC1 and CFC2*. Pursuant to § 1.861–9(h)(4)(ii), the value of the stock of CFC2 held by USP is $280 (USP's 80% pro rata share of tangible assets of CFC2 included in paragraph (C) ($200) plus USP's 80% pro rata share of the debt obligation of CFC1 held by CFC2 valued in paragraph (E) ($80). The value of the stock of CFC1 held by USP is $100 (USP's 100% pro rata share of tangible assets of CFC1 included in paragraph (C) ($400) less USP's 100% pro rata share of the liabilities of CFC1 to USP and CFC2 ($300)).

* * * * *

(k) * * * Paragraphs (e)(2), (e)(3) and (h)(4) apply to taxable years beginning on or after July 15, 2014. See 26 CFR 1.861–9T(e)(2) and (3) (revised as of April 1, 2014) for rules applicable to taxable years beginning after January 17, 2012, and before July 15, 2014. See 26 CFR 1.861–9T(e)(2) and (3) (revised as of April 1, 2011) for rules applicable to taxable years beginning on or before January 17, 2012. See 26 CFR 1.861–9T(h)(4) (revised as of April 1, 2014) for rules applicable to taxable years ending on or after January 17, 2012, and beginning before July 15, 2014. See 26 CFR 1.861–9T(h)(4) (revised as of April 1, 2011) for rules applicable to taxable years ending before January 17, 2012.

Par. 3. Section 1.861–9T is amended by:

1. Revising paragraphs (e)(2), (e)(3), and (h)(4);

2. Removing the four sentences before the last sentence of paragraph (k); and

3. Removing paragraph (l).

The revisions read as follows:

§ 1.861–9T Allocation and apportionment of interest expense (temporary).

* * * * *

(e)(2) through (e)(3) [Reserved]. For further guidance see § 1.861–9(e)(2) through (e)(3).

* * * * *

(h) * * *

(4) [Reserved]. For further guidance see § 1.861–9(h)(4).

* * * * *

Par. 4. In § 1.861–11, paragraphs (d)(3), (d)(4), (d)(5), and (d)(6) are revised to read as follows:

§ 1.861–11 Special rules for allocating and apportioning interest expense of an affiliated group of corporations.

* * * * *

(d)(3) through (6)(i) [Reserved]. For further guidance see § 1.861–11T(d)(3) through (6)(i).

(ii) Any foreign corporation if more than 50 percent of the gross income of such foreign corporation for the taxable year is effectively connected with the conduct of a trade or business within the United States and at least 80 percent of either the vote or value of all outstanding stock of such foreign corporation is owned directly or indirectly by members of the affiliated group (determined with regard to this sentence). This paragraph (d)(6)(ii) applies to taxable years beginning on or after July 15, 2014. See 26 CFR 1.861–11T(d)(6)(ii) (revised as of April 1, 2014) for rules applicable to taxable years beginning after August 10, 2010, and before July 15, 2014. See 26 CFR 1.861–11T(d)(6)(ii) (revised as of April 1, 2010) for rules applicable to taxable years beginning on or before August 10, 2010.

* * * * *

Par. 5. Sec 1.861–11T is amended by:

1. Revising paragraph (d)(6)(ii);

2. Removing the last two sentences of paragraph (h); and

3. Removing paragraph (i).

The revision reads as follows:

1.861–11T. Special rules for allocating and apportioning interest expense of an affiliated group of corporations (temporary).

* * * * *

(d) * * *

(6) * * *

(ii) [Reserved]. For further guidance see § 1.861–11(d)(6)(ii).

* * * * *

John Dalrymple
Deputy Commissioner for Services and Enforcement.

Approved June 17, 2014.

Mark J. Mazur
Assistant Secretary of the Treasury (Tax Policy).

(Filed by the Office of the Federal Register on July 15, 2014, 8:45 a.m., and published in the issue of the Federal Register for July 16, 2014, 79 F.R. 41424)

Section 1092.—Mixed Straddles; Straddle-by-Straddle Identification

26 CRF 1.1092(b): Mixed straddles; straddle-by-straddle identification under section.

TD 9678

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 1

Mixed Straddles; Straddle-by-Straddle Identification Under Section 1092

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations and removal of temporary regulations.

SUMMARY: This document contains final regulations relating to section 1092 identified mixed straddles established after August 18, 2014. The final regulations explain how to account for unrealized gain or loss on a position held by a taxpayer prior to the time the taxpayer establishes a mixed straddle using straddle-by-straddle identification.

DATES: *Effective Date*: These regulations are effective on July 18, 2014.

Applicability Date: For the date of applicability, see § 1.1092(b)–6(e).

FOR FURTHER INFORMATION CONTACT: Pamela Lew of the Office of Associate Chief Counsel (Financial Institutions and Products) at (202) 317-6945 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The Deficit Reduction Act of 1984, Public Law 98–369, amended section 1092 of the Internal Revenue Code (Code) relating to straddles. As amended, section 1092(b) instructed the Treasury Department and the IRS to write regulations governing mixed straddles. Regulations governing mixed straddles were issued in 1985, including § 1.1092(b)–2T (relating to holding periods and losses with respect to straddle positions) and § 1.1092(b)–3T (relating to mixed straddles) (collectively, the 1985 temporary regulations).

This document contains amendments to the Income Tax Regulations (26 CFR part 1) relating to mixed straddles subject to straddle-by-straddle identification under section 1092(b)(2)(A)(i)(I) (identified mixed straddles). On August 2, 2013, the Treasury Department and the IRS published in the **Federal Register** temporary regulations relating to identified mixed straddles (TD 9627 at 78 FR 46807) and a notice of proposed rulemaking cross-referencing the temporary regulations (REG–112815–12 at 78 FR 46854). The temporary regulations added § 1.1092(b)–6T, which provides that unrealized gain or loss on a position held prior to the establishment of an identified mixed straddle is taken into account at the time and has the character provided by provisions of the Code that would apply if the identified mixed straddle had not been established. The temporary regulations changed the timing of the recognition of the unrealized gain or loss as compared to § 1.1092(b)–3T(b)(6) of the 1985 temporary regulations, which provides that unrealized gain or loss on a position that becomes a position in an identified mixed straddle is recognized on the day prior to establishing the identified mixed straddle.

Section 1.1092(b)–6T applied to identified mixed straddles established after August 1, 2013, the date of filing of TD 9627 in the **Federal Register**. However, in response to comments raising concerns about the immediate applicability date of the temporary regulations, the regulations were corrected on October 29, 2013, to revise the applicability date (TD 9627 at 78 FR 64396 and REG–112815–12 at 78 FR 64430). As corrected, § 1.1092(b)–6T would apply to identified mixed straddles established after the date of publication of the final regulations in the **Federal Register**.

Written comments were received on the notice of proposed rulemaking and a public hearing was held on December 4, 2013. All comments were considered and the written comments are available for public inspection at *http://www.regulations.gov* or upon request.

After consideration of all comments, these final regulations adopt the provisions of the proposed regulations with certain clarifications, and the corresponding temporary regulations are removed. The comments and clarifications are discussed in this preamble.

Summary of Comments and Explanation of Revisions

In response to the request for comments in the notice of proposed rulemaking, several comments were received. The comments address three general categories of issues: (1) the immediate applicability date of § 1.1092(b)–6T; (2) the character mismatch and timing of gain or loss recognition for assets held by insurance companies; and (3) certain technical rules in the 1985 temporary regulations and the temporary regulations relating to identified mixed straddles.

1. *Applicability date*

As previously noted, in response to comments raising concerns about the immediate applicability date of the temporary regulations, the regulations were corrected on October 29, 2013, to revise the applicability date. As corrected, § 1.1092(b)–6T would apply to identified mixed straddles established after the date of publication of final regulations in the **Federal Register**. The correction notices informed taxpayers that the Treasury Department and the IRS anticipated finalizing the regulations no later than June 30, 2014.

One commenter asked that the applicability date be delayed for at least six months after the publication date of the final regulations in the **Federal Register**.

Because the Treasury Department and the IRS believe that the additional time provided by the correction notices has provided taxpayers with ample notice, these final regulations apply to identified mixed straddles established after August 18, 2014.

2. *Character mismatch and timing of gain or loss recognition for assets held by insurance companies*

Commenters noted that insurance companies generally are buy-and-hold investors that hold portfolio bonds to maturity absent other events compelling disposition. Bonds held by an insurance company are capital assets and the interest income generated by those assets is ordinary in nature. Consequently, when an insurance company sells a bond (sometimes pursuant to instructions from a regulator in the case of a bond that has deteriorated in credit quality), the sale may result in a capital loss that does not offset for tax purposes the ordinary income generated by the bond and other portfolio assets. The capital loss may expire unused unless the insurance company recognizes an offsetting capital gain. According to the commenters, the use of the existing regulations to generate capital gains allows an insurance company to avoid the transaction costs, risks of being unable to acquire suitable replacement property, and unfavorable accounting treatment associated with a sale and repurchase of appreciated bonds. The commenters requested that no new regulations on identified mixed straddles be issued because insurance companies rely on the existing regulations to control the timing of capital gain recognition on bonds in their portfolio.

The fact that bonds generate ordinary income on periodic payments but capital gain or loss on disposition (when held as a capital asset) is not unique to insurance companies, and is a fundamental aspect of debt (as well as stock) investments. Section 1092 was not intended to alleviate character mismatches on debt portfolios. The Treasury Department and the IRS believe that using the section 1092(b)(2) identified mixed straddle rules as an alternative to selling or otherwise disposing of a position undermines the realization requirements that generally govern gain and loss recognition. These regulations are therefore being adopted to prevent selective recognition of gains and losses through the mechanism of an identified mixed straddle even though no disposition has occurred.

3. *Technical rules relating to identified mixed straddles*

One commenter stated that the 1985 temporary regulations do not define what it means for gain or loss to be "attributable to" a section 1092(b)(2) identified mixed straddle period and asked the Treasury Department and the IRS to modify § 1.1092(b)–3T to address this issue. The commenter also requested an amendment to the 1985 temporary regulations to clarify the treatment of a net loss on the disposition of a section 1256 contract when there is an unrecognized gain in the retained non-section 1256 position.

Because these comments pertain to the operation of the 1985 temporary regulations, they are outside the scope of the proposed regulations, and the Treasury Department and the IRS do not believe that it is appropriate to address these comments in these final regulations. These final regulations are intended to address only the time for recognizing gain or loss that has accrued up to the date a taxpayer enters into an identified mixed straddle. All other rules that apply to an identified mixed straddle under the 1985 temporary regulations continue to apply.

The commenter also requested an amendment to the 1985 temporary regulations to clarify whether the rule in § 1.1092(b)–2T(c)(2) that resets the holding period on positions in an identified mixed straddle (holding period reset rule) continues to apply under these regulations, even to a position that had been held for the long-term holding period prior to the time the identified mixed straddle was established. Under the holding period reset rule, when an identified mixed straddle is established, the holding periods of all positions in that identified mixed straddle are reset to zero, and a position does not begin to accrue holding period until it is no longer part of a straddle.

This comment, requesting guidance on the holding period reset rule, is directly

relevant to the computations required with respect to accrued gain or loss on a position when a taxpayer enters into an identified mixed straddle. Both the time period before a position becomes part of an identified mixed straddle and the time period after the identified mixed straddle is created are implicated by this comment. To address gain or loss that has accrued up to the day before a taxpayer enters into an identified mixed straddle, the text of § 1.1092(b)–6(a) has been revised and a new *Example 3* in § 1.1092(b)–6(d) has been added to clarify that any gain or loss that would have been a long-term gain or loss under the 1985 temporary regulations will, when recognized, be a long-term gain or loss under these final regulations. To address gain or loss that accrues on or after the day a taxpayer enters into an identified mixed straddle, § 1.1092(b)–6(b) expressly provides that § 1.1092(b)–2T(a)(1) applies to positions in an identified mixed straddle. Consequently, the holding period reset rule in § 1.1092(b)–2T(a)(1) remains applicable to gain and loss that accrues on or after a position becomes part of an identified mixed straddle. As previously noted, the holding period reset rule resets the holding period on positions in an identified mixed straddle to zero and provides that a position does not begin to accrue holding period until it is no longer part of a straddle.

Finally, one commenter requested clarification as to whether unrecognized gain that accrued prior to a position becoming part of an identified mixed straddle is taken into account in determining whether a realized loss is deferred under section 1092(a). Section 1092(a) provides that any loss with respect to one or more positions shall be taken into account for any taxable year only to the extent that the amount of such loss exceeds the unrecognized gain (if any) with respect to one or more offsetting positions. In response to this comment, § 1.1092(b)–6(c) and a new *Example 4* in § 1.1092(b)–6(d) have been added to clarify that the rules of section 1092(a)(3)(A), which include realized gain in unrecognized gain, apply to an identified mixed straddle. Section 1092(a)(3)(B), which applies to identified straddles that are subject to section 1092(a)(2) and includes only gain accrued after the establishment of the identified straddle, does not apply to the section 1092(b)(2) identified mixed straddles that are the subject of these final regulations.

Applicability Date

The final regulations apply to an identified mixed straddle established after August 18, 2014.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866, as supplemented by Executive Order 13563. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, the proposed regulations preceding these final regulations were submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small businesses. No comments were received.

Drafting Information

The principal author of these regulations is Pamela Lew, Office of Associate Chief Counsel (Financial Institutions and Products). However, other personnel from the Treasury Department and the IRS participated in their development.

*** * * * ***

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by removing the entries for § 1.1092(b)–6T and by adding entries in numerical order to read as follows:

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

Section 1.1092(b)–6 also issued under 26 U.S.C. 1092(b)(1).

Section 1.1092(b)–6 also issued under 26 U.S.C. 1092(b)(2). * * *

Par. 2. Section 1.1092(b)–3T is amended by revising the paragraph heading and the first sentence of paragraph (b)(6) to read as follows:

§ 1.1092(b)–3T Mixed straddles; straddle-by-straddle identification under section 1092(b)(2)(A)(i)(I) (Temporary).

* * * * *

(b) * * *

(6) *Accrued gain and loss with respect to positions of a section 1092(b)(2) identified mixed straddle established on or before August 18, 2014.* The rules of this paragraph (b)(6) apply to all section 1092(b)(2) identified mixed straddles established on or before August 18, 2014; see § 1.1092(b)–6 for section 1092(b)(2) identified mixed straddles established after August 18, 2014. * * *

* * * * *

Par. 3. Section 1.1092(b)–6 is added to read as follows:

§ 1.1092(b)–6 Mixed straddles; accrued gain and loss associated with a position that becomes part of a section 1092(b)(2) identified mixed straddle that is established after August 18, 2014.

(a) *Treatment of unrealized gain or loss that arose before a position becomes part of an identified mixed straddle.* Except as otherwise provided, if one or more positions of a straddle that is an identified mixed straddle described in section 1092(b)(2)(A)(i)(I) (identified mixed straddle) were held by the taxpayer on the day prior to the day the identified mixed straddle is established, any unrealized gain or loss on the day prior to the day the identified mixed straddle is established with respect to such position or positions is taken into account at the time, and has the character, provided by the provisions of the Internal Revenue Code that would apply to the gain or loss if the identified mixed straddle were not established. Thus, if a non-section 1256 capital asset was held for the long-term capital gain holding period before the identified mixed straddle was established, any unrealized gain or loss on that asset on the day prior to the day the identified mixed straddle was established will be long-term capital gain or loss when that asset is sold or otherwise disposed of in a taxable transaction. Unrealized gain or loss on a sec-

tion 1256 contract that accrued prior to the day the contract became part of an identified mixed straddle will be recognized no later than the last business day of the taxpayer's taxable year. For each position, unrealized gain or loss is the difference between the fair market value of the position at the close of the day before the day the identified mixed straddle is established and the taxpayer's basis in that position. See § 1.1092(b)–2T and paragraph (b) of this section for the treatment of holding periods with respect to such positions. Changes in value of the position or positions that occur on or after the identified mixed straddle is established are accounted for under the provisions of § 1.1092(b)–3T (other than § 1.1092(b)–3T(b)(6)). The definitions in § 1.1092(b)–5T apply for purposes of this section.

(b) *Holding period after a position becomes part of an identified mixed straddle*. Section 1.1092(b)–2T(a)(1) applies to any position that becomes part of an identified mixed straddle, and the long-term or short-term character of any gain or loss on that position that arises on or after the day the position has become a position in an identified mixed straddle will be determined by beginning the taxpayer's holding period on the day after the identified mixed straddle ceases to exist.

(c) *Application of the loss deferral rules of section 1092(a)*. When applying section 1092(a) and § 1.1092(b)–3T(b) (other than § 1.1092(b)–3T(b)(6)) to any loss that arises while a position is part of an identified mixed straddle, the amount of unrecognized gain includes both unrecognized gains described in paragraph (a) of this section that accrued prior to the day the identified mixed straddle is established and unrecognized gains that arise on or after the day the identified mixed straddle identification was made for the position.

(d) *Examples*. The rules of this section may be illustrated by the following examples. It is assumed in each example that the positions described are the only positions held directly or indirectly (through a related person or flowthrough entity) by an individual calendar year taxpayer during the taxable year, and no successor positions are acquired or entered into. It is also assumed that gain or loss recognized on any position in the straddle would be capital gain or loss. The following examples assume that the identified mixed straddle is established after the applicability date of this section.

Example 1. (i) *Facts*. On January 13, Year 1, A enters into a section 1256 contract. As of the close of the day on January 15, Year 1, there is $500 of unrealized loss on the section 1256 contract. On January 16, Year 1, A enters into an offsetting non-section 1256 position and makes a valid election to treat the straddle as an identified mixed straddle. A continues to hold both positions of the identified mixed straddle on January 1, Year 2, and there are no further changes to the value of either position in Year 1.

(ii) *Analysis*. On the last business day of Year 1, A recognizes the $500 loss on the section 1256 contract that accrued prior to establishing the identified mixed straddle because the section 1256 contract is treated as sold on December 31, Year 1 (the last business day of the taxable year) under section 1256(a). The loss recognized in Year 1 will be treated as 60% long-term capital loss and 40% short-term capital loss. All gains and losses that arise on or after the identified mixed straddle is established are accounted for under the rules of §§ 1.1092(b)–2T (and paragraph (b) of this section), 1.1092(b)–3T(b) (other than § 1.1092(b)–3T(b)(6)), and paragraph (c) of this section.

Example 2. (i) *Facts*. On December 3, Year 1, A purchases a non-section 1256 position for $100. As of the close of the day on January 22, Year 2, the non-section 1256 position has a fair market value of $500. On January 23, Year 2, A enters into an offsetting section 1256 contract and makes a valid election to treat the straddle as an identified mixed straddle. On February 10, Year 2, A closes out the section 1256 contract at a $500 loss and disposes of the non-section 1256 position for $975.

(ii) *Analysis of pre-straddle gain*. A has $400 of unrealized short-term capital gain attributable to the non-section 1256 position prior to the day the identified mixed straddle was established. This $400 gain is recognized on February 10, Year 2, when the non-section 1256 position is disposed of. Under paragraph (a) of this section, the gain is short-term capital gain because that would have been the character of the gain if the non-section 1256 position had been disposed of on the day prior to establishing the identified mixed straddle.

(iii) *Analysis of straddle gain and loss*. On February 10, Year 2, the gain of $475 ($975 proceeds minus $500 fair market value on the day prior to entering into the identified mixed straddle) on the non-section 1256 position attributable to the identified mixed straddle period is offset by the $500 loss on the section 1256 contract. The net loss of $25 from the identified mixed straddle is recognized and treated as 60% long-term capital loss and 40% short-term capital loss because it is attributable to the section 1256 contract. See § 1.1092(b)–3T(b)(4).

Example 3. (i) *Facts*. On January 3, Year 1, A purchases 100 shares of Index Fund for $1,000 ($10 per share). The Index Fund shares are actively traded personal property and are not section 1256 contracts. As of the close of the day on June 24, Year 2, the fair market value of 100 shares of Index Fund is $1,200. On June 25, Year 2, A enters into a short regulated futures contract (Futures Contract) referenced to the same index referenced by Index Fund. Futures Contract is a section 1256 contract and A makes a valid election to treat the shares of Index Fund and Futures Contract as an identified mixed straddle. On December 31, Year 2, the fair market value of A's shares of Index Fund is $1,520 and Futures Contract has lost $300. On January 10, Year 3, A closes out Futures Contract at a loss of $400 when the fair market value of 100 shares of Index Fund is $1,590. On November 20, Year 3, A disposes of all 100 shares of Index Fund for $1,600.

(ii) *Year 2 analysis*. On June 24, Year 2, A has held the Index Fund shares for longer than the long-term holding period, and the $200 of unrecognized gain on the Index Fund shares as of June 24, Year 2, will be characterized as long-term gain under paragraph (a) of this section when the gain is recognized. On December 31, Year 2, Futures Contract is marked to market under section 1256(a)(1). Under paragraph (a) of this section and § 1.1092(b)–3T(b)(4), the loss on Futures Contract of $300 is netted with the $320 unrecognized gain on the Index Fund shares that arose while the identified mixed straddle was in place. Because this unrecognized gain is greater than the deemed realized section 1256 loss, the loss on Futures Contract is treated as a short-term capital loss. The loss, however, will be disallowed in Year 2 under paragraph (c) of this section and the loss deferral rules of section 1092(a) because the unrecognized gain in the Index Fund shares that arose while the identified mixed straddle was in place exceeds the deemed realized loss. Even if this gain were only $250 on December 31, Year 2, the deemed realized loss on Futures Contract would be disallowed because there is $200 of unrecognized gain in the Index Fund shares from the time A held the shares prior to establishing the identified mixed straddle.

(iii) *Year 3 analysis*. When A closes out the Futures Contract on January 10, Year 3, the entire amount of the section 1256 $300 loss that was disallowed on December 31, Year 2, continues to be deferred under paragraph (c) of this section. On November 20, Year 3, A recognizes $200 long-term capital gain from the pre-identified mixed straddle period, and $400 short-term capital gain, $390 of which arose during the identified mixed straddle period and $10 of which arose after the identified mixed straddle was closed. See § 1.1092(b)–2T(a)(1) and paragraph (b) of this section. In Year 3, A recognizes the $300 short-term capital loss from Futures Contract disallowed in Year 2 and the $100 loss accrued on Futures Contract in Year 3 because A no longer holds any positions that were part of an identified mixed straddle.

Example 4. (i) *Facts*. On March 1, Year 1, A purchases a 10-year U.S. Treasury Note (Note) at original issue for $100, which is the stated redemption price at maturity of Note. As of the close of the day on March 1, Year 3, Note has a fair market value of $105. On March 2, Year 3, A enters into a regulated futures contract (Futures Contract) that provides A with a short position in U.S. Treasury Notes and A makes a valid election to treat Note and Futures Contract as an identified mixed straddle. A closes her position in Futures Contract on April 15, Year 3, at a $2 loss. On April 15, Year 3, Note has a fair market value of $108. On December 31, Year 3, Note has a fair market value of $106. A holds Note until it matures on February 28, Year 10.

(ii) *Year 3 analysis*. A has $5 of unrealized gain attributable to Note prior to the day the identified mixed

straddle was established. Because A acquired a long-term holding period in Note by March 1, Year 3, the $5 of gain will be characterized as long-term capital gain under paragraph (a) of this section when it is recognized. Under § 1.1092(b)–3T(b)(4), when A closes out Futures Contract on April 15, Year 3, the loss of $2 on Futures Contract is netted with the gain of $3 on Note that arose while the identified mixed straddle was in place. Because this gain on Note exceeds the realized loss on Futures Contract, the loss on Futures Contract is disallowed in Year 3 under paragraph (c) of this section. Further, under paragraph (c) of this section and section 1092(a)(1), on December 31, Year 3, the disallowed loss of $2 on Futures Contract cannot be recognized because it is less than the total unrecognized gain of $6 on Note on December 31, Year 3.

(iii) *Year 10 analysis*. When Note matures in Year 10, the $5 of unrecognized long-term capital gain that arose prior to the identified mixed straddle is recognized. Because A receives $100 upon the maturity of Note, A also recognizes a $5 long-term capital loss on Note, for a net gain of $0 (zero). In addition, the termination of all positions in the identified mixed straddle releases the $2 loss disallowed in Year 3 on Futures Contract. The loss on Futures Contract is treated as short-term capital loss in Year 10 under § 1.1092(b)–3T(b)(4).

(e) *Effective/applicability date*. The rules of this section apply to all section 1092(b)(2) identified mixed straddles established after August 18, 2014.

§ 1.1092(b)–6T [Removed]

Par. 4. Section 1.1092(b)–6T is removed.

John Dalrymple,
Deputy Commissioner for Services and Enforcement.

Approved July 1, 2014.

Mark J. Mazur,
Assistant Secretary of the Treasury (Tax Policy).

(Filed by the Office of the Federal Register on July 17, 2014, 8:45 a.m., and published in the issue of the Federal Register for July 18, 2014, 79 F.R. 41886)

Section 1274.—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also Sections 42, 280G, 382, 412, 467, 468, 482, 483, 642, 807, 846, 1288, 7520, 7872.)

Rev. Rul. 2014–19

This revenue ruling provides various prescribed rates for federal income tax purposes for August 2014 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, with respect to housing credit dollar amount allocations made before January 1, 2014, shall not be less than 9%.

Finally,Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 2014–19 TABLE 1

Applicable Federal Rates (AFR) for August 2014

	Period for Compounding			
	Annual	*Semiannual*	*Quarterly*	*Monthly*
		Short-term		
AFR	.36%	.36%	.36%	.36%
110% AFR	.40%	.40%	.40%	.40%
120% AFR	.43%	.43%	.43%	.43%
130% AFR	.47%	.47%	.47%	.47%
		Mid-term		
AFR	1.89%	1.88%	1.88%	1.87%
110% AFR	2.08%	2.07%	2.06%	2.06%
120% AFR	2.27%	2.26%	2.25%	2.25%
130% AFR	2.45%	2.44%	2.43%	2.43%
150% AFR	2.84%	2.82%	2.81%	2.80%
175% AFR	3.32%	3.29%	3.28%	3.27%
		Long-term		
AFR	3.09%	3.07%	3.06%	3.05%
110% AFR	3.41%	3.38%	3.37%	3.36%
120% AFR	3.71%	3.68%	3.66%	3.65%
130% AFR	4.03%	3.99%	3.97%	3.96%

REV. RUL. 2014–19 TABLE 2

Adjusted AFR for August 2014

	Period for Compounding			
	Annual	*Semiannual*	*Quarterly*	*Monthly*
Short-term adjusted AFR	.36%	.36%	.36%	.36%
Mid-term adjusted AFR	1.38%	1.38%	1.38%	1.38%
Long-term adjusted AFR	3.05%	3.03%	3.02%	3.01%

REV. RUL. 2014–19 TABLE 3

Rates Under Section 382 for August 2014

Adjusted federal long-term rate for the current month	3.05%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	3.14%

REV. RUL. 2014–19 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for August 2014

Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, with respect to housing credit dollar amount allocations made before January 1, 2014, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.57%
Appropriate percentage for the 30% present value low-income housing credit	3.25%

REV. RUL. 2014–19 TABLE 5

Rate Under Section 7520 for August 2014

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	2.2%

Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 6039.—Returns Required in Connection with Certain Options

26 CFR 1.6039E–1: Provide guidance to certain individuals about the information that must be included with their passport applications.

TD 9679

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 301

Information Reporting by Passport Applicants

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations that provide information reporting rules for certain passport applicants. These final regulations apply to certain individuals applying for passports (including renewals) and provide guidance to such individuals about the information that must be included with their passport applications.

DATES: *Effective Date*: These regulations are effective on July 18, 2014**.**

Applicability Date: For dates of applicability, see § 301.6039E–1(d).

FOR FURTHER INFORMATION CONTACT: Rosy Lor at (202) 317-6933 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On January 26, 2012, the Internal Revenue Service (IRS) and the Department of Treasury (Treasury Department) published in the **Federal Register** (77 FR 3964) a notice of proposed rulemaking (REG–208274–86) (the proposed regula-

tions) that proposed amendments to 26 CFR part 301 under section 6039E of the Internal Revenue Code (Code). Section 6039E provides rules concerning information reporting by U.S. passport and permanent resident applicants, and requires specified federal agencies to provide certain information to the IRS.

The proposed regulations set forth the information a U.S. citizen applying for a U.S. passport (passport applicant), other than a citizen who applies for an official passport, diplomatic passport, or passport for use on other official U.S. government business, must provide pursuant to section 6039E. They do not address information reporting by permanent resident applicants. The proposed regulations also withdrew a prior notice of proposed rulemaking (REG–208274–86, 1993–1 CB 822) published in the **Federal Register** (57 FR 61373) on December 24, 1992. The proposed regulations are proposed to be effective for applications submitted after the date final regulations are published in the **Federal Register.**

Comments were received on the proposed regulations. No public hearing was requested or held. After consideration of the comments, this Treasury decision adopts the proposed regulations with minor revisions as described in this preamble.

Explanation and Summary of Comments

Scope of information reporting by passport applicants

The proposed regulations require a passport applicant, other than an individual who applies for an official passport, diplomatic passport, or passport for use on other official U.S. government business, to provide certain information with his or her passport application pursuant to section 6039E. Specifically, the applicant must provide his or her full name and, if applicable, previous name; permanent address and, if different, the applicant's mailing address; taxpayer identifying number (TIN); and date of birth. A commentator requested that the scope of information be limited to the passport applicant's name, TIN, if any, and foreign country of residence, if any. The final regulations do not adopt this comment. Section 6039E(b)(4) grants the Secretary the authority to require any additional information as he may prescribe. The Department of State (State Department) requires the items of information required by these final regulations as part of its application process. Accordingly, the IRS and the Treasury Department believe that requiring this information is not unduly burdensome to the applicant.

Penalty for failure to provide information

The proposed regulations provide guidance on the circumstances under which the IRS may impose a $500 penalty on a passport applicant who fails to provide the required information. Under the proposed regulations, before assessing the penalty, the IRS will provide to the passport applicant written notice of the potential assessment of the penalty, and the applicant has 60 days (90 days if the notice is addressed to an applicant outside of the United States) to respond to the notice. If the passport applicant demonstrates to the satisfaction of the Commissioner or the Commissioner's delegate that the failure to provide the required information is due to reasonable cause and not due to willful neglect, after considering all the surrounding circumstances, then the IRS will not assess the penalty.

A commentator requested clarification with respect to when the period for responding begins to run. In response to the comment, the final regulations provide that a passport applicant has 60 days from the date of the notice of potential assessment of the penalty, or 90 days from such date if the notice is addressed to an applicant outside the United States, to respond to the notice.

A commentator requested that additional guidance be provided with respect to the factors that will be considered in determining whether a passport applicant has established reasonable cause for the failure to provide the required information. The comment was not adopted because this factual determination by the IRS is made on a case-by-case basis and involves consideration of all the surrounding circumstances.

Other Comments Received

Commentators requested that the proposed regulations be withdrawn because they may unduly affect the right of U.S. citizens to travel and apply for a U.S. passport. The IRS and the Treasury Department coordinated with the State Department in promulgating the proposed and final regulations. These regulations do not affect the manner in which the State Department processes passport applications, and Code section 6039E requires information reporting by passport applicants for tax administration purposes. Accordingly, the comments were not adopted.

The proposed regulations provide that the rules would apply to passport applications submitted after the date of publication of the Treasury decision adopting these rules as final regulations. A commentator requested that the regulations be effective for applications submitted after January 1st of the year following the date the regulations are published, rather than for applications submitted after the date the final regulations are published, on grounds that section 7805(b) of the Code requires such a delay of the effective date. This comment was not adopted. Section 7805(b), as amended in 1996 by the Taxpayer Bill of Rights 2, only applies with respect to regulations which relate to statutory provisions enacted on or after July 30, 1996. Because section 6039E was enacted in 1986, section 7805(b) does not apply to these final regulations. Furthermore, even if the version of section 7805(b) cited by the commentator were to apply, section 7805(b) does not require the requested delay of the effective date. This is so because the final regulations apply to passport applications submitted after July 18, 2014, which is not before January 26, 2012, the date of the proposed regulations. See section 7805(b)(1)(B). Accordingly, these final regulations adopt the effective/applicability date included in the proposed regulations.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been deter-

mined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f), this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of this regulation is Rosy Lor of the Office of Associate Chief Counsel (International). However, other personnel from the IRS and the Treasury Department participated in their development.

*** * * * ***

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 301 is amended as follows:

PART 301– PROCEDURE AND ADMINISTRATION

Paragraph 1. The authority citation for part 301 is amended by adding an entry in numerical order to read in part as follows:

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

Section 301.6039E–1 also issued under 26 U.S.C. 6039E.

Par. 2. Section 301.6039E–1 is added to read as follows:

§ 301.6039E–1 Information reporting by passport applicants.

(a) *In general*. Every individual who applies for a U.S. passport or the renewal of a passport (passport applicant), other than a passport for use in diplomatic, military, or other official U.S. government business, shall include with his or her passport application the information described in paragraph (b)(1) of this section in the time and manner described in paragraph (b)(2) of this section.

(b) *Required information*—(1) *In general*. The information required under paragraph (a) of this section shall include the following information:

(i) The passport applicant's full name and, if applicable, previous name;

(ii) The passport applicant's permanent address and, if different, mailing address;

(iii) The passport applicant's taxpayer identifying number (TIN), if such a number has been issued to the passport applicant. A TIN means the individual's social security number (SSN) issued by the Social Security Administration. A passport applicant who does not have an SSN must enter zeros in the appropriate space on the passport application; and

(iv) The passport applicant's date of birth.

(2) *Time and manner for furnishing information*. A passport applicant must provide the information required by this section with his or her passport application, whether by personal appearance or mail, to the Department of State (including United States Embassies and Consular posts abroad).

(c) *Penalties*—(1) *In general*. If the information required by paragraph (b)(1) of this section is incomplete or incorrect, or the information is not filed in the time and manner described in paragraph (b)(2) of this section, then the passport applicant may be subject to a penalty equal to $500 per application. Before assessing a penalty under this section, the IRS will provide to the passport applicant written notice of the potential assessment of the $500 penalty, requesting the information being sought, and offering the applicant an opportunity to explain why the information was not provided with the passport application. A passport applicant has 60 days from the date of the notice of the potential assessment of the penalty (90 days from such date if the notice is addressed to an applicant outside the United States) to respond to the notice. If the passport applicant demonstrates to the satisfaction of the Commissioner (or the Commissioner's delegate) that the failure is due to reasonable cause and not due to willful neglect, after considering all the surrounding circumstances, then the IRS will not assess the penalty.

(2) *Example*. The following example illustrates the provisions of paragraph (c) of this section.

Example. C, a citizen of the United States, makes an error in supplying information on his passport application. Based on the nature of the error and C's timely response to correct the error after being contacted by the IRS, the Commissioner concludes that the mistake is due to reasonable cause and not due to willful neglect. Accordingly, no penalty is assessed.

(d) *Effective/applicability date*. This section applies to passport applications submitted after July 18, 2014.

John Dalrymple
Deputy Commissioner for Services and Enforcement.

Approved June 26, 2014.

Mark J. Mazur
Assistant Secretary of the Treasury (Tax Policy).

(Filed by the Office of the Federal Register on July 17, 2014, 8:45 a.m., and published in the issue of the Federal Register for July 18, 2014, 79 F.R. 41889)

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Section 7872.—Treatment of Loans With Below-Market Interest Rates

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2014. See Rev. Rul. 2014–19, page 266.

Part III. Administrative, Procedural, and Miscellaneous

Notice 2014–44

Foreign tax credit guidance under section 901(m)

SECTION 1. OVERVIEW

This notice announces that the Internal Revenue Service (IRS) and the Department of the Treasury (Treasury Department) will issue regulations addressing the application of section 901(m) of the Internal Revenue Code (Code) to dispositions of assets following covered asset acquisitions (CAAs) and to CAAs described in section 901(m)(2)(C) (regarding section 754 elections).

SECTION 2. BACKGROUND

Section 901(m)(1) provides that, in the case of a CAA, the disqualified portion of any foreign income tax determined with respect to the income or gain attributable to relevant foreign assets (RFAs) will not be taken into account in determining the foreign tax credit allowed under section 901(a), and in the case of foreign income tax paid by a section 902 corporation (as defined in section 909(d)(5)) will not be taken into account for purposes of section 902 or 960. Instead, the disqualified portion of any foreign income tax is allowed as a deduction.

Section 901(m)(2) provides that a CAA is: (1) a qualified stock purchase (as defined in section 338(d)(3)) to which section 338(a) applies (Section 338 CAA); (2) any transaction that is treated as an acquisition of assets for U.S. income tax purposes and as the acquisition of stock of a corporation (or is disregarded) for purposes of a foreign income tax; (3) any acquisition of an interest in a partnership that has an election in effect under section 754 (Section 743(b) CAA); and (4) to the extent provided by the Secretary, any other similar transaction.

Section 901(m)(4) provides that the term RFA means, with respect to a CAA, any asset (including goodwill, going concern value, or other intangible) with respect to such acquisition if income, deduction, gain, or loss attributable to such asset is taken into account in determining the foreign income tax referenced in section 901(m)(1).

Section 901(m)(3)(A) provides that the term "disqualified portion" means, with respect to any CAA, for any taxable year, the ratio (expressed as a percentage) of: (1) the aggregate basis differences (but not below zero) allocable to such taxable year with respect to all RFAs; divided by (2) the income on which the foreign income tax referenced in section 901(m)(1) is determined. If the taxpayer fails to substantiate the income on which the foreign income tax is determined to the satisfaction of the Secretary, such income will be determined by dividing the amount of such foreign income tax by the highest marginal tax rate applicable to the taxpayer's income in the relevant jurisdiction.

Section 901(m)(3)(C)(i) provides that basis difference means, with respect to any RFA, the excess of (1) the adjusted basis of such asset immediately after the CAA, over (2) the adjusted basis of such asset immediately before the CAA. The basis difference can be either a positive or a negative number.

Section 901(m)(3)(B)(i) provides the general rule that the basis difference with respect to any RFA will be allocated to taxable years using the applicable cost recovery method for U.S. income tax purposes.

Section 901(m)(3)(B)(ii) provides that, except as otherwise provided by the Secretary, if there is a disposition of any RFA, the basis difference allocated to the taxable year of the disposition will be the excess of the basis difference of such asset over the aggregate basis difference of such asset that has been allocated to all prior taxable years (Unallocated Basis Difference). No basis difference with respect to such asset will be allocated to any taxable year thereafter.

Regarding the treatment of dispositions of RFAs, the Staff of the Joint Committee on Taxation's technical explanation of section 901(m) provides:

> If there is a disposition of any relevant foreign asset before its cost has been entirely recovered or of any relevant foreign asset that is not eligible for cost recovery (e.g., land), the basis difference allocated to the taxable year of the disposition is the excess of the basis difference with respect to such asset over the aggregate basis difference with respect to such asset that has been allocated under this provision to all prior taxable years. Thus, any remaining basis difference is captured in the year of the sale, and there is no remaining basis difference to be allocated to any subsequent tax years. However, *it is intended that this provision generally apply in circumstances in which there is a disposition of a relevant foreign asset and the associated income or gain is taken into account for purposes of determining foreign income tax in the relevant jurisdiction.*

Staff of the Joint Committee on Taxation, Technical Explanation of the Revenue Provisions of the Senate Amendment to the House Amendment to the Senate Amendment to H.R. 1586, Scheduled for Consideration by the House of Representatives on August 10, 2010, at 15 (August 10, 2010) (emphasis added).

Section 901(m)(7) provides that the Secretary may issue regulations or other guidance as is necessary or appropriate to carry out the purposes of section 901(m), including to exempt from its application certain CAAs and RFAs with respect to which the basis difference is de minimis.

SECTION 3. CONCERNS WITH STATUTORY DISPOSITION RULE

Applying the statutory disposition rule under section 901(m)(3)(B)(ii) to the disposition of an RFA is appropriate in fact patterns in which the gain or loss from the disposition is fully recognized for purposes of both U.S. income tax and a foreign income tax. However, in certain cases, including cases in which the gain or loss from the disposition is recognized for purposes of U.S. income tax but not for purposes of a foreign income tax, or, as described in the next paragraph, cases in which no gain or loss is recognized for purposes of U.S. income tax or the foreign income tax, it may not be the appropriate time for all, or any, of the Unallocated Basis Difference to be taken into account. Furthermore, section 901(m) should con-

tinue to apply to the remaining Unallocated Basis Difference.

In this regard, the IRS and the Treasury Department are aware that certain taxpayers are engaging in transactions shortly after a CAA occurs that are intended to invoke application of the statutory disposition rule under section 901(m)(3)(B)(ii) to avoid the purpose of section 901(m). For example, assume USP, a domestic corporation, wholly owns FSub, a foreign corporation, and FSub acquires 100 percent of the stock of FT, a foreign corporation, in a qualified stock purchase (as defined in section 338(d)(3)) for which an election under section 338(g) is made. The acquisition of the stock of FT is a Section 338 CAA, and the assets of FT are RFAs with respect to that Section 338 CAA. Shortly after the acquisition of FT in the Section 338 CAA, FT becomes disregarded as an entity separate from its owner pursuant to an entity classification election under § 301.7701–3. As a result of the entity classification election, FT is deemed, solely for U.S. tax purposes, to distribute all of its assets and liabilities to FSub in liquidation (deemed liquidation) immediately before the closing of the day before the election is effective. See § 1.338–3(c)(1) and § 301.7701–3(g)(1)(iii) and (g)(3)(ii). On these facts, no gain or loss is recognized on the deemed liquidation by either FT or FSub pursuant to sections 332 and 337.

The taxpayers take the position that the deemed liquidation constitutes a disposition of the RFAs for purposes of section 901(m)(3)(B)(ii). As a result, taxpayers claim that all of the basis difference with respect to the RFAs is allocated to the final taxable year of FT that occurs by reason of the deemed liquidation, and that no basis difference with respect to the RFAs is allocated to any later taxable year. This claim is made notwithstanding that (i) the disparity in the basis in the assets of FT for purposes of U.S. income tax and the foreign income tax that arose as a result of the Section 338 CAA continues to exist after the deemed liquidation, and (ii) because no gain is recognized for foreign income tax purposes as a result of the deemed liquidation, there is also no foreign income tax that is subject to disqualification under section 901(m) as a result of the liquidation. Although the deemed liquidation of FT is also a CAA, the basis difference that arises with respect to this subsequent CAA generally would be minimal. Taxpayers have engaged in other variations of this transaction, each of which raises significant policy concerns.

Accordingly, under the specific authority granted to the Secretary under sections 901(m)(3)(B)(ii) and 901(m)(7), the IRS and the Treasury Department will issue the regulations described in section 4 of this notice.

SECTION 4. REGULATIONS TO BE ISSUED

.01 Application of Section 901(m) to a Disposition of an RFA

For purposes of section 901(m), a disposition means an event (for example, a sale, abandonment, or mark-to-market event) that results in gain or loss being recognized with respect to an RFA for purposes of U.S. income tax or a foreign income tax, or both. For example, in transactions such as those described in section 3 of this notice, the tax-free deemed liquidation arising upon FT's entity classification election does not result in a disposition of an asset for purposes of section 901(m). See section 4.04, Example 1.

The portion of a basis difference with respect to an RFA that is taken into account for a taxable year as a result of a disposition (Disposition Amount) will be determined pursuant to either of two rules. First, if a disposition is fully taxable (that is, results in all gain or loss, if any, being recognized with respect to the RFA) for purposes of both U.S. income tax and a foreign income tax, the Disposition Amount is equal to the Unallocated Basis Difference. This is because there generally will no longer be a disparity in the basis of the RFA for purposes of U.S. income tax and the foreign income tax (U.S. Basis and Foreign Basis, respectively).

Second, if a disposition is not fully taxable for purposes of both U.S. income tax and a foreign income tax, generally there will continue to be a disparity in the U.S. Basis and the Foreign Basis following the disposition, and it is appropriate for the RFA to continue to be subject to section 901(m). To the extent that the disparity in the U.S. Basis and the Foreign Basis is reduced as a result of the disposition, however, a portion of the Unallocated Basis Difference (or in certain cases, all of the Unallocated Basis Difference) should be taken into account. Whether the disposition reduces the basis disparity will depend on whether the basis difference is positive or negative and the jurisdiction in which gain or loss is recognized.

In the case of a positive basis difference, a reduction in basis disparity generally will occur upon a disposition of an RFA if (i) gain is recognized for purposes of a foreign income tax (Foreign Disposition Gain), which generally results in an increase in the Foreign Basis of the RFA, or (ii) loss is recognized for U.S. income tax purposes (U.S. Disposition Loss), which generally results in a decrease in the U.S. Basis of the RFA. Accordingly, if the RFA has a positive basis difference, the Disposition Amount equals the lesser of:

(i) any Foreign Disposition Gain plus any U.S. Disposition Loss (solely for this purpose, expressed as a positive amount), or

(ii) the Unallocated Basis Difference.

In the case of a negative basis difference, a reduction in basis disparity generally will occur upon a disposition of an RFA if (i) loss is recognized for purposes of a foreign income tax (Foreign Disposition Loss), which generally results in a decrease in the Foreign Basis of the RFA, or (ii) gain is recognized for U.S. income tax purposes (U.S. Disposition Gain), which generally results in an increase in the U.S. Basis of the RFA. Accordingly, if the RFA has a negative basis difference, the Disposition Amount equals the greater of the following amounts:

(i) any Foreign Disposition Loss plus any U.S. Disposition Gain (solely for this purpose, expressed as a negative amount), or

(ii) the Unallocated Basis Difference.

To the extent the entire Unallocated Basis Difference is not taken into account as a Disposition Amount, section 901(m) continues to apply to the remaining Unallocated Basis Difference. See section 4.03 of this notice.

.02 Special Rules for a Section 743(b) CAA

If an RFA is subject to a Section 743(b) CAA, the basis difference generally is the resulting basis adjustment under section 743(b) that is allocated to the RFA under the rules of section 755.

If an RFA was subject to a Section 743(b) CAA and subsequently there is a disposition of the RFA, consistent with the computation of basis difference in a Section 743(b) CAA, the computation of the Disposition Amount only takes into account the amount of gains and losses that are attributable to the partnership interest that was transferred in the Section 743(b) CAA. Accordingly, for purposes of determining the Disposition Amount, Foreign Disposition Gain or Foreign Disposition Loss means the amount of gain or loss recognized for purposes of a foreign income tax on the disposition of the RFA that is allocable to the partnership interest that was transferred in the Section 743(b) CAA. In addition, U.S. Disposition Gain or U.S. Disposition Loss means the amount of gain or loss recognized for U.S. income tax purposes on the disposition of the RFA that is allocable to the partnership interest that was transferred in the Section 743(b) CAA, taking into account the basis adjustment under section 743(b) that was allocated to the RFA under section 755.

.03 Continuing Application of Section 901(m) to Remaining Basis Difference

Section 901(m) continues to apply to an RFA until the entire basis difference in the RFA has been taken into account under section 901(m)(3)(B)(i) using the applicable cost recovery method for U.S. income tax purposes or as a Disposition Amount (or both). Thus, even if there is a change in the ownership of an RFA, for example, by reason of a transaction that is a disposition only for U.S. income tax purposes, section 901(m) continues to apply to the RFA until any remaining Unallocated Basis Difference in the RFA has been taken into account. The IRS and the Treasury Department are continuing to consider whether and to what extent section 901(m) should apply to an asset received in exchange for an RFA in a transaction in which the basis of the asset is determined by reference to the basis of the RFA transferred.

If an RFA is subject to multiple Section 743(b) CAAs (Prior Section 743(b) CAA and Subsequent Section 743(b) CAA) and the same partnership interest is acquired in both the Prior Section 743(b) CAA and the Subsequent Section 743(b) CAA, the RFA will be treated as having no Unallocated Basis Difference with respect to the Prior Section 743(b) CAA for purposes of applying section 901(m) to the Subsequent Section 743(b) CAA if the basis difference for the Subsequent Section 743(b) CAA is determined independently from the Prior Section 743(b) CAA. In this regard, see generally § 1.743–1(f) and proposed § 1.743–1(f)(2). If the Subsequent Section 743(b) CAA results from the acquisition of only a portion of the partnership interest acquired in the Prior Section 743(b) CAA, then the transferor will be required to equitably apportion the Unallocated Basis Difference attributable to the Prior Section 743(b) CAA with respect to the RFA between the portion retained by the transferor and the portion transferred. With respect to the portion transferred, the RFA will be treated as having no Unallocated Basis Difference with respect to the Prior Section 743(b) CAA for purposes of applying section 901(m) to the Subsequent Section 743(b) CAA if the basis difference for the Subsequent Section 743(b) CAA is determined independently from the Prior Section 743(b) CAA.

.04 Examples

Example 1. (i) *Facts*. USP, a domestic corporation, wholly owns CFC, a foreign corporation organized under the laws of Country A. FT is an unrelated foreign corporation organized under the laws of Country A and subject to Country A income tax. FT owns one asset (Asset), a parcel of land. On January 1, Year 1, CFC acquires all the stock of FT in exchange for 300u (Acquisition) in a qualified stock purchase for which an election under section 338(g) is made. The Acquisition is treated as an asset acquisition for U.S. income tax purposes and as a stock acquisition for Country A income tax purposes. Immediately before the Acquisition, Asset had a U.S. Basis and Foreign Basis of 100u. Effective on February 1, Year 1, FT elects to be disregarded as an entity separate from its owner pursuant to § 301.7701–3. As a result of the election, FT is deemed, solely for U.S. tax purposes, to distribute Asset to CFC in liquidation (Deemed Liquidation) immediately before the closing of the day before the election is effective pursuant to § 301.7701–3(g)(1)(iii) and –3(g)(3)(ii). No gain or loss is recognized on the Deemed Liquidation for purposes of either U.S. income tax or Country A income tax.

(ii) *Analysis*. The Acquisition is a Section 338 CAA because section 338(a) applies to the qualified stock purchase of FT stock with respect to which the section 338(g) election is made. Immediately after the Acquisition, Asset is an RFA owned by CFC with a basis difference of 200u (300u – 100u). Because the Deemed Liquidation does not result in gain or loss being recognized with respect to Asset for purposes of U.S. income tax or Country A income tax, there is no disposition of Asset for purposes of section 901(m). Accordingly no basis difference with respect to Asset is taken into account by FT as a result of the Deemed Liquidation. Furthermore, section 901(m) will continue to apply to the basis difference with respect to Asset, as held by CFC for U.S. income tax purposes, until the entire 200u basis difference has been taken into account under section 901(m)(3)(B).

Example 2. (i) *Facts*. The facts are the same as *Example 1*, except that FT does not elect to be disregarded as an entity separate from its owner. Instead, on March 1, Year 1, FT transfers Asset (worth 300u and U.S. Basis of 300u) to FC (Transfer), an unrelated controlled foreign corporation organized under the laws of Country A, in exchange for stock of FC worth 250u and 50u of cash. The Transfer results in gain of 50u recognized for Country A income tax purposes. Although the Transfer is a taxable transaction for U.S. income tax purposes, no gain or loss is recognized for U.S. income tax purposes because the amount realized and the U.S. Basis are the same amount.

(ii) *Analysis*. Because the Transfer results in gain being recognized by FT with respect to Asset for Country A income tax purposes, there is a disposition of Asset for purposes of section 901(m). Accordingly, FT takes into account the portion of the basis difference with respect to Asset equal to the Disposition Amount of 50u (the lesser of the Foreign Disposition Gain of 50u or the Unallocated Basis Difference of 200u). Section 901(m) will continue to apply to Asset, as held by FC, until the remaining 150u basis difference (200u – 50u) has been taken into account under section 901(m)(3)(B).

SECTION 5. EFFECTIVE DATE

Except as provided in this section 5, the regulations described in this notice will apply to dispositions occurring on or after July 21, 2014. The regulations described in the first paragraph of section 4.02 and second paragraph of section 4.03 of this notice will apply to Section 743(b) CAAs occurring on or after July 21, 2014, but taxpayers may consistently apply the guidance in those paragraphs to all Section 743(b) CAAs occurring on or after January 1, 2011. The regulations described in the first two sentences of the first paragraph of section 4.03 of this notice will apply to any Unallocated Basis Difference with respect to an RFA as of

July 21, 2014 and any basis difference with respect to an RFA that arises in a CAA occurring on or after July 21, 2014. No inference is intended as to the treatment of transactions such as those described in section 3 of this notice under current law, and the IRS may challenge such transactions under applicable Code provisions or judicial doctrines.

SECTION 6. DRAFTING INFORMATION

The principal authors of this notice are Joseph W. Vetting and Jeffrey L. Parry, of the Office of Associate Chief Counsel (International). However, other personnel from the IRS and the Treasury Department participated in its development. For further information regarding this notice, contact Mr. Parry at (202) 317-6936 (not a toll-free call).

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26 CFR 31.3406(d)–5: Backup withholding when the Service or a broker notifies the payor to withhold because the payee's taxpayer identification number is incorrect.

Rev. Proc. 2014–43

SECTION 1. PURPOSE

This revenue procedure provides revised procedures for individual payees who are required under Treas. Reg. § 31.3406(d)–5(g)(5) to obtain validation of social security numbers (SSNs) from the Social Security Administration (SSA) to prevent or stop backup withholding under section 3406 of the Internal Revenue Code following receipt of a second backup withholding notice from a payor within a three-year period.

SECTION 2. BACKGROUND

Section 3406(a) of the Internal Revenue Code prescribes circumstances in which a payor must backup withhold on reportable payments it makes to a payee, including when the IRS notifies a payor that the taxpayer identification number (TIN) furnished by the payee to the payor is incorrect. In the case of an individual, a TIN is generally an SSN. *See* section 6109(d). Pursuant to section 3406(a)(1)(B) and (h)(8) and section 31.3406(d)–5, a payor (such as a bank) must send a notice to a payee after being notified by the IRS or a broker that the payee provided an incorrect name and TIN combination with respect to an account (the B notice). The B notice informs the payee that the name/TIN combination furnished to the payor does not match IRS or SSA records and describes the steps the payee must take to stop or prevent backup withholding from payments made after receipt of the B notice.

Pursuant to section 31.3406(d)–5(d) and (f), a payor that receives a notification from the IRS or a broker of a name/TIN mismatch for an account must send the payee a B notice. If this is the only notification of a name/TIN mismatch received by the payor with respect to the account during the past three years, the B notice, referred to as a "first B notice," must instruct the payee to provide a signed Form W-9, "Request for Taxpayer Identification Number and Certification," to the payor to stop or prevent backup withholding. If the payor receives a second notification from the IRS or a broker of a name/TIN mismatch with respect to an account, and this notification is received within three years from the date of a previous notification of a name/TIN mismatch with respect to that account, section 31.3406(d)–5(g) requires the payor to send the payee another B notice, referred to as a "second B notice." Under section 31.3406(d)–5(g)(1)(i), a TIN certified on a Form W-9 is not sufficient to stop or prevent backup withholding after a second B notice is sent. Instead, after a second B notice, the payor must receive validation of the payee's name and TIN combination from the SSA or the IRS to stop or prevent backup withholding.

Section 31.3406(d)–5(d)(2)(i) and (g)(2) provides that the procedural requirements for B notices, such as the form of the notice and the manner of delivery, will be set forth in the Internal Revenue Bulletin. These rules are described in Rev. Proc. 93–37, 1993–2 C.B. 477, and Publication 1281, "Backup Withholding for Missing and Incorrect Name/TIN(s)." That revenue procedure and publication provide specific instructions regarding TIN validation, which must be included in the second B notice sent to payees.

Under section 6 of Rev. Proc. 93–37, in the case of a second B notice, an individual payee obtains validation of the payee's name and SSN by requesting and authorizing SSA to send Form SSA–7028, "Notice to Third Party of Social Security Number Assignment," to the payor. Effective January 1, 2010, SSA discontinued Form SSA–7028 for verifying SSNs to prevent or stop backup withholding. Because payees could no longer comply with section 6 of Rev. Proc. 93–37 after SSA discontinued the Form SSA–7028, the IRS issued Announcement 2010–41, 2010–25 I.R.B. 767, to provide interim procedures for name and SSN validation by SSA. Under these interim procedures, an individual payee obtains validation of the payee's name and SSN from the SSA by contacting the local SSA office and requesting a social security number printout (SSN printout). Once the payor receives a copy of the SSN printout from the payee, backup withholding is prevented or terminated. Effective August 1, 2014, SSA will discontinue providing SSN printouts.

SECTION 3. CHANGES

This revenue procedure sets forth revised procedures for an individual payee to obtain validation of the payee's name and SSN from SSA on or after August 1, 2014. Under these revised procedures, following receipt of a second B notice, a copy of a social security card, as described in section 4, is validation from the SSA of a name and SSN combination. This revenue procedure instructs payors and individual payees regarding these revised procedures.

SECTION 4. REVISED PROCEDURES

In response to a second B notice, the requirements of section 31.3406(d)–5(g) will be satisfied if an individual payee provides the payor with a copy of a social security card with his or her correct name and SSN. Payors may rely upon a social security card as being correct only if the name and SSN combination appearing on the card differ from the name and SSN combination appearing on the second B notice, or if there is a date appearing on the social security card that is no earlier than six months prior to the date of the second B notice. If a payee does not have

a social security card, the payee must obtain a new or replacement social security card from the SSA. If the payee's name and SSN combination listed on the second B notice is not current or correct, the payee should update his or her records with the SSA and provide a copy of the updated social security card to the payor. A payee may obtain a social security card for free by filing Form SS–5, "Application for a Social Security Card," with the SSA. The application form and information regarding required supporting documentation are available at www.socialsecurity.gov. Under section 31.3406(d)–5(g)(3), a payor who receives a copy of a payee's social security card meeting the requirements specified in this revenue procedure will not be required to commence backup withholding and may stop backup withholding on reportable payments made to that payee. Pursuant to section 3406(h)(9) and section 31.3406(d)–5(h), the payor must use the name and SSN combination provided pursuant to this revenue procedure on future information returns and statements if the payor is subject to future information reporting with respect to the account.

Publication 1281 will be revised consistent with this revenue procedure and is available on irs.gov. Payors should use the language provided in Publication 1281 to instruct payees regarding the revised procedures described in this revenue procedure for validating a payee's name and SSN after a second B notice.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Announcement 2010–41 is obsoleted. Sections 5.02(1), (2), (3)(c)(i), and (3)(e)(i)–(iii) of Rev. Proc. 93–37 are modified and superseded with respect to the form and content of the second B notice. Section 6.02(1) of Rev. Proc. 93–37 is modified and superseded with respect to the form and content of the validation in the case of a second B notice for a name/TIN mismatch.

SECTION 6. EFFECTIVE DATE

This revenue procedure is effective for name and SSN validation under section 31.3406(d)–5(g) provided to payors on or after August 1, 2014. Before that date, payors may accept copies of social security cards that provide name and SSN validation under the revised procedures described in this revenue procedure, or an SSN printout.

SECTION 7. DRAFTING INFORMATION

The principal author of this revenue procedure is Hollie M. Marx of the Office of the Associate Chief Counsel (Procedure and Administration). For further information regarding this revenue procedure contact Hollie M. Marx on (202) 317-6844 (not a toll-free number).

NOTE. This revenue procedure will be reproduced as the next revision of IRS Publication 1179, General Rules and Specifications for Substitute Forms and Schedules.

Rev. Proc. 2014–44

26 CFR 601.602: Forms and instructions. (Also Part 1, Sections 170, 220, 408, 408A, 529, 530, 853A, 1441, 6041, 6041A, 6042, 6043, 6044, 6045, 6047, 6049, 6050A, 6050B, 6050D, 6050E, 6050H, 6050J, 6050N, 6050P, 6050Q, 6050R, 6050S, 6050W, 1.408–5, 1.408–7, 1.408A–7, 1.1441–1 through 1.1441–5, 1.6041–1, 7.6041–1, 1.6042–2, 1.6042–4, 1.6044–2, 1.6044–5, 1.6045–1, 5f.6045–1, 1.6045–2, 1.6045–4, 1.6047–1, 1.6049–4, 1.6049–6, 1.6049–7, 1.6050A–1, 1.6050B–1, 1.6050D–1, 1.6050E–1, 1.6050H–1, 1.6050H–2, 1.6050J–1T, 1.6050N–1, 1.6050P–1, 1.6050W–1.)

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Part 1
General Information

Section 1.1 – Overview of Revenue Procedure 2014–44/What's New

1.1.1 Purpose

The purpose of this revenue procedure to set forth the 2014 requirements for:

- Using official Internal Revenue Service (IRS) forms to file information returns with the IRS,
- Preparing acceptable substitutes of the official IRS forms to file information returns with the IRS, and
- Using official or acceptable substitute forms to furnish information to recipients.

1.1.2 Which Forms Are Covered?

This revenue procedure contains specifications for these information returns:

Form	Title
1096	Annual Summary and Transmittal of U.S. Information Returns
1097–BTC	Bond Tax Credit
1098	Mortgage Interest Statement
1098–C	Contributions of Motor Vehicles, Boats, and Airplanes
1098–E	Student Loan Interest Statement
1098–MA	Mortgage Assistance Payments
1098–T	Tuition Statement
1099–A	Acquisition or Abandonment of Secured Property
1099–B	Proceeds From Broker and Barter Exchange Transactions
1099–C	Cancellation of Debt
1099–CAP	Changes in Corporate Control and Capital Structure
1099–DIV	Dividends and Distributions
1099–G	Certain Government Payments
1099–INT	Interest Income

Form	Title
1099–K	Payment Card and Third Party Network Transactions
1099–LTC	Long-Term Care and Accelerated Death Benefits
1099–MISC	Miscellaneous Income
1099–OID	Original Issue Discount
1099–PATR	Taxable Distributions Received From Cooperatives
1099–Q	Payments From Qualified Education Programs (Under Sections 529 and 530)
1099–R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
1099–S	Proceeds From Real Estate Transactions
1099–SA	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA
3921	Exercise of an Incentive Stock Option Under Section 422(b)
3922	Transfer of Stock Acquired Through An Employee Stock Purchase Plan Under Section 423(c)
5498	IRA Contribution Information
5498–ESA	Coverdell ESA Contribution Information
5498–SA	HSA, Archer MSA, or Medicare Advantage MSA Information
W–2G	Certain Gambling Winnings
1042–S	Foreign Person's U.S. Source Income Subject to Withholding

1.1.3 Scope

For purposes of this revenue procedure, a substitute form or statement is one that is not published by the IRS. For a substitute form or statement to be acceptable to the IRS, it must conform to the official form or the specifications outlined in this revenue procedure. Do not submit any substitute forms or statements listed above to the IRS for approval. Privately published forms may not state, "This is an IRS approved form."

Filers making payments to certain recipients during a calendar year are required by the Internal Revenue Code (the Code) to file information returns with the IRS for these payments. These filers must also provide this information to their recipients. In some cases, this also applies to payments received. See *Part 4* for specifications that apply to recipient statements (generally Copy B).

In general, section 6011 of the Code contains requirements for filers of information returns. A filer must file information returns electronically or on paper. A filer who is required to file 250 or more information returns of any one type during a calendar year must file those returns electronically.

Note. If you file electronically, do not file the same returns on paper.

Although not required, small volume filers (fewer than 250 returns during a calendar year) may file the forms electronically. See the requirements for filing information returns (and providing a copy to a payee) in the 2014. General Instructions for Certain Information Returns and the 2014 Instructions for Form 1042–S. In addition, see the current revision of Publication 1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, and W–2G, for electronic filing through the IRS FIRE system.

1.1.4 For More Information

The IRS prints and provides the forms on which various payments must be reported. See *section 5.3.1.*, later, for ordering forms and instructions. Alternatively, filers may prepare substitute copies of these IRS forms and use such forms to report payments to the IRS.

- The Internal Revenue Service/Information Returns Branch (IRS/IRB) maintains a centralized customer service call site to answer questions related to information returns (Forms W–2, W–3, W–2c, W–3c, 1099 series, 1096, etc.). You can reach the call site at 1-866-455-7438 (toll-free) or outside the U. S. 304-263-8700 (not a toll-free number). Persons with a hearing or speech disability with access to TTY/TDD equipment can call 304-579-4827 (not a toll-free number). You may also send questions to the call site via the Internet at *mccirp@irs.gov*.

  Note: IRS/IRB does not process information returns which are filed on paper forms. See Publication 1220, Specifications for Electronic Filing of Forms 1097–BTC, 1098, 1099, 3921, 3922, 5498, and W–2G, for information on waivers and extensions of time.

- For other tax information related to business returns or accounts, call 1-800-829-4933. Persons with hearing or speech disabilities with access to TTY/TDD equipment can call 1-800-829-4059 to ask tax account questions or to order forms and publications.

Further information impacting Publication 1179, such as issues arising after its final release, will be posted on IRS.gov at *www.irs.gov/pub1179*.

1.1.5
What's New

The following changes have been made to this year's revenue procedure:

- ***Form 1099–B.*** This form has been complete revised for new reporting requirements. Additional boxes have been added. Box 12 is reserved for future use.
- ***Form 1099–H.*** This form has been made obsolete as the Health Care Tax Credit expired December 31, 2013.
- ***Form 1099–INT.*** Boxes 10 through 13 have been renumbered boxes 12 through 15. New box 10 is used to report market discount. New box 11 is used to report bond premium.
- ***Form 1099–K.*** Box 1 has been divided. Box 1a continues to report gross amount of payment card/third party network transactions. Box 1b reports the amount of transactions for which no card was presented. The 2nd TIN not. box was added to Copies A and C. The account number box has been shorted to accommodate the 2nd TIN not. box.
- ***Form 5498.*** Boxes 15a and 15b have been added for reporting the FMV of certain specified assets held in IRAs.
- ***Form 1042–S.*** This form has been complete revised. The height of the forms image area has increased to 4.25″. All boxes after box 2 have been renumbered and/or repurposed for FATCA reporting.
- ***Exhibits.*** All of the exhibits in this publication were updated to include all of the 2014 revisions for those forms that have been revised.
- ***Editorial Changes.*** We made editorial changes throughout, including updated references. Redundancies were eliminated as much as possible.

Section 1.2 – Definitions

1.2.1
Form Recipient

Form recipient means the person to whom you are required by law to furnish a copy of the official form or information statement. The form recipient may be referred to by different names on various Forms 1099 and related forms (" beneficiary," "borrower," "debtor," "donor," "employee," "homeowner", "insured," "participant," "payee," "payer/borrower," "policyholder," "shareholder," "student," "transferor," or, in the case of Form W–2G, the "winner"). See *Section 1.3.4*.

1.2.2
Filer

Filer means the person or organization required by law to file with the IRS a form listed in *Section 1.1.2* with the IRS. As outlined earlier, a filer may be a payer, creditor, payment settlement entity, recipient of mortgage or student loan interest payments, educational institution, broker, barter exchange, person reporting real estate transactions; trustee or issuer of any educational savings account, individual retirement arrangement or medical savings account; lender who acquires an interest in

secured property or who has reason to know that the property has been abandoned, corporation reporting a change in control and capital structure or transfer of stock to an employee, or certain donees of motor vehicles, boats, and airplanes.

1.2.3 Substitute Form

Substitute form means a paper substitute of Copy A of an official form listed in *Section 1.1.2* that totally conforms to the provisions in this revenue procedure.

1.2.4 Substitute Form Recipient Statement

Substitute form recipient statement means a paper statement of the information reported on a form listed in *Section 1.1.2*. This statement must be furnished to a person (form recipient), as defined under the applicable provisions of the Code and the applicable regulations.

1.2.5 Composite Substitute Statement

Composite substitute statement means one in which two or more required statements (for example, Forms 1099–INT and 1099–DIV) are furnished to the recipient on one document. However, each statement must be designated separately and must contain all the requisite Form 1099 information except as provided under *Section 4.2*. A composite statement may not be filed with the IRS.

Section 1.3 – General Requirements for Acceptable Substitute Forms 1096, 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S

1.3.1 Introduction

Paper substitutes for Form 1096 and Copy A of Forms 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S that totally conform to the specifications listed in this revenue procedure may be privately printed and filed as returns with the IRS. The reference to the Department of the Treasury–Internal Revenue Service should be included on all such forms.

If you are uncertain of any specification and want it clarified, you may submit a letter citing the specification, stating your understanding and interpretation of the specification, and enclosing an example of the form (if appropriate) to:

Internal Revenue Service
Attn: Substitute Forms Program
SE:W:CAR:MP:P:TP
5000 Ellin Road, C7–263
Lanham, MD 20706

Note. Allow at least 30 days for the IRS to respond.

You may also contact the Substitute Forms Program via e-mail at *substituteforms@irs.gov*. Please enter "Substitute Forms" on the Subject Line.

Forms 1096, 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S are subject to annual review and possible change. Therefore, filers are cautioned against overstocking supplies of privately printed substitutes.

1.3.2 Logos, Slogans, and Advertisements

Some Forms 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S that include logos, slogans and advertisements may not be recognized as important tax documents. A payee may not recognize the importance of the payee copy for tax reporting purposes due to the use of logos, slogans, and advertisements. Thus, the IRS has determined that logos, slogans and advertising will not be allowed on Forms 1096 or Copy A of Forms 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, 1042–S, or any payee copies, with the following exceptions:

- The exact name of the payer, broker, or agent, primary trade name, trademark, service mark, or symbol of the payer, broker, or agent, an embossment or watermark on the information return and payee copies that is a representation of the name, a primary trade name, trademark, service mark, or symbol of the payer, broker, or agent,
- Presented in any typeface, font, stylized fashion, or print color normally used by the payer, broker, or agent, and used in a non-intrusive manner, and
- As long as these items do not materially interfere with the ability of the recipient to recognize, understand, and use the tax information on the payee copies.

The IRS e-file logo on the IRS official payee copies may be included, but it is not required, on any of the substitute form copies.

The information return and payee copies must clearly identify the payer's name associated with its employer identification number.

Logos and slogans, may be used on permissible enclosures, such as a check or account statement, other than information returns and payee copies.

As indicated in *Sections 1.3.1 and 5.1.3*, of this revenue procedure, Forms 1096, 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S are subject to annual review and possible change. If you have comments about the restrictions on including logos, slogans, and advertising on information returns and payee copies, send or email your comments to: Internal Revenue Service, Attn: Substitute Forms Program, SE:W:CAR:MP:P:TP, 5000 Ellin Road, C7–263, Lanham, MD 20706 or *substituteforms@irs.gov*.

1.3.3
Copy A Specifications

Proposed substitutes of Copy A must be exact replicas of the official IRS form with respect to layout and content. Proposed substitutes for Copy A that do not conform to the specifications in this revenue procedure are not acceptable. Further, if you file such forms with the IRS, you may be subject to a penalty for failure to file a correct information return under section 6721 of the Code. The amount of the penalty is based on when you file the correct information return. The penalty is:

- $30 per information return if you correctly file within 30 days of the due date of the return; maximum penalty $250,000 per year ($75,000 for small businesses).
- $60 per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty $500,000 per year ($200,000 for small businesses).
- $100 per information return if you file after August 1 or you do not file required information returns; maximum penalty $1.5 million per year ($500,000 for small businesses).

1.3.4
Copy B and Copy C Specifications

Copy B and Copy C of the following forms must contain the information in *Part 4* to be considered a "statement" or "official form" under the applicable provisions of the Code. The format of this information is at the discretion of the filer with the exception of the location of the tax year, form number, form name, and the information for composite Form 1099 statements as outlined under *Section 4.2.*

Copy B, of the forms below, are for the following recipients.

Form	Recipient
1098	For Payer/Borrower
1098–C	For Donor
1098–E; 1099–A	For Borrower
1098–MA	For Homeowner
1098–T	For Student

Form	Recipient
1099–C	For Debtor
1099–CAP	For Shareholder
1099–K	For Payee
1099–LTC	For Policyholder
1099–R; W–2G	Indicates that these forms may require Copy B to be attached to the federal income tax return.
1099–S	For Transferor
All remaining Forms 1099; 1097–BTC; 1042–S;	For Recipient
3921; 3922	For Employee
5498; 5498–SA	For Participant
5498–ESA	For Beneficiary

Copy C of the following forms are:

Form	Recipient
1097–BTC;	For Payer
1098	For Recipient/Lender
1098–C	For Donor's Records
1098–E; 1042–S	For Recipient
1098–MA; 1098–T; 1099–K	For Filer
1099–CAP; 3921; 3922	For Corporation
1099–LTC	For Insured
1099–R	For Recipient's Records
All other Forms 1099	See *Section 4.5.2*
5498	For Trustee or Insurer
5498–ESA, 5498–SA	For Trustee
W–2G	For Winner's Records

Note. On Copy C, Form 1099–LTC, you may reverse the locations of the policyholder's and the insured's name, street address, city, state, and ZIP code for easier mailing.

Part 2 Specifications for Substitute Forms 1096 and Copies A of Forms 1097–BTC, 1098, 1099, 3921, 3922, and 5498 (All Filed With the IRS)

Section 2.1 – Specifications

2.1.1 General Requirements

Form identifying numbers (for example, 9191 for Form 1099–DIV) must be printed in nonreflective black carbon-based ink in print positions 15 through 19 using an OCR A font. The check boxes to the right of the form identifying numbers must be 10-point boxes. The "VOID" checkbox is in print position 25 (1.9" from left vertical line of the form). The "CORRECTED" check box is in print position 33 (2.7" from left vertical line of the form). Measurements are generally from the left edge of the paper, not including the perforated strip.

The substitute form Copy A must be an exact replica of the official IRS form with respect to layout and content. To determine the correct form measurements, see *Exhibits A through FF* at the end of this publication.

Hot wax and cold carbon spots are not permitted on any of the internal form plies. These spots are permitted on the back of a mailer top envelope ply.

Use of chemical transfer paper for Copy A is acceptable.

The Government Printing Office (GPO) symbol must be deleted.

2.1.2 Color and Paper Quality

Color and paper quality for Copy A (cut sheets and continuous pinfeed forms) as specified by JCP Code 0–25, dated November 29, 1978, must be white 100% bleached chemical wood, optical character recognition (OCR) bond produced in accordance with the following specifications.

Note. Reclaimed fiber in any percentage is permitted provided the requirements of this standard are met.

Acidity: Ph value, average, not less than	4.5
Basis Weight: 17 x 22–500 cut sheets	18–20
Metric equivalent–g/m^2	75
A tolerance of ±5 pct. is allowed.	
Stiffness: Average, each direction, not less than-milligrams	50
Tearing strength: Average, each direction, not less than-grams	40
Opacity: Average, not less than-percent	82
Thickness: Average-inch	0.0038
Metric equivalent-mm	0.097
A tolerance of +0.0005 inch (0.0127 mm) is allowed. Paper cannot vary more than 0.0004 inch (0.0102 mm) from one edge to the other.	
Porosity: Average, not less than-seconds	10
Finish (smoothness): Average, each side-seconds	20–55
For information only, the Sheffield equivalent-units	170–100
Dirt: Average, each side, not to exceed-parts per million	8

2.1.3 Chemical Transfer Paper

Chemical transfer paper is permitted for Copy A only if the following standards are met:

- Only chemically backed paper is acceptable for Copy A. Front and back chemically treated paper cannot be processed properly by machine.
- Carbon-coated forms are not permitted.
- Chemically transferred images must be black.

All copies must be clearly legible. Fading must be minimized to assure legibility.

2.1.4 Printing

All print on Copy A of Forms 1097–BTC, 1098, 1099, 3921, 3922, 5498, and the print on Form 1096 above the statements, "Return this entire page to the Internal Revenue Service. Photocopies are not acceptable." must be in Flint J–6983 red OCR dropout ink or an exact match. However, the four-digit form identifying number must be in nonreflective carbon-based black ink in OCR A font.

The shaded areas of any substitute form should generally correspond to the format of the official form.

The printing for the Form 1096 statement and the following text may be in any shade or tone of black ink. Black ink should only appear on the lower part of the reverse side of Form 1096, where it will not bleed through and interfere with scanning.

Note. The instructions on the front and back of Form 1096, which include filing addresses, must be printed.

Separation between fields must be 0.1 inch.

Other printing requirements are discussed below.

2.1.5
OCR Specifications

You must initiate or have a quality control program to assure OCR ink density. Readings will be made when printed on approved 20 lb. white OCR bond with a reflectance of not less than 80%. Black ink must not have a reflectance greater than 15%. These readings are based on requirements of the "Scan-Optics Series 9000" Optical Scanner using Flint J–6983 red OCR dropout ink or an exact match.

The following testers and ranges are acceptable:

Important information: The forms produced under these specifications must be guaranteed to function properly when processed through High Speed Scan-Optics 9000 mm scanners. Forms require precision spacing, printing, and trimming.

Density readings on the solid J–6983 (red) must be between the ranges of 0.95 to 0.90. The optimal scanning range is 0.93. Density readings on the solid black must be between the ranges of 112 to 108. The optimal scanning range is 110.

Note. The readings are taken using an Ex-Rite 500 series densitometer, in Status T with Obsolute or – paper setting under an Illuminate 5000 Kelvin Watt Light. You must maintain print contrast specification of ink and densitometer reflectivity reading throughout entire production run.

- *MacBeth PCM-II*. The tested Print Contrast Signal (PCS) values when using the MacBeth PCM-II tester on the "C" scale must range from .01 minimum to .06 maximum.
- *Kidder 082A*. The tested PCS values when using the Kidder 082A tester on the Infra Red (IR) scale must range from .12 minimum to .21 maximum. White calibration disc must be 100%. Sensitivity must be set at one (1).
- Alternative testers must be approved by the IRS to establish tested PCS values. You may obtain approval by writing to the following address:

  Commissioner of Internal Revenue
  Attn: SE:W:CAR:MP:P:TP
  Business Publishing – Tax Products
  5000 Ellin Road
  Lanham, MD 20706

2.1.6
Typography

Type must be substantially identical in size and shape to the official form. All rules are either ½-point or ¾-point. Rules must be identical to those on the official IRS form.

Note. The form identifying number must be nonreflective carbon-based black ink in OCR A font.

2.1.7
Dimensions

Generally, three copies A of Forms 1098, 1099, 3921, and 3922 are contained on a single page, 8 inches wide (without any snap-stubs and/or pinfeed holes) by 11 inches deep.

Exceptions. Forms 1097–BTC, 1099–B, 1099–DIV, 1099–INT, 1099–K, 1099–MISC, 1099–OID, 1099–R, 5498, and 1042–S contain two documents per page. Form 1098–C is a single page document.

There is a .33 inch top margin from the top of the corrected box, and a .2 to .25 inch right margin, with a +/− 1/20 (0.05) inch tolerance for the right margin. If the right and top margins are properly aligned, the left margin for all forms will be correct. All margins must be free of print.

See *Exhibits A through FF* in this revenue procedure for correct form measurements.

These measurements are constant for certain Forms 1098, 1099, and 5498. These measurements are shown only once in this publication, on Form 1098 *(Exhibit C)*. Exceptions to these measurements and form-specific measurements are shown on the rest of the exhibits.

The depth of the individual trim size of each form on a page must be $3^{2/3}$ inches, the same depth as the official form, or otherwise indicated.

Exceptions. The depth of Forms 1097–BTC, 1099–B, 1099–DIV, 1099–INT, 1099–K, 1099–MISC, 1099–OID, 1099–R, 5498, and 1042–S is 5-½ inches.

2.1.8 Perforation

Copy A (three per page and two per page) of privately printed continuous substitute forms must be perforated at each 11″ page depth. No perforations are allowed between forms on the Copy A page.

Exception: Copy A of Form W–2G may be perforated.

The words "Do Not Cut or Separate Forms on This Page" must be printed in red dropout ink (as required by form specifications) between the three or two forms per page. This statement should not be included after the last form on the page.

Perforations or other means of separation are required between all the other individual copies (Copies B and C, and Copies 1 and 2 of Forms 1099–B, 1099–DIV, 1099–G, 1099–INT, 1099–K, 1099–MISC, 1099–OID, 1099–R, and copy D for Forms 1099–LTC, 1099–R, and 1042–S) in the set. Any recipient copies printed on a single sheet of paper must be easily separated. Each copy should be easily distinguished whatever method of separation is used.

Note. Perforation does not apply to printouts of copies that are furnished electronically to recipients (as described in Regulations section 31.6051–1(k)). However, these recipients should be cautioned to carefully separate any copies. See *Section 4.6.1*, later, for information on electronically furnishing statements to recipients.

2.1.9 Required Inclusions / Exclusions

You must include the OMB Number on Copies A and Form 1096 in the same location as on the official form.

The following Privacy Act and Paperwork Reduction Act Notice phrases must be printed on Copy A of the forms as follows. It also must be printed on the copy of the form (C, D, or E) retained by the filer.

- "For Privacy Act and Paperwork Reduction Act Notice, see the current version of the General Instructions for Certain Information Returns" on Forms 3921 and 3922;"
- "For more information and the Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns" on Form 1096;
- "For Privacy Act and Paperwork Reduction Act Notice, see instructions"on Form 1042–S; and
- "For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns" must be printed on all other forms listed in *Section 1.1.2.*

A postal indicia may be used if it meets the following criteria:

- It is printed in the OCR ink color prescribed for the form, and
- No part of the indicia is within one print position of the scannable area.

The printer's symbol (GPO) must not be printed on substitute Copy A. Instead, the employer identification number (EIN) of the form's printer must be entered in the bottom margin on the face of each individual form of Copy A, or on the bottom margin on the back of each Form 1096.

The Catalog Number (Cat. No.) shown on the forms is used for IRS distribution purposes and should not be printed on any substitute forms.

The form must not contain the statement "IRS approved" or any similar statement.

Section 2.2 – Instructions for Preparing Paper Forms That Will Be Filed With the IRS

2.2.1 Recipient Information

The form recipient's name, street address, city, state, ZIP code, and telephone number (if required) should be typed or machine printed in black ink in the same format as shown on the official IRS form. The city, state, and ZIP code must be on the same line.

The following rules apply to the form recipient's name(s):

- The name of the appropriate form recipient must be shown on the first or second name line in the area provided for the form recipient's name.
- No descriptive information or other name may precede the form recipient's name.
- Only one form recipient's name may appear on the first name line of the form.
- If multiple recipients' names are required on the form, enter on the first name line the recipient name that corresponds to the recipient taxpayer identification number (TIN) shown on the form. Place the other form recipients' names on the second name line (only 2 name lines are allowable).

Because certain states require that trust accounts be provided in a different format, filers generally should provide information returns reflecting payments to trust accounts with the:

- Trust's employer identification number (EIN) in the recipient's
- TIN area, Trust's name on the recipient's first name line, and
- Name of the trustee on the recipient's second name line.

Although handwritten forms will be accepted, the IRS prefers that filers type or machine print data entries. Also, filers should insert data as directed by shading, or in the middle of blocks, well separated from other printing and guidelines, and take measures to guarantee clear, dark black, sharp images. Photocopies are not acceptable.

NOTE: Recipient TINs must **not** be truncated on Copy A filed with the IRS.

2.2.2 Account Number Box

Use the account number box on all Forms 1098, 1099, 3921, 3922, 5498, and W–2G for an account number designation when required by the official IRS form. The account number is required if you have multiple accounts for a recipient for whom you are filing more than one information return of the same type. Additionally, the IRS encourages you to include the recipients' account numbers on paper forms if your system of records uses the account number rather than the name or TIN for identification purposes. Also, the IRS will include the account number in future notices to you about backup withholding. If you are using window envelopes to mail statements to recipients and using reduced rate mail, be sure the account number does not appear in the window. The Postal Service may not accept these for reduced rate mail.

Exception. Form 1098–T can have third-party provider information.

2.2.3 Specifications and Restrictions

Machine-printed forms should be printed using a 6 lines/inch option, and should be printed in 10 pitch pica (10 print positions per inch) or 12 pitch elite (12 print positions per inch). Proportional spaced fonts are unacceptable.

Substitute forms prepared in continuous or strip form must be burst and stripped to conform to the size specified for a single sheet before they are filed with the IRS. The size specified does not include pin feed holes. Pin feed holes must not be present on forms filed with the IRS.

- Do **not** use a felt tip marker. The machine used to "read" paper forms generally cannot read this ink type.
- Do **not** use dollar signs ($), ampersands (&), asterisks (*), commas (,), or other special characters in the numbered money boxes. **Exception.** Use decimal points to indicate dollars and cents (for example, 2000.00 is acceptable).
- Do **not** use apostrophes ('), asterisks (*), or other special characters on the payee name line.
- Do **not** fold Forms 1097–BTC, 1098, 1099, 3921, 3922, or 5498 mailed to the IRS. Mail these forms flat in an appropriately sized envelope or box. Folded documents cannot be readily moved through the machine used in IRS processing.
- Do **not** staple Forms 1096 to the transmitted returns. Any staple holes near the return code number may impair the IRS's ability to machine scan the type of documents.
- Do **not** type other information on Copy A.
- Do **not** cut or separate the individual forms on the sheet of forms of Copy A (except Forms W–2G).

2.2.4 Where To File

Mail completed paper forms to the IRS service center shown in the Instructions for Form 1096 and in the 2014 General Instructions for Certain Information Returns. Specific information needed to complete the forms mentioned in this revenue procedure are given in the specific form instructions. A chart showing which form must be filed to report a particular payment is included in the 2014 General Instructions for Certain Information Returns.

Part 3
Specifications for Substitute Form W–2G (Filed With the IRS)

Section 3.1 – General

3.1.1 Purpose

The following specifications give the format requirements for substitute Form W–2G (Copy A only), which is filed with the IRS.

A filer may use a substitute Form W–2G to file with the IRS (referred to as "substitute Copy A"). The substitute form must be an exact replica of the official form with respect to layout and content.

Section 3.2 – Specifications for Copy A of Form W–2G

3.2.1 Substitute Form W–2G (Copy A)

You must follow these specifications when printing substitute Copy A of the Form W–2G.

Item	Substitute Form W–2G (Copy A)
Paper Color and Quality	Paper for Copy A must be white chemical wood bond, or equivalent, 20 pound (basis 17 x 22–500), plus or minus 5 percent. The paper must consist substantially of bleached chemical wood pulp. It must be free from unbleached or ground wood pulp or post-consumer recycled paper. It also must be suitably sized to accept ink without feathering.
Ink Color and Quality	All printing must be in a high quality non gloss black ink.

Item	Substitute Form W–2G (Copy A)
Typography	The type must be substantially identical in size and shape to the official form. All rules on the document are either ½ point (.007 inch), 1 point (0.015 inch), or 3 point (0.045). Vertical rules must be parallel to the left edge of the document, horizontal rules to the top edge.
Dimensions	The official form is 8 inches wide x 5½ inches deep, exclusive of a snap stub. Any substitute Copy A can be between 8 inches and 8½ inches wide by 5½ inches deep. The snap feature is not required on substitutes. All margins must be free of print. There is a .33 inch top margin from the top of the corrected box, and a ½ inch left margin. If the top and left margins are properly aligned, the right margin for all forms will be correct. If the substitute forms are in continuous or strip form, they must be burst and stripped to conform to the size specified for a single form.
Hot Wax and Cold Carbon Spots	Hot wax and cold carbon spots are not permitted on any of the internal form plies. These spots are permitted on the back of a mailer top envelope ply.
Printer's Symbol	The Government Printing Office (GPO) symbol must not be printed on substitute Forms W–2G. Instead, the employer identification number (EIN) of the forms printer must be printed in the bottom margin on the face of each individual Copy A on a sheet. The form must not contain the statement "IRS approved" or any similar statement.
Catalog Number	The Catalog Number (Cat. No.) shown on Form W–2G is used for IRS distribution purposes and should not be printed on any substitute forms.

Part 4
Substitute Statements to Form Recipients and Form Recipient Copies

Section 4.1 – Specifications

4.1.1
Introduction

If you do not use the official IRS form to furnish statements to recipients, you must furnish an acceptable substitute statement. Information presented in substitute statements should be in a point size large enough to be easily read by recipients. To be acceptable, your substitute statement must comply with the rules in this Part. If you are furnishing a substitute form, see Regulations sections 1.6042–4, 1.6044–5, 1.6049–6, and 1.6050N–1 to determine how the following statements must be provided to recipients for most Forms 1099–DIV and 1099–INT, all Forms 1099–OID and 1099–PATR, and Form 1099–MISC or 1099–S for royalties. Generally, information returns may be furnished electronically with the consent of the recipient. See *Section 4.6.1*.

Note. A trustee of a grantor-type trust may choose to file Forms 1099 and furnish a statement to the grantor under Regulations sections 1.671–4(b)(2)(iii) and (b)(3)(ii). The statement required by those regulations is not subject to the requirements outlined in this section.

4.1.2
Substitute Statements to Recipients for Certain Forms 1099–B, 1099–DIV, 1099–INT, 1099–OID and 1099–PATR

The rules in this section apply to Form 1099–B, 1099–DIV (except for section 404(k) dividends), 1099–INT (except for interest reportable under section 6041), 1099–OID, and 1099–PATR only. You may furnish form recipients with Copy B of the official Form 1099 or a substitute Form 1099 (form recipient statement) if it contains the same information as the official IRS form (such as aggregate amounts paid to the form recipient, any backup withholding, the name, address, and TIN of the person making the return, and any other information required by the official form). Information not required by the official form should not be included on the substitute form except for state income tax withholding information.

Note. Many of the information returns now include boxes for providing state withholding information as part of the official form, with additional copies for convenience. Payers may, however, provide the state withholding information separately (such as on a separate page or section) in order to assist the payee with completing a state income tax return that requires the attachment of any information return that includes state withholding amounts and payer numbers.

Exception for supplementary information. The substitute form may include supplementary information that will assist the payee with completing his or her tax return. Such information could include expense and cost basis factors related to the reporting for widely held fixed investment trusts (WHFITs), as required under Regulation section 1.671–5. The substitute statement should disclose to the payee that such supplementary information is not furnished to the IRS. See *Section 4.3* for additional requirements when providing supplemental information with the Form 1099–B that is not furnished to the IRS.

Form 1099–B. Brokers that use substitute statements should segregate dispositions of noncovered securities from covered securities, and further segregate long-term and short-term dispositions of covered securities. They may also segregate long-term from short-term dispositions of noncovered securities, to the extent that date acquired is known. For 2014 dispositions, the substitute Forms 1099–B may have up to five separate sections, each with a heading identifying which securities are included in the list, and each separately totaled. Each section, after totaling or within the heading for the section, should indicate how to report the transactions on Form 8949, as indicated.

1. Short-term transactions for which basis **is** reported to the IRS–Report on Form 8949, **Part I,** with **Box A** checked.
2. Short-term transactions for which basis **is not** reported to the IRS–Report on Form 8949, **Part I,** with **Box B** checked.
3. Long-term transactions for which basis **is** reported to the IRS–Report on Form 8949, **Part II,** with **Box D** checked.
4. Long-term transactions for which basis **is not** reported to the IRS–Report on Form 8949, **Part II,** with **Box E** checked.
5. Transactions for which basis **is not** reported to the IRS and for which short-term or long-term determination is unknown (to Broker) – You must determine short-term or long-term based on your records and report on Form 8949, Part I, with **Box B** checked, or on Form 8949, Part II, with **Box E** checked, as appropriate.

For each section, each transaction may include information not reported to the IRS, such as basis, date acquired, and gain or loss. Therefore, for short-term dispositions where basis was not reported to the IRS, basis and date acquired may be shown just as it would be shown for short-term dispositions where basis was reported to the IRS.

For 2014 dispositions, each of the applicable sections must have Sales Price and Cost or Other Basis (if known) separately totaled. Net gain or loss, if included for any of the sections, may also be totaled.

The substitute form requirements in the following paragraphs also apply to Form 1099–B.

Form 1099–INT, DIV, OID, and PATR. A substitute form recipient statement for Forms 1099–INT, 1099–DIV, 1099–OID, or 1099–PATR must comply with the following requirements:

1. Box captions and numbers that are applicable must be clearly identified, using the same wording and numbering as on the official form.
2. The form recipient statement (Copy B) must contain all applicable form recipient instructions provided on the front and back of the official IRS form. You may provide those instructions on a separate sheet of paper.
3. The form recipient statement must contain the following in bold and conspicuous type:
   This is important tax information and is being furnished to the Internal Revenue Service (except as indicated). If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
4. The box caption **"Federal income tax withheld"** must be in boldface type or otherwise highlighted on the form recipient statement.

5. The form recipient statement must contain the Office of Management and Budget (OMB) number as shown on the official IRS form. See *Part 5.*
6. The form recipient statement must contain the tax year (for example, 2014), form number (for example, Form 1099–INT), and form name (for example, Interest Income) of the official IRS Form 1099. This information must be displayed prominently together in one area of the statement. For example, the tax year, form number, and form name could be shown in the upper right part of the statement. Each copy must be appropriately labeled (such as Copy B, For Recipient). See *Section 4.5* for applicable labels and arrangement of assembly of forms. **Note.** Do not include the words "Substitute for" or "In lieu of" on the form recipient statement.
7. Layout and format of the form is at the discretion of the filer. However, the IRS encourages the use of boxes so that the statement has the appearance of a form and can be easily distinguished from other non-tax statements.
8. Each recipient statement of Forms 1099–B, 1099–DIV, 1099–INT, 1099–OID, and 1099–PATR must include the direct access telephone number of an individual who can answer questions about the statement. Include that telephone number conspicuously anywhere on the recipient statement.
9. A mutual fund family may state separately on one document (for example, one piece of paper) the dividend income earned by a recipient from each fund within the family of funds as required by Form 1099–DIV. However, each fund and its earnings must be stated separately. The form must contain an instruction to the recipient that each fund's dividends and name, not the name of the mutual fund family, must be reported on the recipients tax return. The form cannot contain an aggregate total of all funds. In addition, a mutual fund family may furnish a single statement (as a single filer) for Forms 1099–INT, 1099–DIV, and 1099–OID information. Each fund and its earnings must be stated separately. The form must contain an instruction to the recipient that each fund's earnings and name, not the name of the mutual fund family, must be reported on the recipients tax return. The form cannot contain an aggregate total of all funds.

You may enter a total of the individual accounts listed on the form only if they have been paid by the same payer. For example, if you are listing interest paid on several accounts by one financial institution on Form 1099–INT, you may also enter the total interest amount. You may also enter a date next to the corrected box if that box is checked.

4.1.3 Substitute Statements to Recipients for Certain Forms 1098, 1099, 5498, and W–2G

Statements to form recipients for Forms 1097–BTC, 1098, 1098–C, 1098–E, 1098–MA, 1098–T, 1099–A, 1099–C, 1099–CAP, 1099–G, 1099–K, 1099–LTC, 1099–MISC, 1099–Q, 1099–R, 1099–S, 1099–SA, 3921, 3922, 5498, 5498–ESA, 5498–SA, W–2G, 1099–DIV (only for section 404(k) dividends reportable under section 6047), and 1099–INT (only for interest of $600 or more made in the course of a trade or business reportable under section 6041) can be copies of the official forms or an acceptable substitute.

Caution. The IRS does not require a donee to use Form 1098–C as the written acknowledgment for contributions of motor vehicles, boats, and airplanes. However, if you choose to use copies of Form 1098–C or an acceptable substitute as the written acknowledgment, then you must follow the requirements of this *Section 4.1.3*.

To be acceptable, a substitute form recipient statement must meet the following requirements.

1. The tax year, form number, and form name must be the same as the official form and must be displayed prominently together in one area on the statement. For example, they may be shown in the upper right part of the statement.
2. The statement must contain the same information as the official IRS form, such as aggregate amounts paid to the form recipient, any backup withholding, the name, address, and TIN of the filer and of the recipient, and any other information required by the official form.
3. Each substitute recipient statement for Forms W–2G, 1097–BTC, 1098, 1098–C, 1098–E, 1098–T, 1099–A, 1099–C, 1099–CAP, 1099–DIV, 1099–G (excluding state and local income tax refunds), 1099–K, 1099–INT, 1099–LTC, 1099–MISC (excluding fishing boat proceeds), 1099–Q, 1099–S, 1099–SA, and 5498–SA must include the direct access tele-

phone number of an individual who can answer questions about the statement. Include the telephone number conspicuously anywhere on the recipient statement. Although not required, payers reporting on Forms 1099–R, 3921, 3922, 5498, and 5498–ESA are encouraged to furnish telephone numbers at which recipients of the forms(s) can reach a person familiar with information reported.

4. All applicable money amounts and information, including box numbers, required to be reported to the form recipient must be titled on the form recipient statement in substantially the same manner as those on the official IRS form. The box caption **"Federal income tax withheld"**must be in boldface type on the form recipient statement.

   Exception. If you are reporting a payment as "Other income" in box 3 of Form 1099–MISC, you may substitute appropriate language for the box title. For example, for payments of accrued wages and leave to a beneficiary of a deceased employee, you might change the title of box 3 to "Beneficiary payments" or something similar. **Note.** You cannot make this change on Copy A.

   Note. If federal income tax is withheld and shown on Form 1099–R or W–2G, Copy B and Copy C must be furnished to the recipient. If federal income tax is not withheld, only Copy C of Form 1099–R and W–2G must be furnished. However, for Form 1099–R, instructions similar to those on the back of the official Copy B and Copy C of Form 1099–R must be furnished to the recipient. For convenience, you may choose to provide both Copies B and C of Form 1099–R to the recipient.
5. You must provide appropriate instructions to the form recipient similar to those on the official IRS form, to aid in the proper reporting on the form recipients income tax return. For payments reported on Forms 1099–B, and 1099–CAP, the requirement to include instructions substantially similar to those on the official IRS form may be satisfied by providing form recipients with a single set of instructions for all Forms 1099–B and 1099–CAP statements required to be furnished in a calendar year.
6. If you use carbonless sets to produce recipient statements, the quality of each copy in the set must meet the following standards:
   - All copies must be clearly legible,
   - All copies must be able to be photocopied, and
   - Fading must not diminish legibility and the ability to photocopy.

   In general, black chemical transfer inks are preferred, but other colors are permitted if the above standards are met. Hot wax and cold carbon spots are not permitted on any of the internal form plies. The back of a mailer top envelope ply may contain these spots.
7. You may use a Settlement Statement (under the Real Estate Settlement Procedures Act of 1974 (RESPA)) for Form 1099–S. The Settlement Statement is acceptable as the written statement to the transferor if you include the legend for Form 1099–S found in *Section 4.4.2* and indicate which information on the Settlement Statement is being reported to the IRS on Form 1099–S.
8. For reporting state income tax withholding and state payments, you may add an additional box(es) to recipient copies as appropriate. In addition, the state withholding information may be provided separate and apart from the other information in the event the recipient must attach a copy to the recipient's tax return. **Note.** You cannot make this change on Copy A.
9. On Copy C of Form 1099–LTC, you may reverse the location of the policyholder's and the insured's name, street address, city, state, and ZIP code for easier mailing.
10. If an institution insurer uses a third party service provider to file Form 1098–T, then in addition to the institution or insurers name, address, and telephone number, the same information may be included for the third party service provider in the space provided on the form.
11. Forms 1099–A and 1099–C transactions, if related, may be combined on Form 1099–C.

Section 4.2 – Composite Statements

4.2.1
Composite Substitute Statements for Certain Forms 1099–B, 1099–DIV, 1099–INT, 1099–MISC, 1099–OID, 1099–PATR and 1099–S

A composite form recipient statement is permitted for reportable payments consisting of the proceeds of brokerage and barter transactions, dividends, interest, original issue discount, patronage dividends, and royalties. The following forms may be included on a composite substitute statement, when one payer is reporting more than one of these payments during a calendar year to the same form recipient.

- Form 1099–B.
- Form 1099–DIV (except for section 404(k) dividends).
- Form 1099–INT (except for interest reportable under section 6041).
- Form 1099–MISC (only for royalties or substitute payments in lieu of dividends and interest).
- Form 1099–OID.
- Form 1099–PATR.
- Form 1099–S (only for royalties).

Generally, do not include any other Form 1099 information (for example, 1098 or 1099–A) on a composite statement with the information required on the forms listed in the preceding sentence.

Although the composite form recipient statement may be on one sheet, the format of the composite form recipient statement must satisfy the following requirements in addition to the requirements listed earlier in *Section 4.1.2, 4.3 and 4.4, as applicable*.

- All information pertaining to a particular type of payment must be located and blocked together on the form and separate from any information covering other types of payments included on the form. For example, if you are reporting interest and dividends, the Form 1099–INT information must be presented separately from the Form 1099–DIV information.
- The composite form recipient statement must prominently display the form number and form name of the official IRS form together in one area at the beginning of each appropriate block of information. The tax year must only be placed on each block of information if it is not prominently displayed elsewhere on the page on which the information appears.
- Any information required by the official IRS forms that would otherwise be repeated in each information block is required to be listed only once in the first information block on the composite form. For example, there is no requirement to report the name of the filer in each information block. This rule does not apply to any money amounts (for example, federal income tax withheld) or to any other information that applies to money amounts.
- A composite statement is an acceptable substitute only if the type of payment and the recipient's tax obligation with respect to the payment are as clear as if each required statement were furnished separately on an official form.

4.2.2
Composite Substitute Statements to Recipients for Forms Specified in Section 4.1.3

A composite form recipient statement for the forms specified in *Section 4.1.3* is permitted when one filer is reporting more than one type of payment during a calendar year to the same form recipient. A composite statement is not allowed for a combination of forms listed in *Section 4.1.3* and forms listed in *Section 4.1.2.*

Exceptions:

- Substitute payments in lieu of dividends or interest reported in Box 8 of Form 1099–MISC may be reported on a composite substitute statement with Form 1099–DIV.
- Form 1099–B information may be reported on a composite form with the forms specified in *Section 4.1.2* as described in *Section 4.2.1.*
- Royalties reported on Form 1099–MISC or 1099–S may be reported on a composite form only with the forms specified in *Section 4.1.2.*

Although the composite form recipient statement may be on one sheet, the format of the composite form recipient statement must satisfy the requirements listed in *Section 4.2.1* as well as the requirements in *Section 4.1.3*. A composite statement of Forms 1098 and 1099–INT (for interest reportable under section 6049) is not allowed.

Section 4.3 – Additional Information for Substitute and Composite Forms 1099–B

4.3.1 General Requirements for Presenting Additional 1099–B Information

A filer may include Form 1099–B information on a composite form with the forms listed in *Section 4.1.2*. Therefore, supporting, explanatory, or comparable relevant information for covered and noncovered lots on the 1099–B portion of the composite statement can be included. This information includes display on the payee statement of data elements such as basis for noncovered lots, explanatory remarks on permissible basis adjustments for covered lots descriptions of the type of transaction (merger, buy to close, redemption, etc.), identification of contingent payment debt obligations, and lot relief methods.

If you wish to provide additional information to the investor on the same substitute recipient Form 1099–B, the form must follow the rules set forth in this *Section 4.3* and should clearly delineate how the information is presented. Any information presented should make reference to its corresponding number on the official form as appropriate. You should clearly categorize each type of information you are reporting.

4.3.2 Added Legend for Providing Additional 1099–B Information

An additional separate legend is required that explains exactly which pieces of information are and which are not reported to the IRS to the extent, if any, the information is not already identified as not being reported to the IRS as described in *Section 4.1.2*. It should clearly explain how the information is presented. You may present this legend in a way that is consistent with your design as long as it clearly indicates which information is being provided tothe IRS. Additionally, a reminder to taxpayers that they are ultimately responsible for the accuracy of their tax returns is also required.

Section 4.4 – Required Legends

4.4.1 Required Legends for Forms 1098

Form 1098 recipient statements (Copy B) must contain the following legends:

- Form 1098–
  1. "The information in boxes 1, 2, and 3 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return."
  2. **Caution.** "The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person."
- Form 1098–C: Copy B –"In order to take a deduction of more than $500 for this contribution, you must attach this copy to your federal tax return." **Unless box 5a or 5b is checked, your deduction cannot exceed the amount in box 4c.** Copy C –"This information is being furnished to the Internal Revenue Service unless box 7 is checked."

- Form 1098–E –"This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for student loan interest."
- Form 1098–MA –"This is important tax information and is being furnished to the Internal Revenue Service."
- Form 1098–T– "This is important tax information and is being furnished to the Internal Revenue Service."

4.4.2
Required Legends for Forms 1099 and W–2G

- Forms 1099–A, 1099–C, and 1099–CAP: Copy B –"This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported."
- Forms 1099–B, 1099–DIV, 1099–G, 1099–INT, 1099–K, 1099–MISC, 1099–OID, 1099–PATR, and 1099–Q: Copy B– "This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported."
- Form 1099–LTC: Copy B – "This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported." Copy C – "Copy C is provided to you for information only. Only the policyholder is required to report this information on a tax return."
- Form 1099–R: Copy B – "Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return." Copy C – "This information is being furnished to the Internal Revenue Service."
- Form 1099–S: Copy B – "This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported."
- Form 1099–SA: Copy B – "This information is being furnished to the Internal Revenue Service."
- Form W–2G: Copy B – "This information is being furnished to the Internal Revenue Service. Report this income on your federal tax return. If this form shows federal income tax withheld in box 2, attach this copy to your return." Copy C– "This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported."

4.4.3
Required Legends for Forms 1097–BTC, 3921, 3922, and 5498

Recipient statements for these forms must contain the following legends:

- Form 1097–BTC –"This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if an amount of tax credit exceeding the amount reported on this form is claimed on your income tax return."
- Form 3921: Copy B –"This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported." Copy C– "This copy should be retained by the corporation whose stock has been transferred under Section 422(b)."
- Form 3922: Copy B –"This is important tax information and is being furnished to the Internal Revenue Service." Copy C– "This copy should be retained by the corporation."
- Form 5498 –"This information is being provided to the Internal Revenue Service." **Note.** If you do not provide another statement to the participant because no contributions were made for the year, the statement of the fair market value and any required minimum distribution, of the

account must contain this legend and a designation of which information is being provided to the IRS.

- Form 5498–ESA –"The information in boxes 1 and 2 is being furnished to the Internal Revenue Service."
- Form 5498–SA –"The information in boxes 1 through 6 is being furnished to the Internal Revenue Service."

Section 4.5 – Miscellaneous Instructions for Copies B, C, D, E, 1, and 2

4.5.1 Copies

Copies B, C, and in some cases, D, E, 1, and 2 are included in the official assembly for the convenience of the filer. You are not legally required to include all these copies with the privately printed substitute forms. Furnishing Copies B and, in some cases, C will satisfy the legal requirement to provide statements of information to form recipients.

Note. If an amount of federal income tax withheld is shown on Form 1099–R or W–2G, Copy B (to be attached to the tax return) and Copy C must be furnished to the recipient. Copy D (Forms 1099–R and W–2G) may be used for Payer records. Only Copy A should be filed with the IRS.

4.5.2 Arrangement of Assembly

Copy A ("For Internal Revenue Service Center") of all forms must be on top. The rest of the assembly must be arranged, from top to bottom, as follows. For:

Form	Title
1098	Copy B "For Payer/Borrower"; Copy C "For Recipient/ Lender."
1098–C	Copy B "For Donor"; Copy C "For Donor's Records"; Copy D "For Donee."
1098–E	Copy B "For Borrower"; Copy C "For Recipient."
1098–MA	Copy B "For Homeowner"; Copy C "For Filer."
1098–T	Copy B "For Student"; Copy C "For Filer."
1099–A	Copy B "For Borrower"; Copy C "For Lender."
1097–BTC, 1099–PATR, and 1099–Q	Copy B "For Recipient"; Copy C "For Payer."
1099–C	Copy B "For Debtor"; Copy C "For Creditor."
1099–CAP	Copy B "For Shareholder"; Copy C "For Corporation."
1099–B, 1099–DIV, 1099–G, 1099–INT, 1099–MISC and 1099–OID	Copy 1"For State Tax Department"; Copy B "For Recipient"; Copy 2 "To be filed with recipient's state income tax return, when required"; and Copy C "For Payer."
1099–K	Copy 1 "For State Tax Department"; Copy B "For Payee"; Copy 2 "To be filed with the recipient's state income tax return, when required"; Copy C "For Filer".
1099–LTC	Copy B "For Policyholder"; Copy C "For Insured"; and Copy D "For Payer."
1099–R	Copy 1 "For State, City, or Local Tax Department"; Copy B "Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return"; Copy C "For Recipient's Records"; Copy 2 "File this copy with your state, city, or local income tax return, when required"; Copy D "For Payer."

Form	Title
1099–S	Copy B “For Transferor”; Copy C “For Filer.”
1099–SA	Copy B “For Recipient”; Copy C “For Trustee/Payer.”
3921	Copy B “For Employee”; Copy C “For Corporation”; Copy D “For Transferor.”
3922	Copy B “For Employee”; Copy C “For Corporation.”
5498	Copy B “For Participant”; Copy C “For Trustee or Issuer.”
5498–ESA	Copy B “For Beneficiary”; Copy C “For Trustee.”
5498–SA	Copy B “For Participant”; Copy C “For Trustee.”
W–2G	Copy 1 “For State, City, or Local Tax Department”; Copy B “Report this income on your federal tax return. If this form shows federal income tax withheld in box 2, attach this copy to your return”; Copy C “For Winner’s Records”; Copy 2 “Attach this copy to your state, city, or local income tax return, if required”; Copy D “For Payer.”
1042–S	Copy B “For Recipient”; Copies C and D “For Recipient” and “Attach to any Federal Tax return you file”; Copy E: “For Withholding Agent”.

4.5.3 Perforations

Instructions for perforation of forms can be found in *Section 2.1.8,* earlier.

Section 4.6 – Electronic Delivery of Recipient Statements

4.6.1 Electronic Recipient Statements

If you are required to furnish a written statement (Copy B or an acceptable substitute) to a recipient, then you may furnish the statement electronically instead of on paper. This includes furnishing the statement to recipients of Forms 1098, 1098–E, 1098–MA, 1098–T, 1099–A, 1099–B, 1099–C, CAP, DIV, G, H, INT, K, LTC, MISC, OID, PATR, Q, R, S, SA, 3921, 3922, 5498, 5498–ESA, and 5498–SA. It also includes Form W–2G (except for horse and dog racing, jai alai, sweepstakes, wagering pools, and lotteries).

Note. Until further guidance is issued, you can not furnish Form 1098–C electronically. Perforation (see *Section 2.1.8*) does not apply to printouts of copies of forms that are furnished electronically to recipients. However, recipients should be cautioned to carefully separate the copies. If you meet the requirements listed below, you are treated as furnishing the statement timely.

4.6.2 Consent

The recipient must consent in the affirmative and not have withdrawn the consent before the statement is furnished. The consent by the recipient must be made electronically in a way that shows that he or she can access the statement in the electronic format in which it will be furnished. You must notify the recipient of any hardware or software changes prior to furnishing the statement. A new consent to receive the statement electronically is required after the new hardware or software is put into service. Prior to furnishing the statements electronically, you must provide the recipient a statement with the following statements prominently displayed:

- If the recipient does not consent to receive the statement electronically, a paper copy will be provided.
- The scope and duration of the consent. For example, whether the consent applies to every year the statement is furnished or only for the January 31 (February 15 for Forms 1099–B, 1099–S,

and 1099–MISC with payments reported in boxes 8 or 14) immediately following the date of the consent.
- How to obtain a paper copy after giving consent.
- How to withdraw the consent. The consent may be withdrawn at any time by furnishing the withdrawal in writing (electronically or on paper) to the person whose name appears on the statement. Confirmation of the withdrawal also will be in writing (electronically or on paper).
- Notice of termination. The notice must state under what conditions the statements will no longer be furnished to the recipient.
- Procedures to update the recipients information.
- A description of the hardware and software required to access, print and retain a statement, and a date the statement will no longer be available on the website.

4.6.3
Format, Posting, and Notification

Additionally, you must:

- Ensure the electronic format contains all the required information and complies with the guidelines in this document.
- Post, on or before the January 31 (February 15 for Forms 1099–B, 1099–S, and 1099–MISC with payments reported in boxes 8 or 14) due date, the applicable statement on a website accessible to the recipient through October 15 of that year.
- Inform the recipient, electronically or by mail, of the posting and how to access and print the statement.

For more information, see Regulations section 31.6051–1. For electronic furnishing of Forms 1098–E and 1098–T, see Regulations sections 1.6050S–2 and 1.6050S–4. For electronic furnishing of Forms 1099–R, 1099–SA, 1099–Q, 5498, 5498–ESA, and 5498–SA, see Notice 2004–10, 2004–1 C.B. 433.

Part 5
Additional Instructions for Substitute Forms 1098, 1097–BTC, 1099, 5498, W–2G, and 1042–S

Section 5.1 – Paper Substitutes for Form 1042–S

5.1.1
Paper Substitutes

Paper substitutes of Copy A for Form 1042–S, Foreign Person's U.S. Source Income Subject to Withholding, that totally conform to the specifications contained in this procedure may be privately printed without prior approval from the Internal Revenue Service. Proposed substitutes not conforming to these specifications must be submitted for consideration.

Note. Copies B, C, D, and E of Form 1042–S may contain multiple income entries for the same recipient, that is multiple rows of the top boxes 1–11 of the form.

5.1.2
Time Frame For Submission of Form 1042–S

The request should be submitted by November 15 of the year prior to the year the form is to be used. This is to allow the Service adequate time to respond and the submitter adequate time to make any corrections. These requests should contain a copy of the proposed form, the need for the specific deviation(s), and the number of information returns to be printed.

5.1.3 Revisions

Form 1042–S is subject to annual review and possible change. Withholding agents and form suppliers are cautioned against overstocking supplies of the privately printed substitutes.

5.1.4 Obtaining Copies

Copies of the official form for the reporting year may be obtained from most Service offices. The Service provides only cut sheets of these forms. Continuous fan-fold/pin-fed forms are not provided.

5.1.5 Instructions For Withholding Agents

Instructions for withholding agents:

- Only original copies may be filed with the Service. Reproductions are not acceptable.
- The term "Recipient's U.S. TIN" for an individual means the social security number (SSN) or IRS individual taxpayer identification number (ITIN), consisting of nine digits separated by hyphens as follows: 000–00–0000. For all other recipients, the term means employer identification number (EIN) or qualified intermediary employer identification number (QI-EIN). The QI-EIN designation includes a withholding foreign partnership employer identification number (WP-EIN) and a withholding foreign trust employer identification number (WT-EIN). The EIN and QI-EIN consist of nine digits separated by a hyphen as follows: 00–0000000. The taxpayer identification number (TIN) must be in one of these formats. **Note.** Digits must be separated by hyphens on paper statements in the formats listed.
- Withholding agents are requested to type or machine print whenever possible, provide quality data entries on the forms (that is, use black ink and insert data in the middle of blocks well separated from other printing and guidelines), and take other measures to guarantee a clear, sharp image. Withholding agents are not required, however, to acquire special equipment solely for the purpose of preparing these forms.
- The "AMENDED" and "PRO-RATA BASIS REPORTING" boxes must be printed at the top center of the form under the title and checked, if applicable.
- Substitute forms prepared in continuous or strip form must be burst and stripped to conform to the size specified for a single form before they are filed with the Service. The dimensions are found in *Section 5.1.6*, following. Computer cards are acceptable provided they meet all requirements regarding layout, content, and size.

5.1.6 Substitute Form 1042–S Format Requirements

Property	Substitute Form 1042–S Format Requirements
Printing	Privately printed substitute Forms 1042–S must be exact replicas of the official forms with respect to layout and content. Only the dimensions of the substitute form may differ. The Government Printing Office (GPO) symbol must be deleted. The exact dimensions are found below.
Box Entries	Only one item of income may be represented on the copy submitted to the Service (Copy A). Multiple income items may be shown on copies provided to recipients or retained by withholding agents. All boxes appearing on the official form must be present on the substitute form, with appropriate captions.
Color and Quality of Ink	All printing must be in high quality non-gloss black ink.
Typography	Type must be substantially identical in size and shape to corresponding type on the official form. All rules on the document are either 1 point (0.015″) or 3 point (0.045″). Vertical rules must be parallel to the left edge of the document; horizontal rules must be parallel to the top edge.
Assembly	If all five parts are present, the parts of the assembly shall be arranged from top to bottom as follows: Copy A (Original) "for Internal Revenue Service," Copies B, C, and D "for Recipient," and Copy E "for Withholding Agent."

Property	Substitute Form 1042–S Format Requirements
Color Quality of Paper	• Paper for Copy A must be white chemical wood bond, or equivalent, 20 pound (basis 17 x 22–500), plus or minus 5 percent; or offset book paper, 50 pound (basis 25 x 38–500). No optical brighteners may be added to the pulp or paper during manufacture. The paper must consist of principally bleached chemical wood pulp or recycled printed paper. It also must be suitably sized to accept ink without feathering. • Copies B, C, D (for Recipient), and E (For Withholding Agent) are provided in the official assembly solely for the convenience of the withholding agent. Withholding agents may choose the format, design, color, and quality of the paper used for these copies.
Dimensions	• The official form is 8 inches wide x 5½ inches deep, exclusive of a ½ inch snap stub on the left side of the form. The snap feature is not required on substitutes. • The width of a substitute Copy A must be a minimum of 7 inches and a maximum of 8 inches, although adherence to the size of the official form is preferred. If the width of substitute Copy A is reduced from that of the official form, the width of each field on the substitute form must be reduced proportionately. The left margin must be ½ inch and free of all printing other than that shown on the official form. • The depth of a substitute Copy A must be a minimum of $5^{1/6}$ inches and a maximum of 5½ inches.
Other Copies	Copies B, C, and D must be furnished for the convenience of payees who must send a copy of the form with other federal and state returns they file. Copy E may be used as a withholding agent's record/copy.

Section 5.2 – OMB Requirements for All Forms in This Revenue Procedure

5.2.1 OMB Requirements

The Paperwork Reduction Act (the Act) of 1995 (Public Law 104–13) requires that:

- OMB approves all IRS tax forms that are subject to the Act. Each IRS form contains (in or near the upper right corner) the OMB approval number, if any. (The official OMB numbers may be found on the official IRS printed forms and are also shown on the forms in the exhibits in *Part 6*.)
- Each IRS form (or its instructions) states:

1. Why the IRS needs the information,

2. How it will be used, and

3. Whether or not the information is required to be furnished to the IRS.

This information must be provided to any users of official or substitute IRS forms or instructions.

5.2.2 Substitute Form Requirements

The OMB requirements for substitute IRS forms are:

- Any substitute form or substitute statement to a recipient must show the OMB number as it appears on the official IRS form.
- For Copy A, the OMB number must appear exactly as shown on the official IRS form.
- For any copy other than Copy A, the OMB number must use one of the following formats.

1. OMB No. 1545–xxxx (preferred) or

2. OMB # 1545–xxxx (acceptable).

5.2.3 Required Explanation to Users

All substitute forms (Copy A only) must state the Privacy Act and Paperwork Reduction Act Notice as listed in *Section 2.1.9,* earlier.

If no instructions are provided to users of your forms, you must furnish them with the exact text of the Privacy Act and Paperwork Reduction Act Notice.

Section 5.3 – Ordering Forms and Instructions

5.3.1 Introduction

You can order official IRS Forms (Forms 1096, 1098, 1099's, W–2G, 1042S, and any other forms mentioned in this publication), instructions, and information copies of federal tax material by calling the IRS National Distribution Center at 1–800–TAX–FORM (1–800–829–3676).

5.3.2 Internet

You can also access and order forms by going to IRS.gov. Click on the *Forms and Pubs* tab and then select the *Order Forms and Pubs* link.

Note. Some forms on the internet are intended as information only and may not be submitted as an official IRS form (for example, Forms 1099, W–2, and W–3). Form 1096 and Copy A of 1098 series, 1099 series, 5498 series, and Forms 3921 and 3922 cannot be used for filing with the IRS when printed from a conventional printer. These forms contain drop-out ink requirements as described in *Part 2* of this publication.

Exception. Forms 1098–MA and 1042–S can be printed in black ink as specified in *Section 5.1.6,* earlier.

Section 5.4 – Effect on Other Revenue Procedures

5.4.1 Other Revenue Procedures

Revenue Procedure 2014–27, 2014–22, I.R.B. 41, dated June 30, 2014, is superseded by this revenue procedure.

Part 6 Exhibits

Section 6.1 – Exhibits of Forms in the Revenue Procedure

6.1.1 Purpose

Exhibits A through FF illustrate some of the specifications that were discussed earlier in this revenue procedure. The dimensions apply to the actual size forms, but the exhibits have been reduced in size.

Generally, the illustrated dimensions apply to all like forms. For example,*Exhibit C* shows 11.00″ from the top edge to the bottom edge of Form 1098 and .85″ between the bottom rule of the top form and the top rule of the second form on the page. These dimensions apply to all forms that are printed three to a page.

Exhibit B contains the general measurements for forms printed 2-to-a-page. All 2-to-1-page forms, except Form 1042–S, are 4.5″ in height within the border lines. Form 1042–S is 4.25″ in height within the border lines. *Exhibit C* contains the general measurements for forms printed 3-to-a-page. All 3-to-a- page forms are 2.83″ in height within the border lines. The printed area of all forms is 7.3″ wide.

6.1.2
Guidelines

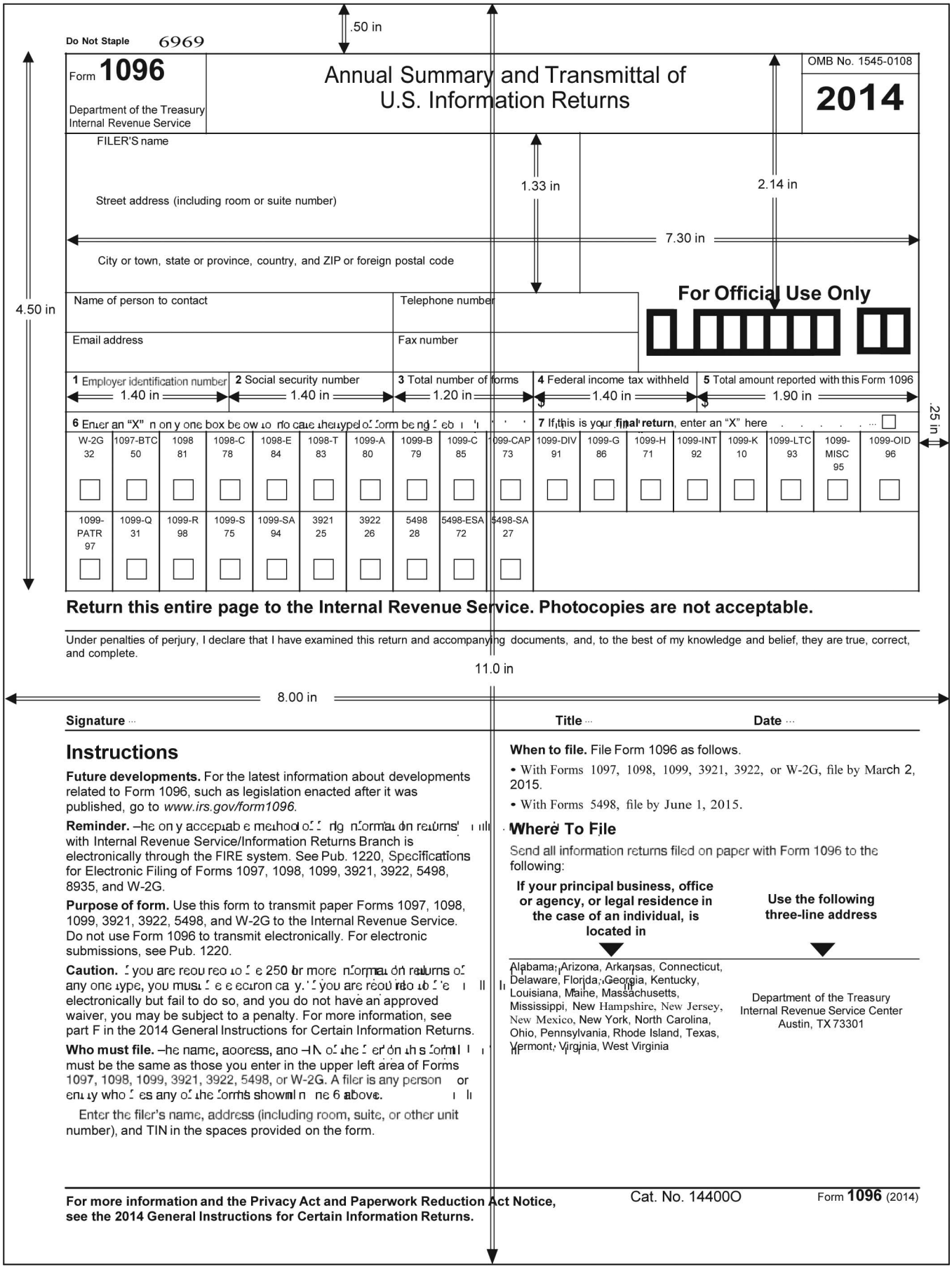
Keep in mind the following guidelines when printing substitute forms.

- Closely follow the specifications to avoid delays in processing the forms.
- Always use the specifications as outlined in this revenue procedure and illustrated in the exhibits.
- Do not add the text line “Do Not Cut or Separate Forms on This Page” to the bottom form. This will be inconsistent with the specifications.

6.2
Exhibits

The following exhibits provide specifications for the forms listed in the section 1.1.2. Exhibits A through D contain the general measurements for all of the forms. The remaining exhibits represent the images and may contain unique measurements as required by the form.

EXHIBIT A



.50 in

Do Not Staple 6969

Form **1096**

Department of the Treasury
Internal Revenue Service

Annual Summary and Transmittal of U.S. Information Returns

OMB No. 1545-0108

2014

FILER'S name

Street address (including room or suite number)

1.33 in

2.14 in

7.30 in

City or town, state or province, country, and ZIP or foreign postal code

4.50 in

Name of person to contact | Telephone number

Email address | Fax number

For Official Use Only

1 Employer identification number (1.40 in)	2 Social security number (1.40 in)	3 Total number of forms (1.20 in)	4 Federal income tax withheld (1.40 in)	5 Total amount reported with this Form 1096 (1.90 in)
			$	$

6 Enter an "X" in only one box below to indicate the type of form being filed.

7 If this is your **final return**, enter an "X" here ☐

.25 in

W-2G 32	1097-BTC 50	1098 81	1098-C 78	1098-E 84	1098-T 83	1099-A 80	1099-B 79	1099-C 85	1099-CAP 73	1099-DIV 91	1099-G 86	1099-H 71	1099-INT 92	1099-K 10	1099-LTC 93	1099-MISC 95	1099-OID 96
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

1099-PATR 97	1099-Q 31	1099-R 98	1099-S 75	1099-SA 94	3921 25	3922 26	5498 28	5498-ESA 72	5498-SA 27
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

11.0 in

8.00 in

Signature ... **Title** ... **Date** ...

Instructions

Future developments. For the latest information about developments related to Form 1096, such as legislation enacted after it was published, go to *www.irs.gov/form1096*.

Reminder. The only acceptable method of filing information returns with Internal Revenue Service/Information Returns Branch is electronically through the FIRE system. See Pub. 1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, 8935, and W-2G.

Purpose of form. Use this form to transmit paper Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the Internal Revenue Service. Do not use Form 1096 to transmit electronically. For electronic submissions, see Pub. 1220.

Caution. If you are required to file 250 or more information returns of any one type, you must file electronically. If you are required to file electronically but fail to do so, and you do not have an approved waiver, you may be subject to a penalty. For more information, see part F in the 2014 General Instructions for Certain Information Returns.

Who must file. The name, address, and TIN of the person on this form must be the same as those you enter in the upper left area of Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G. A filer is any person or entity who files any of the forms shown in line 6 above.

Enter the filer's name, address (including room, suite, or other unit number), and TIN in the spaces provided on the form.

When to file. File Form 1096 as follows.

- With Forms 1097, 1098, 1099, 3921, 3922, or W-2G, file by March 2, 2015.
- With Forms 5498, file by June 1, 2015.

Where To File

Send all information returns filed on paper with Form 1096 to the following:

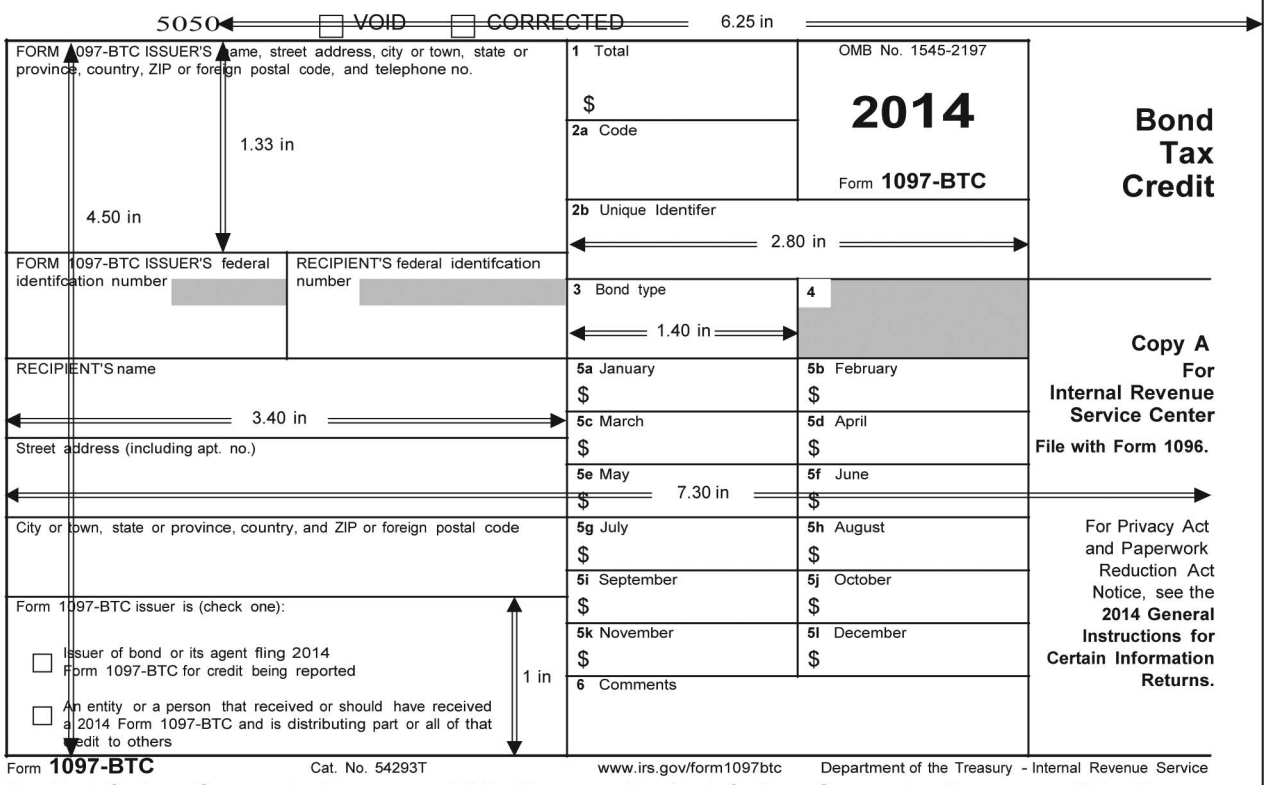
If your principal business, office or agency, or legal residence in the case of an individual, is located in	Use the following three-line address
Alabama, Arizona, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia	Department of the Treasury Internal Revenue Service Center Austin, TX 73301

For more information and the Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.

Cat. No. 14400O

Form **1096** (2014)

Exhibit B



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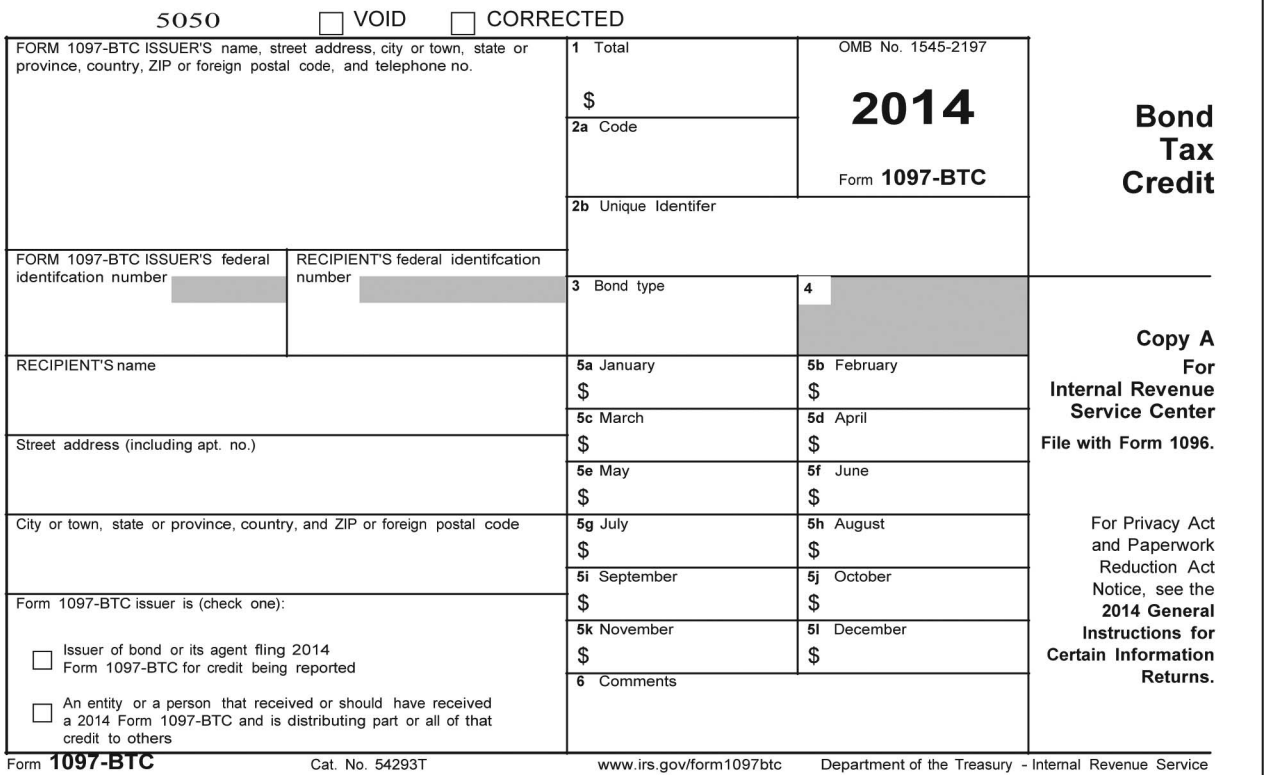

EXHIBIT C

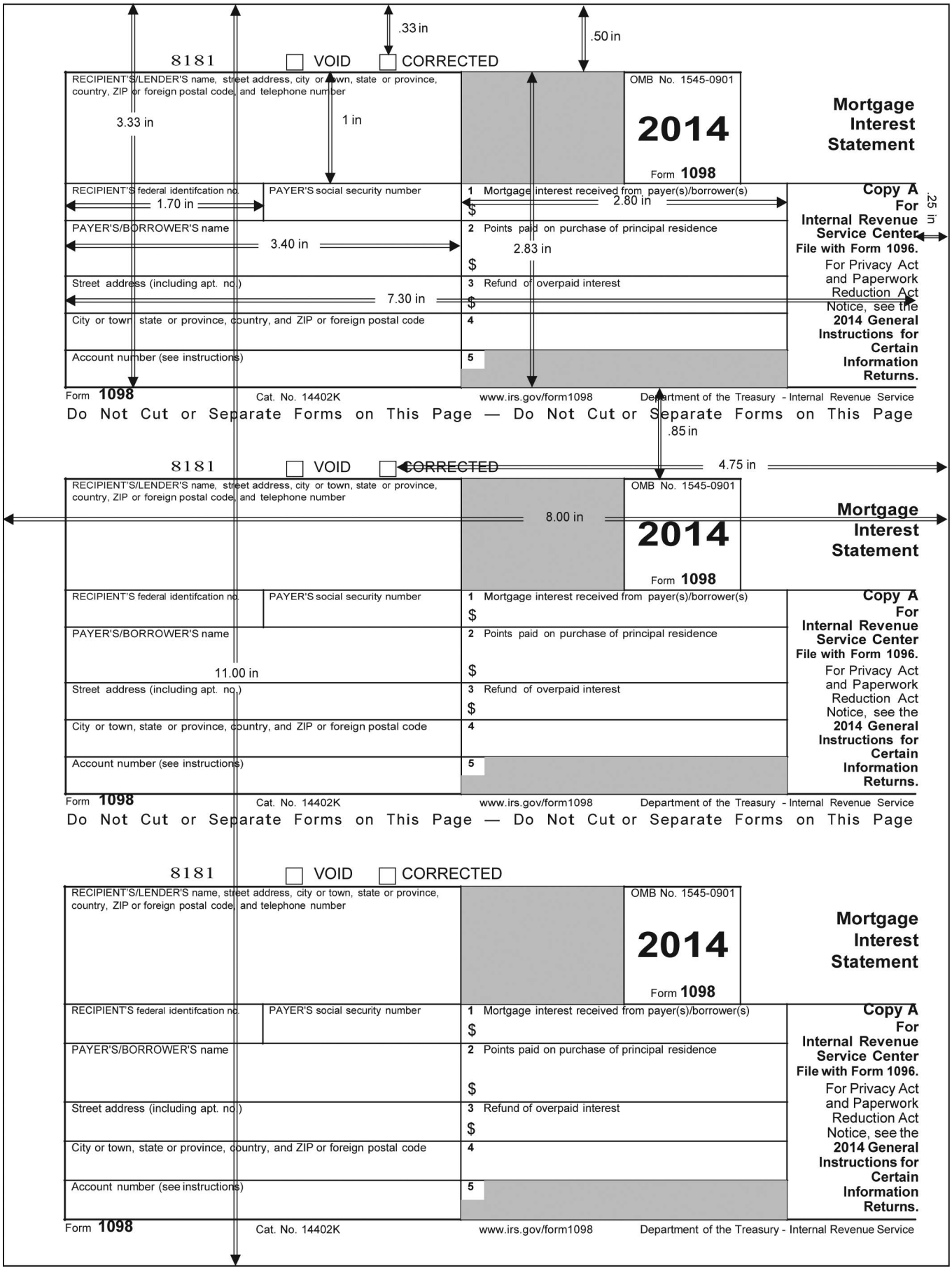
.33 in
.50 in
8181
VOID
CORRECTED
RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number
3.33 in
1 in
OMB No. 1545-0901
2014
Form 1098
Mortgage Interest Statement
RECIPIENT'S federal identifcation no.
1.70 in
PAYER'S social security number
1 Mortgage interest received from payer(s)/borrower(s)
2.80 in
$
.25 in
Copy A For Internal Revenue Service Center File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.
PAYER'S/BORROWER'S name
3.40 in
2 Points paid on purchase of principal residence
2.83 in
$
Street address (including apt. no.)
7.30 in
3 Refund of overpaid interest
$
City or town, state or province, country, and ZIP or foreign postal code
4
Account number (see instructions)
5
Form 1098
Cat. No. 14402K
www.irs.gov/form1098
Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page
.85 in
4.75 in
8181
VOID
CORRECTED
RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number
8.00 in
OMB No. 1545-0901
2014
Form 1098
Mortgage Interest Statement
RECIPIENT'S federal identifcation no.
PAYER'S social security number
1 Mortgage interest received from payer(s)/borrower(s)
$
Copy A For Internal Revenue Service Center File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.
PAYER'S/BORROWER'S name
2 Points paid on purchase of principal residence
11.00 in
$
Street address (including apt. no.)
3 Refund of overpaid interest
$
City or town, state or province, country, and ZIP or foreign postal code
4
Account number (see instructions)
5
Form 1098
Cat. No. 14402K
www.irs.gov/form1098
Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page
8181
VOID
CORRECTED
RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number
OMB No. 1545-0901
2014
Form 1098
Mortgage Interest Statement
RECIPIENT'S federal identifcation no.
PAYER'S social security number
1 Mortgage interest received from payer(s)/borrower(s)
$
Copy A For Internal Revenue Service Center File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.
PAYER'S/BORROWER'S name
2 Points paid on purchase of principal residence
$
Street address (including apt. no.)
3 Refund of overpaid interest
$
City or town, state or province, country, and ZIP or foreign postal code
4
Account number (see instructions)
5
Form 1098
Cat. No. 14402K
www.irs.gov/form1098
Department of the Treasury - Internal Revenue Service

Exhibit D

7878 ☐ VOID ☐ CORRECTED

DONEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Date of contribution	OMB No. 1545-1959	**Contributions of Motor Vehicles, Boats, and Airplanes**
	2a Odometer mileage	**2014** Form **1098-C**	
	2b Year / 2c Make / 2d Model		
DONEE'S federal identification number / DONOR'S identification number (3.40 in)	3 Vehicle or other identification number (2.80 in)		
DONOR'S name (7.16 in)	4a ☐ Donee certifies that vehicle was sold in arm's length transaction to unrelated party		
Street address (including apt. no.)	4b Date of sale		
City or town, state or province, country, and ZIP or foreign postal code	4c Gross proceeds from sale (see instructions) $		
5a ☐ Donee certifies that vehicle will not be transferred for money, other property, or services before completion of material improvements or significant intervening use			
5b ☐ Donee certifies that vehicle is to be transferred to a needy individual for significantly below fair market value in furtherance of donee's charitable purpose			
5c Donee certifies the following detailed description of material improvements or significant intervening use and duration of use (7.30 in)			
6a Did you provide goods or services in exchange for the vehicle? . . . . . a Yes ☐ No ☐			
6b Value of goods and services provided in exchange for the vehicle $			
6c Describe the goods and services, if any, that were provided. If this box is checked, donee certifies that the goods and services consisted solely of intangible religious benefits . . . . . a ☐			
7 Under the law, the donor may not claim a deduction of more than $500 for this vehicle if this box is checked . . . . . a ☐			

Copy A

For Internal Revenue Service Center

File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**

Form **1098-C** Cat. No. 39732R www.irs.gov/form1098c Department of the Treasury - Internal Revenue Service

Exhibit E

8484 ☐ VOID ☐ CORRECTED

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		OMB No. 1545-1576 **2014** Form **1098-E**	**Student Loan Interest Statement**
RECIPIENT'S federal identifcation no.	BORROWER'S social security number	**1** Student loan interest received by lender $	**Copy A For Internal Revenue Service Center** **File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
BORROWER'S name			
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)		**2** Check if box 1 does **not** include loan origination fees and/or capitalized interest, and the loan was made before September 1, 2004 ☐	

1.17 in

Form **1098-E** Cat. No. 25088U www.irs.gov/form1098e Department of the Treasury - Internal Revenue Service

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8484 ☐ VOID ☐ CORRECTED

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		OMB No. 1545-1576 **2014** Form **1098-E**	**Student Loan Interest Statement**
RECIPIENT'S federal identifcation no.	BORROWER'S social security number	**1** Student loan interest received by lender $	**Copy A For Internal Revenue Service Center** **File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
BORROWER'S name			
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)		**2** Check if box 1 does **not** include loan origination fees and/or capitalized interest, and the loan was made before September 1, 2004 ☐	

Form **1098-E** Cat. No. 25088U www.irs.gov/form1098e Department of the Treasury - Internal Revenue Service

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8484 ☐ VOID ☐ CORRECTED

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		OMB No. 1545-1576 **2014** Form **1098-E**	**Student Loan Interest Statement**
RECIPIENT'S federal identifcation no.	BORROWER'S social security number	**1** Student loan interest received by lender $	**Copy A For Internal Revenue Service Center** **File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
BORROWER'S name			
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)		**2** Check if box 1 does **not** include loan origination fees and/or capitalized interest, and the loan was made before September 1, 2004 ☐	

Form **1098-E** Cat. No. 25088U Department of the Treasury - Internal Revenue Service

Exhibit F

4.95 in

☐ VOID ☐ CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone no.		OMB No. 1545-2221 2014 Form 1098-MA	Mortgage Assistance Payments
FILER'S federal identifcation no.	HOMEOWNER'S federal identifcation no.	1. Total State HFA/HUD and homeowner mortgage payments $	Copy A For Internal Revenue Service Center
HOMEOWNER'S name		2. State HFA/HUD mortgage assistance payments $	For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.
Street address (including apt. no.) (optional)		3. Homeowner mortgage payments $	
City, state, and ZIP code (optional)			
Account number (optional)			

Form **1098-MA** Cat. No. 58017D www.irs.gov/form1098ma Department of the Treasury - Internal Revenue Service

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☐ VOID ☐ CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone no.		OMB No. 1545-2221 2014 Form 1098-MA	Mortgage Assistance Payments
FILER'S federal identifcation no.	HOMEOWNER'S federal identifcation no.	1. Total State HFA/HUD and homeowner mortgage payments $	Copy A For Internal Revenue Service Center
HOMEOWNER'S name		2. State HFA/HUD mortgage assistance payments $	For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.
Street address (including apt. no.) (optional)		3. Homeowner mortgage payments $	
City, state, and ZIP code (optional)			
Account number (optional)			

Form **1098-MA** Cat. No. 58017D www.irs.gov/form1098ma Department of the Treasury - Internal Revenue Service

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☐ VOID ☐ CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone no.		OMB No. 1545-2221 2014 Form 1098-MA	Mortgage Assistance Payments
FILER'S federal identifcation no.	HOMEOWNER'S federal identifcation no.	1. Total State HFA/HUD and homeowner mortgage payments $	Copy A For Internal Revenue Service Center
HOMEOWNER'S name		2. State HFA/HUD mortgage assistance payments $	For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.
Street address (including apt. no.) (optional)		3. Homeowner mortgage payments $	
City, state, and ZIP code (optional)			
Account number (optional)			

Form **1098-MA** Cat. No. 58017D www.irs.gov/form1098ma Department of the Treasury - Internal Revenue Service

Exhibit G

8383 ☐ VOID ☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Payments received for qualifed tuition and related expenses $	OMB No. 1545-1574 **2014** Form **1098-T**	**Tuition Statement**
		2 Amounts billed for qualifed tuition and related expenses $		
FILER'S federal identifcation no.	STUDENT'S social security number	3 Check if you have changed your reporting method for 2014 ☐		**Copy A For Internal Revenue Service Center** **File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
STUDENT'S name		4 Adjustments made for a prior year $	5 Scholarships or grants $	
Street address (including apt. no.)		6 Adjustments to scholarships or grants for a prior year $	7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2015 ◆ ☐	
City or town, state or province, country, and ZIP or foreign postal code				
Service Provider/Acct. No. (see instr.)	8 Check if at least half-time student ☐	9 Check if a graduate student . . . . ☐	10 Ins. contract reimb./refund $	

Form **1098-T** Cat. No. 25087J www.irs.gov/form1098t Department of the Treasury - Internal Revenue Service

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8383 ☐ VOID ☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Payments received for qualifed tuition and related expenses $	OMB No. 1545-1574 **2014** Form **1098-T**	**Tuition Statement**
		2 Amounts billed for qualifed tuition and related expenses $		
FILER'S federal identifcation no.	STUDENT'S social security number	3 Check if you have changed your reporting method for 2014 ☐		**Copy A For Internal Revenue Service Center** **File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
STUDENT'S name		4 Adjustments made for a prior year $	5 Scholarships or grants $	
Street address (including apt. no.)		6 Adjustments to scholarships or grants for a prior year $	7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2015 ◆ ☐	
City or town, state or province, country, and ZIP or foreign postal code				
Service Provider/Acct. No. (see instr.)	8 Check if at least half-time student ☐	9 Check if a graduate student . . . . ☐	10 Ins. contract reimb./refund $	

Form **1098-T** Cat. No. 25087J www.irs.gov/form1098t Department of the Treasury - Internal Revenue Service

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8383 ☐ VOID ☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Payments received for qualifed tuition and related expenses $	OMB No. 1545-1574 **2014** Form **1098-T**	**Tuition Statement**
		2 Amounts billed for qualifed tuition and related expenses $		
FILER'S federal identifcation no.	STUDENT'S social security number	3 Check if you have changed your reporting method for 2014 ☐		**Copy A For Internal Revenue Service Center** **File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
STUDENT'S name		4 Adjustments made for a prior year $	5 Scholarships or grants $	
Street address (including apt. no.)		6 Adjustments to scholarships or grants for a prior year $	7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2015 ◆ ☐	
City or town, state or province, country, and ZIP or foreign postal code				
Service Provider/Acct. No. (see instr.)	8 Check if at least half-time student ☐	9 Check if a graduate student . . . . ☐	10 Ins. contract reimb./refund $	

Form **1098-T** Cat. No. 25087J www.irs.gov/form1098t Department of the Treasury - Internal Revenue Service

Exhibit H

8080 ☐ VOID ☐ CORRECTED

LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0877 **2014** Form **1099-A**
LENDER'S federal identifcation number / BORROWER'S identifcation number	1 Date of lender's acquisition or knowledge of abandonment	2 Balance of principal outstanding $
BORROWER'S name	3	4 Fair market value of property $
Street address (including apt. no.)	5 If checked, the borrower was personally liable for repayment of the debt ☐	
City or town, state or province, country, and ZIP or foreign postal code	6 Description of property	
Account number (see instructions)		

Acquisition or Abandonment of Secured Property

Copy A
For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**

1.30 in

Form **1099-A** Cat. No. 14412G www.irs.gov/form1099a Department of the Treasury - Internal Revenue Service

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LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

OMB No. 1545-0877
2014
Form 1099-A

Acquisition or Abandonment of Secured Property

LENDER'S federal identifcation number | BORROWER'S identifcation number

1 Date of lender's acquisition or knowledge of abandonment

2 Balance of principal outstanding
$

BORROWER'S name

3

4 Fair market value of property
$

Street address (including apt. no.)

5 If checked, the borrower was personally liable for repayment of the debt ☐

City or town, state or province, country, and ZIP or foreign postal code

6 Description of property

Account number (see instructions)

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For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.

Form 1099-A Cat. No. 14412G www.irs.gov/form1099a Department of the Treasury - Internal Revenue Service

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LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

OMB No. 1545-0877
2014
Form 1099-A

Acquisition or Abandonment of Secured Property

LENDER'S federal identifcation number | BORROWER'S identifcation number

1 Date of lender's acquisition or knowledge of abandonment

2 Balance of principal outstanding
$

BORROWER'S name

3

4 Fair market value of property
$

Street address (including apt. no.)

5 If checked, the borrower was personally liable for repayment of the debt ☐

City or town, state or province, country, and ZIP or foreign postal code

6 Description of property

Account number (see instructions)

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For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.

Form 1099-A Cat. No. 14412G www.irs.gov/form1099a Department of the Treasury - Internal Revenue Service

Exhibit I

7979 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Applicable check box on Form 8949	OMB No. 1545-0715 **2014** Form **1099-B**
		1a Description of property (Example 100 sh. XYZ Co.)	
		1b Date acquired	1c Date sold or disposed
PAYER'S federal identifcation number	RECIPIENT'S identifcation number	1d Proceeds $	1e Cost or other basis $
		1f Code, if any	1g Adjustments $
RECIPIENT'S name		2 Type of gain or loss: Short-term ☐ Long-term ☐	3 Check if basis reported to IRS ☐
Street address (including apt. no.)		4 Federal income tax withheld $	5 Check if noncovered security ☐
City or town, state or province, country, and ZIP or foreign postal code		6 Reported to IRS: Gross proceeds ☐ Net proceeds ☐	7 Check if loss is not allowed based on amount in 1d ☐
Account number (see instructions)	2nd TIN not. ☐	8 Profit or (loss) realized in 2014 on closed contracts $	9 Unrealized profit or (loss) on open contracts—12/31/2013 $
CUSIP number 0.60 in		10 Unrealized profit or (loss) on open contracts—12/31/2014 $	11 Aggregate profit or (loss) on contracts $
14 State name / 15 State identifcation no. / 16 State tax withheld $ / $		12	13 Bartering $

Proceeds From Broker and Barter Exchange Transactions

Copy A

For Internal Revenue Service Center
File with Form 1096.

1.27 in

2.60 in

For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**

Form **1099-B** Cat. No. 14411V www.irs.gov/form1099b Department of the Treasury - Internal Revenue Service

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

Applicable check box on Form 8949

OMB No. 1545-0715
2014
Form 1099-B

Proceeds From Broker and Barter Exchange Transactions

1a Description of property (Example 100 sh. XYZ Co.)

1b Date acquired

1c Date sold or disposed

PAYER'S federal identifcation number

RECIPIENT'S identifcation number

1d Proceeds $

1e Cost or other basis $

Copy A

1f Code, if any

1g Adjustments $

For Internal Revenue Service Center
File with Form 1096.

RECIPIENT'S name

2 Type of gain or loss:
Short-term ☐
Long-term ☐

3 Check if basis reported to IRS ☐

Street address (including apt. no.)

4 Federal income tax withheld $

5 Check if noncovered security ☐

City or town, state or province, country, and ZIP or foreign postal code

6 Reported to IRS:
Gross proceeds ☐
Net proceeds ☐

7 Check if loss is not allowed based on amount in 1d ☐

For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.

Account number (see instructions)

2nd TIN not. ☐

8 Profit or (loss) realized in 2014 on closed contracts $

9 Unrealized profit or (loss) on open contracts—12/31/2013 $

CUSIP number

10 Unrealized profit or (loss) on open contracts—12/31/2014 $

11 Aggregate profit or (loss) on contracts $

14 State name / 15 State identifcation no. / 16 State tax withheld $ / $

12

13 Bartering $

Form 1099-B Cat. No. 14411V www.irs.gov/form1099b Department of the Treasury - Internal Revenue Service

4.20 in

Exhibit J

8585 ☐ VOID ☐ CORRECTED

CREDITOR'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Date of identifable event	OMB No. 1545-1424
	2 Amount of debt discharged $	**2014**
	3 Interest if included in box 2 $	Form **1099-C**

Cancellation of Debt

CREDITOR'S federal identification number	DEBTOR'S identifcation number	4 Debt description
DEBTOR'S name		
Street address (including apt. no.)		5 Check here if the debtor was personally liable for repayment of the debt . . . . . ☐
City or town, state or province, country, and ZIP or foreign postal code		
Account number (see instructions)		6 Identifable event code / 7 Fair market value of property $

Copy A For Internal Revenue Service Center

File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**

Form **1099-C** Cat. No. 26280W www.irs.gov/form1099c Department of the Treasury - Internal Revenue Service

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CREDITOR'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. | 1 Date of identifable event | OMB No. 1545-1424
2 Amount of debt discharged $ | 2014
3 Interest if included in box 2 $ | Form 1099-C

Cancellation of Debt

CREDITOR'S federal identification number | DEBTOR'S identifcation number | 4 Debt description
DEBTOR'S name
Street address (including apt. no.) | 5 Check here if the debtor was personally liable for repayment of the debt . . . . . ☐
City or town, state or province, country, and ZIP or foreign postal code
Account number (see instructions) | 6 Identifable event code | 7 Fair market value of property $

Copy A For Internal Revenue Service Center

File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.

Form 1099-C Cat. No. 26280W www.irs.gov/form1099c Department of the Treasury - Internal Revenue Service

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CREDITOR'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. | 1 Date of identifable event | OMB No. 1545-1424
2 Amount of debt discharged $ | 2014
3 Interest if included in box 2 $ | Form 1099-C

Cancellation of Debt

CREDITOR'S federal identification number | DEBTOR'S identifcation number | 4 Debt description
DEBTOR'S name
Street address (including apt. no.) | 5 Check here if the debtor was personally liable for repayment of the debt . . . . . ☐
City or town, state or province, country, and ZIP or foreign postal code
Account number (see instructions) | 6 Identifable event code | 7 Fair market value of property $

Copy A For Internal Revenue Service Center

File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.

Form 1099-C Cat. No. 26280W www.irs.gov/form1099c Department of the Treasury - Internal Revenue Service

EXHIBIT K

7373 ☐ VOID ☐ CORRECTED

CORPORATION'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Date of sale or exchange	OMB No. 1545-1814 **2014** Form **1099-CAP**	**Changes in Corporate Control and Capital Structure**
	2 Aggregate amount rec'd* $		
	3 No. of shares exchanged	4 Classes of stock exchanged	**Copy A** For Internal Revenue Service Center **File with Form 1096.** For Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
CORPORATION'S federal identifcation no. / SHAREHOLDER'S identifcation no.			
SHAREHOLDER'S name			
Street address (including apt. no.)	5		
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)	* The shareholder cannot claim a loss based on the amount in box 2.		

Form **1099-CAP** Cat. No. 35115M www.irs.gov/form1099cap Department of the Treasury - Internal Revenue Service

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CORPORATION'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Date of sale or exchange	OMB No. 1545-1814 **2014** Form **1099-CAP**	**Changes in Corporate Control and Capital Structure**
	2 Aggregate amount rec'd* $		
	3 No. of shares exchanged	4 Classes of stock exchanged	**Copy A** For Internal Revenue Service Center **File with Form 1096.** For Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
CORPORATION'S federal identifcation no. / SHAREHOLDER'S identifcation no.			
SHAREHOLDER'S name			
Street address (including apt. no.)	5		
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)	* The shareholder cannot claim a loss based on the amount in box 2.		

Form **1099-CAP** Cat. No. 35115M www.irs.gov/form1099cap Department of the Treasury - Internal Revenue Service

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CORPORATION'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Date of sale or exchange	OMB No. 1545-1814 **2014** Form **1099-CAP**	**Changes in Corporate Control and Capital Structure**
	2 Aggregate amount rec'd* $		
	3 No. of shares exchanged	4 Classes of stock exchanged	**Copy A** For Internal Revenue Service Center **File with Form 1096.** For Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
CORPORATION'S federal identifcation no. / SHAREHOLDER'S identifcation no.			
SHAREHOLDER'S name			
Street address (including apt. no.)	5		
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)	* The shareholder cannot claim a loss based on the amount in box 2.		

Form **1099-CAP** Cat. No. 35115M www.irs.gov/form1099cap Department of the Treasury - Internal Revenue Service

Exhibit L

9191 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1a Total ordinary dividends $ 1b Qualifed dividends $	OMB No. 1545-0110 **2014** Form **1099-DIV** **Dividends and Distributions**
		2a Total capital gain distr. $	2b Unrecap. Sec. 1250 gain $
PAYER'S federal identifcation number	RECIPIENT'S identifcation number	2c Section 1202 gain $	2d Collectibles (28%) gain $
RECIPIENT'S name .50 in		3 Nondividend distributions $ .33 in	4 Federal income tax withheld $
			5 Investment expenses $
Street address (including apt. no.)		6 Foreign tax paid $	7 Foreign country or U.S. possession .50 in
City or town, state or province, country, and ZIP or foreign postal code		8 Cash liquidation distributions $	9 Noncash liquidation distributions $
		10 Exempt-interest dividends $	11 Specifed private activity bond interest dividends $
Account number (see instructions)	2nd TIN not. ☐ .60 in	12 State / 13 State identifcation no	14 State tax withheld $ / $

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File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**

Form **1099-DIV** Cat. No. 14415N www.irs.gov/form1099div Department of the Treasury - Internal Revenue Service

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

1a Total ordinary dividends $ | 1b Qualifed dividends $ | OMB No. 1545-0110 2014 Form 1099-DIV Dividends and Distributions

2a Total capital gain distr. $ | 2b Unrecap. Sec. 1250 gain $

PAYER'S federal identifcation number | RECIPIENT'S identifcation number

2c Section 1202 gain $ | 2d Collectibles (28%) gain $

RECIPIENT'S name

3 Nondividend distributions $ | 4 Federal income tax withheld $

5 Investment expenses $

Street address (including apt. no.)

6 Foreign tax paid $ | 7 Foreign country or U.S. possession

City or town, state or province, country, and ZIP or foreign postal code

8 Cash liquidation distributions $ | 9 Noncash liquidation distributions $

10 Exempt-interest dividends $ | 11 Specifed private activity bond interest dividends $

Account number (see instructions) | 2nd TIN not. ☐ | 12 State | 13 State identifcation no | 14 State tax withheld $ / $

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File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.

Form 1099-DIV Cat. No. 14415N www.irs.gov/form1099div Department of the Treasury - Internal Revenue Service

Exhibit M

8686 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Unemployment compensation $	OMB No. 1545-0120 **2014** Form **1099-G**	**Certain Government Payments**
	2 State or local income tax refunds, credits, or offsets $		

PAYER'S federal identifcation number	RECIPIENT'S identifcation number	3 Box 2 amount is for tax year	4 Federal income tax withheld $	**Copy A For Internal Revenue Service Center**
RECIPIENT'S name		5 RTAA payments $	6 Taxable grants $	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)		7 Agriculture payments $	8 Check if box 2 is trade or business income ☐	
City or town, state or province, country, and ZIP or foreign postal code		9 Market gain $		
Account number (see instructions)		10a State / 10b State identifcation no. / 11 State income tax withheld $	$	

Form **1099-G** Cat. No. 14438M www.irs.gov/form1099g Department of the Treasury - Internal Revenue Service

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Unemployment compensation $	OMB No. 1545-0120 **2014** Form **1099-G**	**Certain Government Payments**
	2 State or local income tax refunds, credits, or offsets $		

PAYER'S federal identifcation number	RECIPIENT'S identifcation number	3 Box 2 amount is for tax year	4 Federal income tax withheld $	**Copy A For Internal Revenue Service Center**
RECIPIENT'S name		5 RTAA payments $	6 Taxable grants $	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)		7 Agriculture payments $	8 Check if box 2 is trade or business income ☐	
City or town, state or province, country, and ZIP or foreign postal code		9 Market gain $		
Account number (see instructions)		10a State / 10b State identifcation no. / 11 State income tax withheld $	$	

Form **1099-G** Cat. No. 14438M www.irs.gov/form1099g Department of the Treasury - Internal Revenue Service

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Unemployment compensation $	OMB No. 1545-0120 **2014** Form **1099-G**	**Certain Government Payments**
	2 State or local income tax refunds, credits, or offsets $		

PAYER'S federal identifcation number	RECIPIENT'S identifcation number	3 Box 2 amount is for tax year	4 Federal income tax withheld $	**Copy A For Internal Revenue Service Center**
RECIPIENT'S name		5 RTAA payments $	6 Taxable grants $	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)		7 Agriculture payments $	8 Check if box 2 is trade or business income ☐	
City or town, state or province, country, and ZIP or foreign postal code		9 Market gain $		
Account number (see instructions)		10a State / 10b State identifcation no. / 11 State income tax withheld $	$	

Form **1099-G** Cat. No. 14438M

Exhibit N

9292 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	Payer's RTN (optional)	OMB No. 1545-0112 **2014** Form **1099-INT**	**Interest Income**
	1 Interest income $		**Copy A**
	2 Early withdrawal penalty $		
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	3 Interest on U.S. Savings Bonds and Treas. obligations $		**For Internal Revenue Service Center**
RECIPIENT'S name	4 Federal income tax withheld $	5 Investment expenses $	**File with Form 1096.**
Street address (including apt. no.)	6 Foreign tax paid $	7 Foreign country or U.S. possession	For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
City or town, state or province, country, and ZIP or foreign postal code	8 Tax-exempt interest $	9 Specifed private activity bond interest $	
	10 Market discount $	11 Bond premium $	
Account number (see instructions) / 2nd TIN not. ☐	12 Tax-exempt bond CUSIP no.	13 State .40 in	14 State identifcation no. 1.00 in	15 State tax withheld $ $

Form **1099-INT** Cat. No. 14410K www.irs.gov/form1099int Department of the Treasury - Internal Revenue Service

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	Payer's RTN (optional)	OMB No. 1545-0112 **2014** Form **1099-INT**	**Interest Income**
	1 Interest income $		**Copy A**
	2 Early withdrawal penalty $		
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	3 Interest on U.S. Savings Bonds and Treas. obligations $		**For Internal Revenue Service Center**
RECIPIENT'S name	4 Federal income tax withheld $	5 Investment expenses $	**File with Form 1096.**
Street address (including apt. no.)	6 Foreign tax paid $	7 Foreign country or U.S. possession	For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
City or town, state or province, country, and ZIP or foreign postal code	8 Tax-exempt interest $	9 Specifed private activity bond interest $	
	10 Market discount $	11 Bond premium $	
Account number (see instructions) / 2nd TIN not. ☐	12 Tax-exempt bond CUSIP no.	13 State	14 State identifcation no. 4.15 in	15 State tax withheld $ $

Form **1099-INT** Cat. No. 14410K www.irs.gov/form1099int Department of the Treasury - Internal Revenue Service

Exhibit O

1010 ☐ VOID ☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. (1.40 in)	FILER'S federal identifcation no. (0.33 in)	OMB No. 1545-2205 **2014** Form **1099-K**	**Payment Card and Third Party Network Transactions**
	PAYEE'S taxpayer identifcation no.		
	1a Gross amount of payment card/third party network transactions (0.50 in) $		
Check to indicate if FILER is a (an): Payment settlement entity (PSE) ☐ Electronic Payment Facilitator (EPF)/Other third party ☐ Check to indicate transactions reported are: Payment card ☐ Third party network ☐ (0.11 in)	**1b** Card Not Present transactions (optional) $	**2** Merchant category code (0.42in)	**Copy A For Internal Revenue Service Center**
	3 Number of payment transactions (0.42in)	**4** Federal income tax withheld $	**File with Form 1096.**
PAYEE'S name (1.56 in)	**5a** January $	**5b** February $	For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)	**5c** March $	**5d** April $ (0.33 in)	
	5e May $	**5f** June $	
City or town, state or province, country, and ZIP or foreign postal code	**5g** July $	**5h** August $	
PSE'S name and telephone number	**5i** September $	**5j** October $	
	5k November $	**5l** December $	
Account number (see instructions) 2nd TIN not. ☐	**6** State	**7** State identifcation no.	**8** State income tax withheld $ $

Form **1099-K** Cat. No. 54118B www.irs.gov/form1099k Department of the Treasury - Internal Revenue Service

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1010 ☐ VOID ☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	FILER'S federal identifcation no.	OMB No. 1545-2205 **2014** Form **1099-K**	**Payment Card and Third Party Network Transactions**
	PAYEE'S taxpayer identifcation no.		
	1a Gross amount of payment card/third party network transactions $		
Check to indicate if FILER is a (an): Payment settlement entity (PSE) ☐ Electronic Payment Facilitator (EPF)/Other third party ☐ Check to indicate transactions reported are: Payment card ☐ Third party network ☐	**1b** Card Not Present transactions (optional) $	**2** Merchant category code	**Copy A For Internal Revenue Service Center**
	3 Number of payment transactions	**4** Federal income tax withheld $	**File with Form 1096.**
PAYEE'S name	**5a** January $	**5b** February $	For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)	**5c** March $	**5d** April $	
	5e May $	**5f** June $	
City or town, state or province, country, and ZIP or foreign postal code	**5g** July $	**5h** August $	
PSE'S name and telephone number	**5i** September $	**5j** October $	
	5k November $	**5l** December $	
Account number (see instructions) 2nd TIN not. ☐	**6** State	**7** State identifcation no.	**8** State income tax withheld $ $

Form **1099-K** Cat. No. 54118B www.irs.gov/form1099k Department of the Treasury - Internal Revenue Service

Exhibit P

9393 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Gross long-term care benefits paid .67 in $	OMB No. 1545-1519 **2014** Form **1099-LTC**	**Long-Term Care and Accelerated Death Benefits**
	2 Accelerated death benefits paid .50 in $		
PAYER'S federal identifcation number / POLICYHOLDER'S identifcation number	3 Check one: ☐ Per diem ☐ Reimbursed amount	INSURED'S taxpayer identifcation no. .50 in	**Copy A For Internal Revenue Service Center File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
POLICYHOLDER'S name	INSURED'S name .33 in		
Street address (including apt. no.)	Street address (including apt. no.)		
City or town, state or province, country, and ZIP or foreign postal code	City or town, state or province, country, and ZIP or foreign postal code		
Account number (see instructions) / 4 Qualifed contract (optional) ☐	5 Check, if applicable: (optional) ☐ Chronically ill ☐ Terminally ill	Date certifed	

Form **1099-LTC** Cat. No. 23021Z www.irs.gov/form1099ltc Department of the Treasury - Internal Revenue Service

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Gross long-term care benefits paid $	OMB No. 1545-1519 **2014** Form **1099-LTC**	**Long-Term Care and Accelerated Death Benefits**
	2 Accelerated death benefits paid $		
PAYER'S federal identifcation number / POLICYHOLDER'S identifcation number	3 Check one: ☐ Per diem ☐ Reimbursed amount	INSURED'S taxpayer identifcation no.	**Copy A For Internal Revenue Service Center File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
POLICYHOLDER'S name	INSURED'S name		
Street address (including apt. no.)	Street address (including apt. no.)		
City or town, state or province, country, and ZIP or foreign postal code	City or town, state or province, country, and ZIP or foreign postal code		
Account number (see instructions) / 4 Qualifed contract (optional) ☐	5 Check, if applicable: (optional) ☐ Chronically ill ☐ Terminally ill	Date certifed	

Form **1099-LTC** Cat. No. 23021Z www.irs.gov/form1099ltc Department of the Treasury - Internal Revenue Service

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Gross long-term care benefits paid $	OMB No. 1545-1519 **2014** Form **1099-LTC**	**Long-Term Care and Accelerated Death Benefits**
	2 Accelerated death benefits paid $		
PAYER'S federal identifcation number / POLICYHOLDER'S identifcation number	3 Check one: ☐ Per diem ☐ Reimbursed amount	INSURED'S taxpayer identifcation no.	**Copy A For Internal Revenue Service Center File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
POLICYHOLDER'S name	INSURED'S name		
Street address (including apt. no.)	Street address (including apt. no.)		
City or town, state or province, country, and ZIP or foreign postal code	City or town, state or province, country, and ZIP or foreign postal code		
Account number (see instructions) / 4 Qualifed contract (optional) ☐	5 Check, if applicable: (optional) ☐ Chronically ill ☐ Terminally ill	Date certifed	

Form **1099-LTC** Cat. No. 23021Z www.irs.gov/form1099ltc Department of the Treasury - Internal Revenue Service

Exhibit Q

9595 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Rents $	OMB No. 1545-0115 **2014** Form **1099-MISC**	**Miscellaneous Income**
.45 in	2 Royalties $		
	3 Other income $	4 Federal income tax withheld $	**Copy A For Internal Revenue Service Center**
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	5 Fishing boat proceeds $	6 Medical and health care payments $	**File with Form 1096.**
RECIPIENT'S name	7 Nonemployee compensation $	8 Substitute payments in lieu of dividends or interest $	For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.) .50 in	9 Payer made direct sales of $5,000 or more of consumer products to a buyer (recipient) for resale ··· ☐	10 Crop insurance proceeds $	
City or town, state or province, country, and ZIP or foreign postal code	11	12	
Account number (see instructions) 2nd TIN not. ☐	13 Excess golden parachute payments $	14 Gross proceeds paid to an attorney $	
15a Section 409A deferrals $ / 15b Section 409A income $	16 State tax withheld $	17 State/Payer's state no.	18 State income $

Form **1099-MISC** Cat. No. 14425J www.irs.gov/form1099misc Department of the Treasury - Internal Revenue Service

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1.00 in

9595 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Rents $	OMB No. 1545-0115 **2014** Form **1099-MISC**	**Miscellaneous Income**
	2 Royalties $		
	3 Other income $	4 Federal income tax withheld $	**Copy A For Internal Revenue Service Center**
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	5 Fishing boat proceeds $	6 Medical and health care payments $	**File with Form 1096.**
RECIPIENT'S name	7 Nonemployee compensation $	8 Substitute payments in lieu of dividends or interest $	For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)	9 Payer made direct sales of $5,000 or more of consumer products to a buyer (recipient) for resale ··· ☐	10 Crop insurance proceeds $	
City or town, state or province, country, and ZIP or foreign postal code	11	12	
Account number (see instructions) 2nd TIN not. ☐	13 Excess golden parachute payments $	14 Gross proceeds paid to an attorney $	
15a Section 409A deferrals $ / 15b Section 409A income $	16 State tax withheld $	17 State/Payer's state no.	18 State income $

Form **1099-MISC** Cat. No. 14425J www.irs.gov/form1099misc Department of the Treasury - Internal Revenue Service

Exhibit R

9696 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Original issue discount for 2014 $	OMB No. 1545-0117 **2014** Form **1099-OID**	**Original Issue Discount**
	2 Other periodic interest $		
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	3 Early withdrawal penalty $	4 Federal income tax withheld $	**Copy A**
	5 Market discount $	6 Acquisition premium $	**For Internal Revenue Service Center**
RECIPIENT'S name	7 Description .83 in		**File with Form 1096.**
Street address (including apt. no.)			For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
City or town, state or province, country, and ZIP or foreign postal code	8 Original issue discount on U.S. Treasury obligations $		
	9 Investment expenses $		
Account number (see instructions) / 2nd TIN not. ☐	10 State / 11 State identifcation no. / 12 State tax withheld $		

Form **1099-OID** Cat. No. 14421R www.irs.gov/form1099oid Department of the Treasury - Internal Revenue Service

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9696 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Original issue discount for 2014 $	OMB No. 1545-0117 **2014** Form **1099-OID**	**Original Issue Discount**
	2 Other periodic interest $		
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	3 Early withdrawal penalty $	4 Federal income tax withheld $	**Copy A**
	5 Market discount $	6 Acquisition premium $	**For Internal Revenue Service Center**
RECIPIENT'S name	7 Description		**File with Form 1096.**
Street address (including apt. no.)			For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
City or town, state or province, country, and ZIP or foreign postal code	8 Original issue discount on U.S. Treasury obligations $		
	9 Investment expenses $		
Account number (see instructions) / 2nd TIN not. ☐	10 State / 11 State identifcation no. / 12 State tax withheld $		

Form **1099-OID** Cat. No. 14421R www.irs.gov/form1099oid Department of the Treasury - Internal Revenue Service

Exhibit S

9797 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Patronage dividends $	OMB No. 1545-0118 **2014** Form **1099-PATR**	**Taxable Distributions Received From Cooperatives**
	2 Nonpatronage distributions $		
	3 Per-unit retain allocations $		
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	4 Federal income tax withheld $		**Copy A For Internal Revenue Service Center**
RECIPIENT'S name	5 Redemption of nonqualifed notices and retain allocations $	6 Domestic production activities deduction $	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)		7 Investment credit $	
City or town, state or province, country, and ZIP or foreign postal code	8 Work opportunity credit $	9 Patron's AMT adjustment $	
Account number (see instructions) / 2nd TIN not. ☐	10 Other credits and deductions $		

Form **1099-PATR** Cat. No. 14435F www.irs.gov/form1099patr Department of the Treasury - Internal Revenue Service

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9797 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Patronage dividends $	OMB No. 1545-0118 **2014** Form **1099-PATR**	**Taxable Distributions Received From Cooperatives**
	2 Nonpatronage distributions $		
	3 Per-unit retain allocations $		
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	4 Federal income tax withheld $		**Copy A For Internal Revenue Service Center**
RECIPIENT'S name	5 Redemption of nonqualifed notices and retain allocations $	6 Domestic production activities deduction $	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)		7 Investment credit $	
City or town, state or province, country, and ZIP or foreign postal code	8 Work opportunity credit $	9 Patron's AMT adjustment $	
Account number (see instructions) / 2nd TIN not. ☐	10 Other credits and deductions $		

Form **1099-PATR** Cat. No. 14435F www.irs.gov/form1099patr Department of the Treasury - Internal Revenue Service

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9797 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Patronage dividends $	OMB No. 1545-0118 **2014** Form **1099-PATR**	**Taxable Distributions Received From Cooperatives**
	2 Nonpatronage distributions $		
	3 Per-unit retain allocations $		
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	4 Federal income tax withheld $		**Copy A For Internal Revenue Service Center**
RECIPIENT'S name	5 Redemption of nonqualifed notices and retain allocations $	6 Domestic production activities deduction $	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)		7 Investment credit $	
City or town, state or province, country, and ZIP or foreign postal code	8 Work opportunity credit $	9 Patron's AMT adjustment $	
Account number (see instructions) / 2nd TIN not. ☐	10 Other credits and deductions $		

Form **1099-PATR** Cat. No. 14435F www.irs.gov/form1099patr Department of the Treasury - Internal Revenue Service

Exhibit T

3131 ☐ VOID ☐ CORRECTED

PAYER'S/TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Gross distribution $	OMB No. 1545-1760 **2014** Form **1099-Q**	**Payments From Qualified Education Programs (Under Sections 529 and 530)**
	2 Earnings $		
PAYER'S/TRUSTEE'S federal identifcation no. / RECIPIENT'S social security number	3 Basis $	4 Trustee-to-trustee transfer ☐	**Copy A For Internal Revenue Service Center**
RECIPIENT'S name	5 Check one: • Qualified tuition program— Private ☐ or State ☐ • Coverdell ESA ☐	6 Check if the recipient is not the designated benefciary ☐	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **1099-Q** Cat. No. 32223J www.irs.gov/form1099q Department of the Treasury - Internal Revenue Service

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PAYER'S/TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Gross distribution $	OMB No. 1545-1760 **2014** Form **1099-Q**	**Payments From Qualified Education Programs (Under Sections 529 and 530)**
	2 Earnings $		
PAYER'S/TRUSTEE'S federal identifcation no. / RECIPIENT'S social security number	3 Basis $	4 Trustee-to-trustee transfer ☐	**Copy A For Internal Revenue Service Center**
RECIPIENT'S name	5 Check one: • Qualified tuition program— Private ☐ or State ☐ • Coverdell ESA ☐	6 Check if the recipient is not the designated benefciary ☐	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **1099-Q** Cat. No. 32223J www.irs.gov/form1099q Department of the Treasury - Internal Revenue Service

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3131 ☐ VOID ☐ CORRECTED

PAYER'S/TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Gross distribution $	OMB No. 1545-1760 **2014** Form **1099-Q**	**Payments From Qualified Education Programs (Under Sections 529 and 530)**
	2 Earnings $		
PAYER'S/TRUSTEE'S federal identifcation no. / RECIPIENT'S social security number	3 Basis $	4 Trustee-to-trustee transfer ☐	**Copy A For Internal Revenue Service Center**
RECIPIENT'S name	5 Check one: • Qualified tuition program— Private ☐ or State ☐ • Coverdell ESA ☐	6 Check if the recipient is not the designated benefciary ☐	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **1099-Q** Cat. No. 32223J www.irs.gov/form1099q Department of the Treasury - Internal Revenue Service

Exhibit U

9898 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code	1 Gross distribution $	OMB No. 1545-0119 2014 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
	2a Taxable amount $		
	2b Taxable amount not determined ☐ Total distribution ☐		Copy A For Internal Revenue Service Center
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	3 Capital gain (included in box 2a) $	4 Federal income tax withheld $	File with Form 1096.
RECIPIENT'S name	5 Employee contributions /Designated Roth contributions or insurance premiums $	6 Net unrealized appreciation in employer's securities $	For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.
Street address (including apt. no.)	7 Distribution code(s) IRA/SEP/SIMPLE ☐	8 Other $ %	
City or town, state or province, country, and ZIP or foreign postal code	9a Your percentage of total distribution %	9b Total employee contributions $	
10 Amount allocable to IRR within 5 years $ / 11 1st year of desig. Roth contrib.	12 State tax withheld $ $	13 State/Payer's state no.	14 State distribution $ $
Account number (see instructions)	15 Local tax withheld $ $	16 Name of locality	17 Local distribution $ $

Form 1099-R Cat. No. 14436Q www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

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9898 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code	1 Gross distribution $	OMB No. 1545-0119 2014 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
	2a Taxable amount $		
	2b Taxable amount not determined ☐ Total distribution ☐		Copy A For Internal Revenue Service Center
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	3 Capital gain (included in box 2a) $	4 Federal income tax withheld $	File with Form 1096.
RECIPIENT'S name	5 Employee contributions /Designated Roth contributions or insurance premiums $	6 Net unrealized appreciation in employer's securities $	For Privacy Act and Paperwork Reduction Act Notice, see the 2014 General Instructions for Certain Information Returns.
Street address (including apt. no.)	7 Distribution code(s) IRA/SEP/SIMPLE ☐	8 Other $ %	
City or town, state or province, country, and ZIP or foreign postal code	9a Your percentage of total distribution %	9b Total employee contributions $	
10 Amount allocable to IRR within 5 years $ / 11 1st year of desig. Roth contrib.	12 State tax withheld $ $	13 State/Payer's state no.	14 State distribution $ $
Account number (see instructions)	15 Local tax withheld $ $	16 Name of locality	17 Local distribution $ $

Form 1099-R Cat. No. 14436Q www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

Exhibit V

7575 ☐ VOID ☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number	1 Date of closing 2 Gross proceeds $	OMB No. 1545-0997 **2014** Form **1099-S**	**Proceeds From Real Estate Transactions**
FILER'S federal identifcation number / TRANSFEROR'S identifcation number	3 Address or legal description (including city, state, and ZIP code)		**Copy A For Internal Revenue Service Center File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
TRANSFEROR'S name			
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code	4 Check here if the transferor received or will receive property or services as part of the consideration ☐		
Account or escrow number (see instructions)	5 Buyer's part of real estate tax $		

Form **1099-S** Cat. No. 64292E www.irs.gov/form1099s Department of the Treasury - Internal Revenue Service

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7575 ☐ VOID ☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number	1 Date of closing 2 Gross proceeds $	OMB No. 1545-0997 **2014** Form **1099-S**	**Proceeds From Real Estate Transactions**
FILER'S federal identifcation number / TRANSFEROR'S identifcation number	3 Address or legal description (including city, state, and ZIP code)		**Copy A For Internal Revenue Service Center File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
TRANSFEROR'S name			
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code	4 Check here if the transferor received or will receive property or services as part of the consideration ☐		
Account or escrow number (see instructions)	5 Buyer's part of real estate tax $		

Form **1099-S** Cat. No. 64292E www.irs.gov/form1099s Department of the Treasury - Internal Revenue Service

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FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number	1 Date of closing 2 Gross proceeds $	OMB No. 1545-0997 **2014** Form **1099-S**	**Proceeds From Real Estate Transactions**
FILER'S federal identifcation number / TRANSFEROR'S identifcation number	3 Address or legal description (including city, state, and ZIP code)		**Copy A For Internal Revenue Service Center File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
TRANSFEROR'S name			
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code	4 Check here if the transferor received or will receive property or services as part of the consideration ☐		
Account or escrow number (see instructions)	5 Buyer's part of real estate tax $		

Form **1099-S** Cat. No. 64292E www.irs.gov/form1099s Department of the Treasury - Internal Revenue Service

Exhibit W

9494 ☐ VOID ☐ CORRECTED

TRUSTEE'S/PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		OMB No. 1545-1517 **2014** Form **1099-SA**	**Distributions From an HSA, Archer MSA, or Medicare Advantage MSA**
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	1 Gross distribution $	2 Earnings on excess cont. $	**Copy A For Internal Revenue Service Center File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
RECIPIENT'S name	3 Distribution code	4 FMV on date of death $	
Street address (including apt. no.)	5 HSA ☐ Archer MSA ☐ MA MSA ☐		
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **1099-SA** Cat. No. 38471D www.irs.gov/form1099sa Department of the Treasury - Internal Revenue Service

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TRUSTEE'S/PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		OMB No. 1545-1517 **2014** Form **1099-SA**	**Distributions From an HSA, Archer MSA, or Medicare Advantage MSA**
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	1 Gross distribution $	2 Earnings on excess cont. $	**Copy A For Internal Revenue Service Center File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
RECIPIENT'S name	3 Distribution code	4 FMV on date of death $	
Street address (including apt. no.)	5 HSA ☐ Archer MSA ☐ MA MSA ☐		
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **1099-SA** Cat. No. 38471D www.irs.gov/form1099sa Department of the Treasury - Internal Revenue Service

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TRUSTEE'S/PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		OMB No. 1545-1517 **2014** Form **1099-SA**	**Distributions From an HSA, Archer MSA, or Medicare Advantage MSA**
PAYER'S federal identifcation number / RECIPIENT'S identifcation number	1 Gross distribution $	2 Earnings on excess cont. $	**Copy A For Internal Revenue Service Center File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
RECIPIENT'S name	3 Distribution code	4 FMV on date of death $	
Street address (including apt. no.)	5 HSA ☐ Archer MSA ☐ MA MSA ☐		
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **1099-SA** Cat. No. 38471D www.irs.gov/form1099sa Department of the Treasury - Internal Revenue Service

Exhibit X

2525 ☐ VOID ☐ CORRECTED

TRANSFEROR'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted 2 Date option exercised	OMB No. 1545-2129 **Form 3921** (Rev. August 2013)
TRANSFEROR'S federal identification number	EMPLOYEE'S identification number	3 Exercise price per share $	4 Fair market value per share on exercise date $
EMPLOYEE'S name		5 No. of shares transferred	
Street address (including apt. no.)		6 If other than TRANSFEROR, name, address, and EIN of corporation whose stock is being transferred	
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Exercise of an Incentive Stock Option Under Section 422(b)

Copy A
For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the **current version of the General Instructions for Certain Information Returns.**

Form **3921** (Rev. August 2013) Cat. No. 41179O www.irs.gov/form3921 Department of the Treasury - Internal Revenue Service

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TRANSFEROR'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted 2 Date option exercised	OMB No. 1545-2129 **Form 3921** (Rev. August 2013)
TRANSFEROR'S federal identification number	EMPLOYEE'S identification number	3 Exercise price per share $	4 Fair market value per share on exercise date $
EMPLOYEE'S name		5 No. of shares transferred	
Street address (including apt. no.)		6 If other than TRANSFEROR, name, address, and EIN of corporation whose stock is being transferred	
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Exercise of an Incentive Stock Option Under Section 422(b)

Copy A
For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the **current version of the General Instructions for Certain Information Returns.**

Form **3921** (Rev. August 2013) Cat. No. 41179O www.irs.gov/form3921 Department of the Treasury - Internal Revenue Service

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TRANSFEROR'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted 2 Date option exercised	OMB No. 1545-2129 **Form 3921** (Rev. August 2013)
TRANSFEROR'S federal identification number	EMPLOYEE'S identification number	3 Exercise price per share $	4 Fair market value per share on exercise date $
EMPLOYEE'S name		5 No. of shares transferred	
Street address (including apt. no.)		6 If other than TRANSFEROR, name, address, and EIN of corporation whose stock is being transferred	
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Exercise of an Incentive Stock Option Under Section 422(b)

Copy A
For Internal Revenue Service Center
File with Form 1096.
For Privacy Act and Paperwork Reduction Act Notice, see the **current version of the General Instructions for Certain Information Returns.**

Form **3921** (Rev. August 2013) Cat. No. 41179O www.irs.gov/form3921 Department of the Treasury - Internal Revenue Service

Exhibit Y

2626 ☐ VOID ☐ CORRECTED

CORPORATION'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted 2 Date option exercised	OMB No. 1545-2129 **Form 3922** (Rev. August 2013)
CORPORATION'S federal identification number	EMPLOYEE'S identification number	3 Fair market value per share on grant date $	4 Fair market value per share on exercise date $
EMPLOYEE'S name		5 Exercise price paid per share $	6 No. of shares transferred
Street address (including apt. no.)		7 Date legal title transferred	
City or town, state or province, country, and ZIP or foreign postal code		8 Exercise price per share determined as if the option was exercised on the date shown in box 1. $	
Account number (see instructions)			

Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)

Copy A For Internal Revenue Service Center

File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the **current version of the General Instructions for Certain Information Returns.**

Form **3922** (Rev. 8-2013) Cat. No. 41180P www.irs.gov/form3922 Department of the Treasury - Internal Revenue Service

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2626 ☐ VOID ☐ CORRECTED

CORPORATION'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted 2 Date option exercised	OMB No. 1545-2129 **Form 3922** (Rev. August 2013)
CORPORATION'S federal identification number	EMPLOYEE'S identification number	3 Fair market value per share on grant date $	4 Fair market value per share on exercise date $
EMPLOYEE'S name		5 Exercise price paid per share $	6 No. of shares transferred
Street address (including apt. no.)		7 Date legal title transferred	
City or town, state or province, country, and ZIP or foreign postal code		8 Exercise price per share determined as if the option was exercised on the date shown in box 1. $	
Account number (see instructions)			

Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)

Copy A For Internal Revenue Service Center

File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the **current version of the General Instructions for Certain Information Returns.**

Form **3922** (Rev. 8-2013) Cat. No. 41180P www.irs.gov/form3922 Department of the Treasury - Internal Revenue Service

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2626 ☐ VOID ☐ CORRECTED

CORPORATION'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted 2 Date option exercised	OMB No. 1545-2129 **Form 3922** (Rev. August 2013)
CORPORATION'S federal identification number	EMPLOYEE'S identification number	3 Fair market value per share on grant date $	4 Fair market value per share on exercise date $
EMPLOYEE'S name		5 Exercise price paid per share $	6 No. of shares transferred
Street address (including apt. no.)		7 Date legal title transferred	
City or town, state or province, country, and ZIP or foreign postal code		8 Exercise price per share determined as if the option was exercised on the date shown in box 1. $	
Account number (see instructions)			

Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)

Copy A For Internal Revenue Service Center

File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the **current version of the General Instructions for Certain Information Returns.**

Form **3922** (Rev. 8-2013) Cat. No. 41180P www.irs.gov/form3922 Department of the Treasury - Internal Revenue Service

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Exhibit Z

2828 ☐ VOID ☐ CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code	1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a) $	OMB No. 1545-0747 **2014** Form **5498**	**IRA Contribution Information**
	2 Rollover contributions $		
	3 Roth IRA conversion amount $	4 Recharacterized contributions $ (.50 in)	**Copy A** For **Internal Revenue Service Center** File with Form 1096.
TRUSTEE'S or ISSUER'S federal identifcation no. (.66 in) / PARTICIPANT'S social security number (1.70 in)	5 Fair market value of account $	6 Life insurance cost included in box 1 $	
PARTICIPANT'S name	7 IRA ☐ SEP ☐	SIMPLE ☐ Roth IRA ☐	For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
	8 SEP contributions $	9 SIMPLE contributions $ (.33 in)	
Street address (including apt. no.) (.50 in)	10 Roth IRA contributions $	11 Check if RMD for 2015 ☐	
City or town, state or province, country, and ZIP or foreign postal code	12a RMD date	12b RMD amount $	
	13a Postponed contribution $	13b Year / 13c Code	
	14a Repayments $	14b Code	
Account number (see instructions)	15a FMV of certain specifed assets $	15b Code(s)	

Form **5498** Cat. No. 50010C www.irs.gov/form5498 Department of the Treasury - Internal Revenue Service

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2828 ☐ VOID ☐ CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code	1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a) $	OMB No. 1545-0747 **2014** Form **5498**	**IRA Contribution Information**
	2 Rollover contributions $		
	3 Roth IRA conversion amount $	4 Recharacterized contributions $	**Copy A** For **Internal Revenue Service Center** File with Form 1096.
TRUSTEE'S or ISSUER'S federal identifcation no. / PARTICIPANT'S social security number	5 Fair market value of account $	6 Life insurance cost included in box 1 $	
PARTICIPANT'S name	7 IRA ☐ SEP ☐	SIMPLE ☐ Roth IRA ☐	For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
	8 SEP contributions $	9 SIMPLE contributions $	
Street address (including apt. no.)	10 Roth IRA contributions $	11 Check if RMD for 2015 ☐	
City or town, state or province, country, and ZIP or foreign postal code	12a RMD date	12b RMD amount $	
	13a Postponed contribution $	13b Year / 13c Code	
	14a Repayments $	14b Code	
Account number (see instructions)	15a FMV of certain specifed assets $	15b Code(s)	

Form **5498** Cat. No. 50010C www.irs.gov/form5498 Department of the Treasury - Internal Revenue Service

Exhibit AA

7272 ☐ VOID ☐ CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code	1 Coverdell ESA contributions $	OMB No. 1545-1815 **2014** Form **5498-ESA**	**Coverdell ESA Contribution Information**
	2 Rollover contributions $		
TRUSTEE'S/ISSUER'S federal identifcation no. / BENEFICIARY'S social security number			**Copy A For Internal Revenue Service Center** **File with Form 1096.**
BENEFICIARY'S name			For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **5498-ESA** Cat. No. 34011J www.irs.gov/form5498esa Department of the Treasury - Internal Revenue Service

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7272 ☐ VOID ☐ CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code	1 Coverdell ESA contributions $	OMB No. 1545-1815 **2014** Form **5498-ESA**	**Coverdell ESA Contribution Information**
	2 Rollover contributions $		
TRUSTEE'S/ISSUER'S federal identifcation no. / BENEFICIARY'S social security number			**Copy A For Internal Revenue Service Center** **File with Form 1096.**
BENEFICIARY'S name			For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **5498-ESA** Cat. No. 34011J www.irs.gov/form5498esa Department of the Treasury - Internal Revenue Service

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7272 ☐ VOID ☐ CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code	1 Coverdell ESA contributions $	OMB No. 1545-1815 **2014** Form **5498-ESA**	**Coverdell ESA Contribution Information**
	2 Rollover contributions $		
TRUSTEE'S/ISSUER'S federal identifcation no. / BENEFICIARY'S social security number			**Copy A For Internal Revenue Service Center** **File with Form 1096.**
BENEFICIARY'S name			For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **5498-ESA** Cat. No. 34011J www.irs.gov/form5498esa Department of the Treasury - Internal Revenue Service

Exhibit BB

2727 ☐ VOID ☐ CORRECTED

TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number	1 Employee or self-employed person's Archer MSA contributions made in 2014 and 2015 for 2014 $	OMB No. 1545-1518 **2014** Form **5498-SA**	**HSA, Archer MSA, or Medicare Advantage MSA Information**
	2 Total contributions made in 2014 $		
TRUSTEE'S federal identifcation number / PARTICIPANT'S social security number	3 Total HSA or Archer MSA contributions made in 2015 for 2014 $		**Copy A For Internal Revenue Service Center**
PARTICIPANT'S name	4 Rollover contributions $	5 Fair market value of HSA, Archer MSA, or MA MSA $	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)	6 HSA ☐ Archer MSA ☐ MA MSA ☐	3.00"	
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **5498-SA** Cat. No. 38467V www.irs.gov/form5498sa Department of the Treasury - Internal Revenue Service

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2727 ☐ VOID ☐ CORRECTED

TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number	1 Employee or self-employed person's Archer MSA contributions made in 2014 and 2015 for 2014 $	OMB No. 1545-1518 **2014** Form **5498-SA**	**HSA, Archer MSA, or Medicare Advantage MSA Information**
	2 Total contributions made in 2014 $		
TRUSTEE'S federal identifcation number / PARTICIPANT'S social security number	3 Total HSA or Archer MSA contributions made in 2015 for 2014 $		**Copy A For Internal Revenue Service Center**
PARTICIPANT'S name	4 Rollover contributions $	5 Fair market value of HSA, Archer MSA, or MA MSA $	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)	6 HSA ☐ Archer MSA ☐ MA MSA ☐		
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **5498-SA** Cat. No. 38467V www.irs.gov/form5498sa Department of the Treasury - Internal Revenue Service

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2727 ☐ VOID ☐ CORRECTED

TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number	1 Employee or self-employed person's Archer MSA contributions made in 2014 and 2015 for 2014 $	OMB No. 1545-1518 **2014** Form **5498-SA**	**HSA, Archer MSA, or Medicare Advantage MSA Information**
	2 Total contributions made in 2014 $		
TRUSTEE'S federal identifcation number / PARTICIPANT'S social security number	3 Total HSA or Archer MSA contributions made in 2015 for 2014 $		**Copy A For Internal Revenue Service Center**
PARTICIPANT'S name	4 Rollover contributions $	5 Fair market value of HSA, Archer MSA, or MA MSA $	**File with Form 1096.** For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
Street address (including apt. no.)	6 HSA ☐ Archer MSA ☐ MA MSA ☐		
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			

Form **5498-SA** Cat. No. 38467V www.irs.gov/form5498sa Department of the Treasury - Internal Revenue Service

EXHIBIT CC

3232 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code	1 Gross winnings $ (0.50 in)	2 Date won	OMB No. 1545-0238 **2014** **Form W-2G** **Certain Gambling Winnings**
	3 Type of wager	4 Federal income tax withheld $	
	5 Transaction	6 Race (0.33 in)	
	7 Winnings from identical wagers $	8 Cashier	
PAYER'S federal identifcation number / PAYER'S telephone number (0.67 in)	9 Winner's taxpayer identifcation no.	10 Window	For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
WINNER'S name	11 First I.D. (0.50 in)	12 Second I.D.	
Street address (including apt. no.)	13 State/Payer's state identifcation no.	14 State winnings $	
City or town, province or state, country, and ZIP or foreign postal code	15 State income tax withheld $	16 Local winnings $	**File with Form 1096**
	17 Local income tax withheld $	18 Name of locality	**Copy A For Internal Revenue Service Center**

Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identifcation number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.

Signature ··· **Date** ···

Form **W-2G** Cat. No. 10138V www.irs.gov/w2g Department of the Treasury - Internal Revenue Service

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3232 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code	1 Gross winnings $	2 Date won	OMB No. 1545-0238 **2014** **Form W-2G** **Certain Gambling Winnings**
	3 Type of wager	4 Federal income tax withheld $	
	5 Transaction	6 Race	
	7 Winnings from identical wagers $	8 Cashier	
PAYER'S federal identifcation number / PAYER'S telephone number	9 Winner's taxpayer identifcation no.	10 Window	For Privacy Act and Paperwork Reduction Act Notice, see the **2014 General Instructions for Certain Information Returns.**
WINNER'S name	11 First I.D.	12 Second I.D.	
Street address (including apt. no.)	13 State/Payer's state identifcation no.	14 State winnings $	
City or town, province or state, country, and ZIP or foreign postal code	15 State income tax withheld $	16 Local winnings $	**File with Form 1096**
	17 Local income tax withheld $	18 Name of locality	**Copy A For Internal Revenue Service Center**

Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identifcation number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.

Signature ··· **Date** ···

Form **W-2G** Cat. No. 10138V www.irs.gov/w2g Department of the Treasury - Internal Revenue Service

Exhibit DD

Form **1042-S** Foreign Person's U.S. Source Income Subject to Withholding **2014**

Department of the Treasury
Internal Revenue Service

▶ Information about Form 1042-S and its separate instructions is at *www.irs.gov/form1042.*

AMENDED ☐ PRO-RATA BASIS REPORTING ☐

OMB No. 1545-0096

Copy A for Internal Revenue Service

1 Income code	**2** Gross income	**3** Chap. 3: ☐	**4** Chap. 4: ☐	**5** Withholding allowance	
		3a Exemption code	**4a** Exemption code	**6** Net income	Check if tax not deposited under escrow procedure ☐
		3b Tax rate	**4b** Tax rate	**7** Federal tax withheld	
8 Tax withheld by other agents				**9** Tax assumed by withholding agent	
10 Total withholding credit				**11** Amount repaid to recipient	
12a Withholding agent's EIN		**12b** Ch. 3 status code	**12c** Ch. 4 status code	**14e** Primary Withholding Agent's Name (if applicable)	
				14f Primary Withholding Agent's EIN	
13a Withholding agent's name				**15a** Intermediary or fow-through entity's EIN, if any	**15b** Ch. 3 status code / **15c** Ch. 4 status code
13b Withholding agent's Global Intermediary Identifcation Number (GIIN)				**16a** Intermediary or fow-through entity's name	
13c Country code	**13d** Foreign taxpayer identifcation number, if any			**16b** Intermediary or fow-through entity's GIIN	
				16c Country code	**16d** Foreign tax identifcation number, if any
13e Address (number and street)				**16e** Address (number and street)	
13f City or town, state or province, country, ZIP or foreign postal code				**16f** City or town, state or province, country, ZIP or foreign postal code	
13g Recipient's U.S. TIN, if any				**17** Recipient's GIIN	**18** Recipient's foreign tax identifcation number, if any
13h Ch. 3 status code	**13i** Ch. 4 status code			**19** Recipient's account number	**20** Recipient's date of birth
14a Recipient's name	**14b** Recipient's country code			**21** Payer's name	**22** Payer's TIN / **23** Payer's GIIN
14c Address (number and street)					
14d City or town, state or province, country, ZIP or foreign postal code				**24** State income tax withheld	**25** Payer's state tax no. / **26** Name of state

4.17 in

0.45 in

0.25 in

7.30 in

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 11386R Form **1042-S** (2014)

Form **1042-S** Foreign Person's U.S. Source Income Subject to Withholding **2014**

Department of the Treasury
Internal Revenue Service

▶ Information about Form 1042-S and its separate instructions is at *www.irs.gov/form1042.*

AMENDED ☐ PRO-RATA BASIS REPORTING ☐

OMB No. 1545-0096

Copy A for Internal Revenue Service

1 Income code	**2** Gross income	**3** Chap. 3: ☐	**4** Chap. 4: ☐	**5** Withholding allowance	
		3a Exemption code	**4a** Exemption code	**6** Net income	Check if tax not deposited under escrow procedure ☐
		3b Tax rate	**4b** Tax rate	**7** Federal tax withheld	
8 Tax withheld by other agents				**9** Tax assumed by withholding agent	
10 Total withholding credit				**11** Amount repaid to recipient	
12a Withholding agent's EIN		**12b** Ch. 3 status code	**12c** Ch. 4 status code	**14e** Primary Withholding Agent's Name (if applicable)	
				14f Primary Withholding Agent's EIN	
13a Withholding agent's name				**15a** Intermediary or fow-through entity's EIN, if any	**15b** Ch. 3 status code / **15c** Ch. 4 status code
13b Withholding agent's Global Intermediary Identifcation Number (GIIN)				**16a** Intermediary or fow-through entity's name	
13c Country code	**13d** Foreign taxpayer identifcation number, if any			**16b** Intermediary or fow-through entity's GIIN	
				16c Country code	**16d** Foreign tax identifcation number, if any
13e Address (number and street)				**16e** Address (number and street)	
13f City or town, state or province, country, ZIP or foreign postal code				**16f** City or town, state or province, country, ZIP or foreign postal code	
13g Recipient's U.S. TIN, if any				**17** Recipient's GIIN	**18** Recipient's foreign tax identifcation number, if any
13h Ch. 3 status code	**13i** Ch. 4 status code			**19** Recipient's account number	**20** Recipient's date of birth
14a Recipient's name	**14b** Recipient's country code			**21** Payer's name	**22** Payer's TIN / **23** Payer's GIIN
14c Address (number and street)					
14d City or town, state or province, country, ZIP or foreign postal code				**24** State income tax withheld	**25** Payer's state tax no. / **26** Name of state

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 11386R Form **1042-S** (2014)

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 2014–01 through 2014–26 is in Internal Revenue Bulletin 2014–26, dated June 30, 2014.

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Key to Abbreviations:

Ann	Announcement
CD	Court Decision
DO	Delegation Order
EO	Executive Order
PL	Public Law
PTE	Prohibited Transaction Exemption
RP	Revenue Procedure
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