INTERNAL REVENUE
BULLETIN

IRS

HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2015–13
March 30, 2015

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

Notice 2015–27, page 816.

Notice to invite public comments to the Department of Treasury and Internal Revenue Service on recommendations for items that should be included on the 2015–2016 Guidance Priority List.

INCOME TAX

REG–143040–14, page 827.

The proposed regulations provide guidance to brokers who (1) must report OID income on a tax-exempt debt instrument, (2) must take into account certain debt instrument elections when computing basis, or (3) must prepare a transfer statement for the transfer of a debt instrument or section 1256 option that is a covered security.

Rev. Rul. 2015–5, page 788.

Interest rates: underpayment and overpayments. The rates for interest determined under section 6621 of the code for the calendar quarter beginning April 1, 2015, will be 3 percent for overpayments (2 percent in the case of a corporation), 3 percent for the underpayments, and 5 percent for large corporation underpayments. The rate of interest paid on the portion of a corporation overpayment exceeding $10,000 will be 0.5 percent.

Rev. Rul. 2015–6, page 801.

Fringe benefits aircraft valuation formula. For purposes of section 1.61–21(g) of the Income Tax Regulations, relating to the rule for valuing non-commercial flights on employer-provided aircraft, the Standard Industry Fare Level (SIFL) cents-per-mile rates and terminal charge in effect for the first half of 2015 are set forth.

Announcement 2015–7, page 823.

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions involving attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers. These individuals are subject to the regulations governing practice before the Internal Revenue Service (IRS), which are set out in Title 31, Code of Federal Regulations, Part 10, and which are published in pamphlet form as Treasury Department Circular No. 230. The regulations prescribe the duties and restrictions relating to such practice and prescribe the disciplinary sanctions for violating the regulations.

Rev. Proc. 2015–23, page 820.

The proposed revenue procedure provides issuers of qualified mortgage bonds, as defined in section 143(a) of the Internal Revenue Code, and issuers of mortgage credit certificates as defined in section 25(c), with the United States median gross income figure most recently computed by the Department of Housing and Urban Development (HUD). The proposed revenue procedure also provides these issuers with guidance concerning the area median gross incomes as computed by HUD. Issuers of qualified mortgage bonds (QMB) and mortgage credit certificates (MCC) must use these income figures in determining whether the income limitation placed on the beneficiaries of the mortgages and certificates may be increased because the residences to be financed are located in high housing cost areas. See sections 25(c)(A)(iii)(IV) and 143(f)(5).

Rev. Proc. 2015–24, page 822.

Corrections to Rev. Proc. 2014–59, which prescribes the loss payment patterns and discount factors for the 2014 accident year. These factors are used to compute discounted unpaid losses under § 846 of the Internal Revenue Code.

(Continued on the next page)

Finding Lists begin on page ii.

Notice 2015–25, page 814.
Beginning of Construction for Sections 45 and 48. This notice updates the guidance provided in Notice 2013–29, Notice 2013–60, and Notice 2014–46, to reflect the statutory extension by the Tax Increase Prevention Act of 2014, and also extends the date for the deemed satisfaction of the Continuous Construction or Continuous Efforts Tests.

Notice 2015–26, page 814.
This notice explains how a State or local government amends the nomination of an empowerment zone to provide for a new termination date of December 31, 2014.

T.D. 9713, page 802.
The final regulations provide guidance under section 6049 for broker reporting of bond premium and acquisition premium. The temporary regulations provide guidance under sections 6045, 6045A, and 6049 for broker reporting of certain transactions involving debt instruments and options, including the treatment of certain holder elections for reporting a taxpayer's adjusted basis in a debt instrument, transfer reporting for section 1256 options and debt instruments, and the reporting of original issue discount on tax-exempt obligations.

EMPLOYEE PLANS

Notice 2015–24, page 811.
This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for February 2015 used under § 417(e)(3)(D), the 24-month average segment rates applicable for March 2015, and the 30-year Treasury rates. These rates reflect the application of § 430(h)(2)(C)(iv), which was added by the Moving Ahead for Progress in the 21st Century Act, Public Law 112–141 (MAP–21) and amended by section 2003 of the Highway and Transportation Funding Act of 2014 (HATFA).

EXEMPT ORGANIZATIONS

Rev. Proc. 2015–21, page 817.
This revenue procedure provides correction and disclosure procedures under which failures to meet the additional requirements for charitable hospital organizations added by the Patient Protection and Affordable Care Act of 2010 will be excused. This revenue procedure affects charitable hospital organizations.

ESTATE TAX

Announcement 2015–7, page 823.
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GIFT TAX

Announcement 2015–7, page 823.
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EMPLOYMENT TAX

Announcement 2015–7, page 823.
The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions involving attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers. These individuals are subject to the regulations governing practice before the Internal Revenue Service (IRS), which are set out in Title 31, Code of Federal Regulations, Part 10, and which are published in pamphlet form as Treasury Department Circular No. 230. The regulations prescribe the duties and restrictions relating to such practice and prescribe the disciplinary sanctions for violating the regulations.

(Continued on the next page)

SELF-EMPLOYMENT TAX

Announcement 2015–7, page 823.
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EXCISE TAX

Announcement 2015–7, page 823.
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ADMINISTRATIVE

Rev. Proc. 2015–23, page 820.
The proposed revenue procedure provides issuers of qualified mortgage bonds, as defined in section 143(a) of the Internal Revenue Code, and issuers of mortgage credit certificates as defined in section 25(c), with the United States median gross income figure most recently computed by the Department of Housing and Urban Development (HUD). The proposed revenue procedure also provides these issuers with guidance concerning the area median gross incomes as computed by HUD. Issuers of qualified mortgage bonds (QMB) and mortgage credit certificates (MCC) must use these income figures in determining whether the income limitation placed on the beneficiaries of the mortgages and certificates may be increased because the residences to be financed are located in high housing cost areas. See sections 25(c)(A)(iii)(IV) and 143(f)(5).

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.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

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

Section 846.—Discounted Unpaid Losses Defined

The corrections to the loss discount factors published in Rev. Proc. 2015–24, page 822.

Section 6621.—Determination of Rate of Interest

26 CFR 301.6621–1: Interest rate.

Rev. Rul. 2015–5

Section 6621 of the Internal Revenue Code establishes the interest rates on overpayments and underpayments of tax. Under section 6621(a)(1), the overpayment rate is the sum of the federal short-term rate plus 3 percentage points (2 percentage points in the case of a corporation), except the rate for the portion of a corporate overpayment of tax exceeding $10,000 for a taxable period is the sum of the federal short-term rate plus 0.5 of a percentage point. Under section 6621(a)(2), the underpayment rate is the sum of the federal short-term rate plus 3 percentage points.

Section 6621(c) provides that for purposes of interest payable under section 6601 on any large corporate underpayment, the underpayment rate under section 6621(a)(2) is determined by substituting "5 percentage points" for "3 percentage points."

See section 6621(c) and section 301.6621–3 of the Regulations on Procedure and Administration for the definition of a large corporate underpayment and for the rules for determining the applicable date. Section 6621(c) and section 301.6621–3 are generally effective for periods after December 31, 1990.

Section 6621(b)(1) provides that the Secretary will determine the federal short-term rate for the first month in each calendar quarter. Section 6621(b)(2)(A) provides that the federal short-term rate determined under section 6621(b)(1) for any month applies during the first calendar quarter beginning after that month. Section 6621(b)(2)(B) provides that in determining the addition to tax under section 6654 for failure to pay estimated tax for any taxable year, the federal short-term rate that applies during the third month following the taxable year also applies during the first 15 days of the 4th month following the taxable year. Section 6621(b)(3) provides that the federal short-term rate for any month is the federal short-term rate determined during that month by the Secretary in accordance with section 1274(d), rounded to the nearest full percent (or, if a multiple of 1/2 of 1 percent, the rate is increased to the next highest full percent).

Notice 88–59, 1988–1 C.B. 546, announced that in determining the quarterly interest rates to be used for overpayments and underpayments of tax under section 6621, the Internal Revenue Service will use the federal short-term rate based on daily compounding because that rate is most consistent with section 6621 which, pursuant to section 6622, is subject to daily compounding.

The federal short-term rate determined in accordance with section 1274(d) during January 2015 is the rate published in Revenue Ruling 2015–3, 2015–6 IRB 580 to take effect beginning February 1, 2015. The federal short-term rate, rounded to the nearest full percent, based on daily compounding determined during the month of January 2015 is 0 percent. Accordingly, an overpayment rate of 3 percent (2 percent in the case of a corporation) and an underpayment rate of 3 percent are established for the calendar quarter beginning April 1, 2015. The overpayment rate for the portion of a corporate overpayment exceeding $10,000 for the calendar quarter beginning April 1, 2015 is 0.5 percent. The underpayment rate for large corporate underpayments for the calendar quarter beginning April 1, 2015, is 5 percent. These rates apply to amounts bearing interest during that calendar quarter.

The 3 percent rate also applies to estimated tax underpayments for the second calendar quarter in 2015.

Interest factors for daily compound interest for annual rates of 0.5 percent are published in Appendix A of this Revenue Ruling. Interest factors for daily compound interest for annual rates of 2 percent, 3 percent and 5 percent are published in Tables 9, 11, and 15 of Rev. Proc. 95–17, 1995–1 C.B. 563, 565, and 569.

Annual interest rates to be compounded daily pursuant to section 6622 that apply for prior periods are set forth in the tables accompanying this revenue ruling.

DRAFTING INFORMATION

The principal author of this revenue ruling is Deborah Colbert-James of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this revenue ruling, contact Ms. Colbert-James at (202) 317-3400 (not a toll-free number).

APPENDIX A

365 Day Year

0.5% Compound Rate 184 Days

Days	Factor	Days	Factor	Days	Factor
1	0.000013699	63	0.000863380	125	0.001713784
2	0.000027397	64	0.000877091	126	0.001727506
3	0.000041096	65	0.000890801	127	0.001741228
4	0.000054796	66	0.000904512	128	0.001754951

365 Day Year

0.5% Compound Rate 184 Days

Days	Factor	Days	Factor	Days	Factor
5	0.000068495	67	0.000918223	129	0.001768673
6	0.000082195	68	0.000931934	130	0.001782396
7	0.000095894	69	0.000945646	131	0.001796119
8	0.000109594	70	0.000959357	132	0.001809843
9	0.000123294	71	0.000973069	133	0.001823566
10	0.000136995	72	0.000986781	134	0.001837290
11	0.000150695	73	0.001000493	135	0.001851013
12	0.000164396	74	0.001014206	136	0.001864737
13	0.000178097	75	0.001027918	137	0.001878462
14	0.000191798	76	0.001041631	138	0.001892186
15	0.000205499	77	0.001055344	139	0.001905910
16	0.000219201	78	0.001069057	140	0.001919635
17	0.000232902	79	0.001082770	141	0.001933360
18	0.000246604	80	0.001096484	142	0.001947085
19	0.000260306	81	0.001110197	143	0.001960811
20	0.000274008	82	0.001123911	144	0.001974536
21	0.000287711	83	0.001137625	145	0.001988262
22	0.000301413	84	0.001151339	146	0.002001988
23	0.000315116	85	0.001165054	147	0.002015714
24	0.000328819	86	0.001178768	148	0.002029440
25	0.000342522	87	0.001192483	149	0.002043166
26	0.000356225	88	0.001206198	150	0.002056893
27	0.000369929	89	0.001219913	151	0.002070620
28	0.000383633	90	0.001233629	152	0.002084347
29	0.000397336	91	0.001247344	153	0.002098074
30	0.000411041	92	0.001261060	154	0.002111801
31	0.000424745	93	0.001274776	155	0.002125529
32	0.000438449	94	0.001288492	156	0.002139257
33	0.000452154	95	0.001302208	157	0.002152985
34	0.000465859	96	0.001315925	158	0.002166713
35	0.000479564	97	0.001329641	159	0.002180441
36	0.000493269	98	0.001343358	160	0.002194169
37	0.000506974	99	0.001357075	161	0.002207898
38	0.000520680	100	0.001370792	162	0.002221627
39	0.000534386	101	0.001384510	163	0.002235356
40	0.000548092	102	0.001398227	164	0.002249085
41	0.000561798	103	0.001411945	165	0.002262815
42	0.000575504	104	0.001425663	166	0.002276544
43	0.000589211	105	0.001439381	167	0.002290274
44	0.000602917	106	0.001453100	168	0.002304004
45	0.000616624	107	0.001466818	169	0.002317734
46	0.000630331	108	0.001480537	170	0.002331465
47	0.000644039	109	0.001494256	171	0.002345195
48	0.000657746	110	0.001507975	172	0.002358926

365 Day Year

0.5% Compound Rate 184 Days

Days	Factor	Days	Factor	Days	Factor
49	0.000671454	111	0.001521694	173	0.002372657
50	0.000685161	112	0.001535414	174	0.002386388
51	0.000698869	113	0.001549133	175	0.002400120
52	0.000712578	114	0.001562853	176	0.002413851
53	0.000726286	115	0.001576573	177	0.002427583
54	0.000739995	116	0.001590293	178	0.002441315
55	0.000753703	117	0.001604014	179	0.002455047
56	0.000767412	118	0.001617734	180	0.002468779
57	0.000781121	119	0.001631455	181	0.002482511
58	0.000794831	120	0.001645176	182	0.002496244
59	0.000808540	121	0.001658897	183	0.002509977
60	0.000822250	122	0.001672619	184	0.002523710
61	0.000835960	123	0.001686340		
62	0.000849670	124	0.001700062		

366 Day Year

0.5% Compound Rate 184 Days

Days	Factor	Days	Factor	Days	Factor
1	0.000013661	63	0.000861020	125	0.001709097
2	0.000027323	64	0.000874693	126	0.001722782
3	0.000040984	65	0.000888366	127	0.001736467
4	0.000054646	66	0.000902040	128	0.001750152
5	0.000068308	67	0.000915713	129	0.001763837
6	0.000081970	68	0.000929387	130	0.001777522
7	0.000095632	69	0.000943061	131	0.001791208
8	0.000109295	70	0.000956735	132	0.001804893
9	0.000122958	71	0.000970409	133	0.001818579
10	0.000136620	72	0.000984084	134	0.001832265
11	0.000150283	73	0.000997758	135	0.001845951
12	0.000163947	74	0.001011433	136	0.001859638
13	0.000177610	75	0.001025108	137	0.001873324
14	0.000191274	76	0.001038783	138	0.001887011
15	0.000204938	77	0.001052459	139	0.001900698
16	0.000218602	78	0.001066134	140	0.001914385
17	0.000232266	79	0.001079810	141	0.001928073
18	0.000245930	80	0.001093486	142	0.001941760
19	0.000259595	81	0.001107162	143	0.001955448
20	0.000273260	82	0.001120839	144	0.001969136
21	0.000286924	83	0.001134515	145	0.001982824
22	0.000300590	84	0.001148192	146	0.001996512
23	0.000314255	85	0.001161869	147	0.002010201
24	0.000327920	86	0.001175546	148	0.002023889
25	0.000341586	87	0.001189223	149	0.002037578

366 Day Year

0.5% Compound Rate 184 Days

Days	Factor	Days	Factor	Days	Factor
26	0.000355252	88	0.001202900	150	0.002051267
27	0.000368918	89	0.001216578	151	0.002064957
28	0.000382584	90	0.001230256	152	0.002078646
29	0.000396251	91	0.001243934	153	0.002092336
30	0.000409917	92	0.001257612	154	0.002106025
31	0.000423584	93	0.001271291	155	0.002119715
32	0.000437251	94	0.001284969	156	0.002133405
33	0.000450918	95	0.001298648	157	0.002147096
34	0.000464586	96	0.001312327	158	0.002160786
35	0.000478253	97	0.001326006	159	0.002174477
36	0.000491921	98	0.001339685	160	0.002188168
37	0.000505589	99	0.001353365	161	0.002201859
38	0.000519257	100	0.001367044	162	0.002215550
39	0.000532925	101	0.001380724	163	0.002229242
40	0.000546594	102	0.001394404	164	0.002242933
41	0.000560262	103	0.001408085	165	0.002256625
42	0.000573931	104	0.001421765	166	0.002270317
43	0.000587600	105	0.001435446	167	0.002284010
44	0.000601269	106	0.001449127	168	0.002297702
45	0.000614939	107	0.001462808	169	0.002311395
46	0.000628608	108	0.001476489	170	0.002325087
47	0.000642278	109	0.001490170	171	0.002338780
48	0.000655948	110	0.001503852	172	0.002352473
49	0.000669618	111	0.001517533	173	0.002366167
50	0.000683289	112	0.001531215	174	0.002379860
51	0.000696959	113	0.001544897	175	0.002393554
52	0.000710630	114	0.001558580	176	0.002407248
53	0.000724301	115	0.001572262	177	0.002420942
54	0.000737972	116	0.001585945	178	0.002434636
55	0.000751643	117	0.001599628	179	0.002448331
56	0.000765315	118	0.001613311	180	0.002462025
57	0.000778986	119	0.001626994	181	0.002475720
58	0.000792658	120	0.001640678	182	0.002489415
59	0.000806330	121	0.001654361	183	0.002503110
60	0.000820003	122	0.001668045	184	0.002516806
61	0.000833675	123	0.001681729		
62	0.000847348	124	0.001695413		

TABLE OF INTEREST RATES

PERIODS BEFORE JUL. 1, 1975 — PERIODS ENDING DEC. 31, 1986

OVERPAYMENTS AND UNDERPAYMENTS

PERIOD	RATE	In 1995–1 C.B. DAILY RATE TABLE
Before Jul. 1, 1975	6%	Table 2, pg. 557
Jul. 1, 1975—Jan. 31, 1976	9%	Table 4, pg. 559
Feb. 1, 1976—Jan. 31, 1978	7%	Table 3, pg. 558
Feb. 1, 1978—Jan. 31, 1980	6%	Table 2, pg. 557
Feb. 1, 1980—Jan. 31, 1982	12%	Table 5, pg. 560
Feb. 1, 1982—Dec. 31, 1982	20%	Table 6, pg. 560
Jan. 1, 1983—Jun. 30, 1983	16%	Table 37, pg. 591
Jul. 1, 1983—Dec. 31, 1983	11%	Table 27, pg. 581
Jan. 1, 1984—Jun. 30, 1984	11%	Table 75, pg. 629
Jul. 1, 1984—Dec. 31, 1984	11%	Table 75, pg. 629
Jan. 1, 1985—Jun. 30, 1985	13%	Table 31, pg. 585
Jul. 1, 1985—Dec. 31, 1985	11%	Table 27, pg. 581
Jan. 1, 1986—Jun. 30, 1986	10%	Table 25, pg. 579
Jul. 1, 1986—Dec. 31, 1986	9%	Table 23, pg. 577

TABLE OF INTEREST RATES

FROM JAN. 1, 1987 — DEC. 31, 1998

	OVERPAYMENTS			UNDERPAYMENTS		
	RATE	1995–1 C.B. TABLE	PG	RATE	1995–1 C.B. TABLE	PG
Jan. 1, 1987—Mar. 31, 1987	8%	21	575	9%	23	577
Apr. 1, 1987—Jun. 30, 1987	8%	21	575	9%	23	577
Jul. 1, 1987—Sep. 30, 1987	8%	21	575	9%	23	577
Oct. 1, 1987—Dec. 31, 1987	9%	23	577	10%	25	579
Jan. 1, 1988—Mar. 31, 1988	10%	73	627	11%	75	629
Apr. 1, 1988—Jun. 30, 1988	9%	71	625	10%	73	627
Jul. 1, 1988—Sep. 30, 1988	9%	71	625	10%	73	627
Oct. 1, 1988—Dec. 31, 1988	10%	73	627	11%	75	629
Jan. 1, 1989—Mar. 31, 1989	10%	25	579	11%	27	581
Apr. 1, 1989—Jun. 30, 1989	11%	27	581	12%	29	583
Jul. 1, 1989—Sep. 30, 1989	11%	27	581	12%	29	583
Oct. 1, 1989—Dec. 31, 1989	10%	25	579	11%	27	581
Jan. 1, 1990—Mar. 31, 1990	10%	25	579	11%	27	581
Apr. 1, 1990—Jun. 30, 1990	10%	25	579	11%	27	581
Jul. 1, 1990—Sep. 30, 1990	10%	25	579	11%	27	581
Oct. 1, 1990—Dec. 31, 1990	10%	25	579	11%	27	581
Jan. 1, 1991—Mar. 31, 1991	10%	25	579	11%	27	581
Apr. 1, 1991—Jun. 30, 1991	9%	23	577	10%	25	579
Jul. 1, 1991—Sep. 30, 1991	9%	23	577	10%	25	579
Oct. 1, 1991—Dec. 31, 1991	9%	23	577	10%	25	579
Jan. 1, 1992—Mar. 31, 1992	8%	69	623	9%	71	625

TABLE OF INTEREST RATES

FROM JAN. 1, 1987 — DEC. 31, 1998

	OVERPAYMENTS			UNDERPAYMENTS		
	RATE	1995–1 C.B. TABLE	PG	RATE	1995–1 C.B. TABLE	PG
Apr. 1, 1992—Jun. 30, 1992	7%	67	621	8%	69	623
Jul. 1, 1992—Sep. 30, 1992	7%	67	621	8%	69	623
Oct. 1, 1992—Dec. 31, 1992	6%	65	619	7%	67	621
Jan. 1, 1993—Mar. 31, 1993	6%	17	571	7%	19	573
Apr. 1, 1993—Jun. 30, 1993	6%	17	571	7%	19	573
Jul. 1, 1993—Sep. 30, 1993	6%	17	571	7%	19	573
Oct. 1, 1993—Dec. 31, 1993	6%	17	571	7%	19	573
Jan. 1, 1994—Mar. 31, 1994	6%	17	571	7%	19	573
Apr. 1, 1994—Jun. 30, 1994	6%	17	571	7%	19	573
Jul. 1, 1994—Sep. 30, 1994	7%	19	573	8%	21	575
Oct. 1, 1994—Dec. 31, 1994	8%	21	575	9%	23	577
Jan. 1, 1995—Mar. 31, 1995	8%	21	575	9%	23	577
Apr. 1, 1995—Jun. 30, 1995	9%	23	577	10%	25	579
Jul. 1, 1995—Sep. 30, 1995	8%	21	575	9%	23	577
Oct. 1, 1995—Dec. 31, 1995	8%	21	575	9%	23	577
Jan. 1, 1996—Mar. 31, 1996	8%	69	623	9%	71	625
Apr. 1, 1996—Jun. 30, 1996	7%	67	621	8%	69	623
Jul. 1, 1996—Sep. 30, 1996	8%	69	623	9%	71	625
Oct. 1, 1996—Dec. 31, 1996	8%	69	623	9%	71	625
Jan. 1, 1997—Mar. 31, 1997	8%	21	575	9%	23	577
Apr. 1, 1997—Jun. 30, 1997	8%	21	575	9%	23	577
Jul. 1, 1997—Sep. 30, 1997	8%	21	575	9%	23	577
Oct. 1, 1997—Dec. 31, 1997	8%	21	575	9%	23	577
Jan. 1, 1998—Mar. 31, 1998	8%	21	575	9%	23	577
Apr. 1, 1998—Jun. 30, 1998	7%	19	573	8%	21	575
Jul. 1, 1998—Sep. 30, 1998	7%	19	573	8%	21	575
Oct. 1, 1998—Dec. 31, 1998	7%	19	573	8%	21	575

TABLE OF INTEREST RATES

FROM JANUARY 1, 1999 — PRESENT

NONCORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	RATE	1995–1 C.B. TABLE	PAGE
Jan. 1, 1999—Mar. 31, 1999	7%	19	573
Apr. 1, 1999—Jun. 30, 1999	8%	21	575
Jul. 1, 1999—Sep. 30, 1999	8%	21	575
Oct. 1, 1999—Dec. 31, 1999	8%	21	575
Jan. 1, 2000—Mar. 31, 2000	8%	69	623
Apr. 1, 2000—Jun. 30, 2000	9%	71	625
Jul. 1, 2000—Sep. 30, 2000	9%	71	625
Oct. 1, 2000—Dec. 31, 2000	9%	71	625

TABLE OF INTEREST RATES

FROM JANUARY 1, 1999 — PRESENT

NONCORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	RATE	1995–1 C.B. TABLE	PAGE
Jan. 1, 2001—Mar. 31, 2001	9%	23	577
Apr. 1, 2001—Jun. 30, 2001	8%	21	575
Jul. 1, 2001—Sep. 30, 2001	7%	19	573
Oct. 1, 2001—Dec. 31, 2001	7%	19	573
Jan. 1, 2002—Mar. 31, 2002	6%	17	571
Apr. 1, 2002—Jun. 30, 2002	6%	17	571
Jul. 1, 2002—Sep. 30, 2002	6%	17	571
Oct. 1, 2002—Dec. 31, 2002	6%	17	571
Jan. 1, 2003—Mar. 31, 2003	5%	15	569
Apr. 1, 2003—Jun. 30, 2003	5%	15	569
Jul. 1, 2003—Sep. 30, 2003	5%	15	569
Oct. 1, 2003—Dec. 31, 2003	4%	13	567
Jan. 1, 2004—Mar. 31, 2004	4%	61	615
Apr. 1, 2004—Jun. 30, 2004	5%	63	617
Jul. 1, 2004—Sep. 30, 2004	4%	61	615
Oct. 1, 2004—Dec. 31, 2004	5%	63	617
Jan. 1, 2005—Mar. 31, 2005	5%	15	569
Apr. 1, 2005—Jun. 30, 2005	6%	17	571
Jul. 1, 2005—Sep. 30, 2005	6%	17	571
Oct. 1, 2005—Dec. 31, 2005	7%	19	573
Jan. 1, 2006—Mar. 31, 2006	7%	19	573
Apr. 1, 2006—Jun. 30, 2006	7%	19	573
Jul. 1, 2006—Sep. 30, 2006	8%	21	575
Oct. 1, 2006—Dec. 31, 2006	8%	21	575
Jan. 1, 2007—Mar. 31, 2007	8%	21	575
Apr. 1, 2007—Jun. 30, 2007	8%	21	575
Jul. 1, 2007—Sep. 30, 2007	8%	21	575
Oct. 1, 2007—Dec. 31, 2007	8%	21	575
Jan. 1, 2008—Mar. 31, 2008	7%	67	621
Apr. 1, 2008—Jun. 30, 2008	6%	65	619
Jul. 1, 2008—Sep. 30, 2008	5%	63	617
Oct. 1, 2008—Dec. 31, 2008	6%	65	619
Jan. 1, 2009—Mar. 31, 2009	5%	15	569
Apr. 1, 2009—Jun. 30, 2009	4%	13	567
Jul. 1, 2009—Sep. 30, 2009	4%	13	567
Oct. 1, 2009—Dec. 31, 2009	4%	13	567
Jan. 1, 2010—Mar. 31, 2010	4%	13	567
Apr. 1, 2010—Jun. 30, 2010	4%	13	567
Jul. 1, 2010—Sep. 30, 2010	4%	13	567
Oct. 1, 2010—Dec. 31, 2010	4%	13	567
Jan. 1, 2011—Mar. 31, 2011	3%	11	565
Apr. 1, 2011—Jun. 30, 2011	4%	13	567

TABLE OF INTEREST RATES

FROM JANUARY 1, 1999 — PRESENT

NONCORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	RATE	1995–1 C.B. TABLE	PAGE
Jul. 1, 2011—Sep. 30, 2011	4%	13	567
Oct. 1, 2011—Dec. 31, 2011	3%	11	565
Jan. 1, 2012—Mar. 31, 2012	3%	59	613
Apr. 1, 2012—Jun. 30, 2012	3%	59	613
Jul. 1, 2012—Sep. 30, 2012	3%	59	613
Oct. 1, 2012—Dec. 31, 2012	3%	59	613
Jan. 1, 2013—Mar. 31, 2013	3%	11	565
Apr. 1, 2013—Jun. 30, 2013	3%	11	565
Jul. 1, 2013—Sep. 30, 2013	3%	11	565
Oct. 1, 2013—Dec. 31, 2013	3%	11	565
Jan. 1, 2014—Mar. 31, 2014	3%	11	565
Apr. 1, 2014—Jun. 30, 2014	3%	11	565
Jul. 1, 2014—Sep. 30, 2014	3%	11	565
Oct. 1, 2014—Dec. 31, 2014	3%	11	565
Jan. 1, 2015—Mar. 31, 2015	3%	11	565
Apr. 1, 2015—Jun. 30, 2015	3%	11	565

TABLE OF INTEREST RATES

FROM JANUARY 1, 1999 — PRESENT

CORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	OVERPAYMENTS			UNDERPAYMENTS		
	RATE	1995–1 C.B. TABLE	PG	RATE	1995–1 C.B. TABLE	PG
Jan. 1, 1999—Mar. 31, 1999	6%	17	571	7%	19	573
Apr. 1, 1999—Jun. 30, 1999	7%	19	573	8%	21	575
Jul. 1, 1999—Sep. 30, 1999	7%	19	573	8%	21	575
Oct. 1, 1999—Dec. 31, 1999	7%	19	573	8%	21	575
Jan. 1, 2000—Mar. 31, 2000	7%	67	621	8%	69	623
Apr. 1, 2000—Jun. 30, 2000	8%	69	623	9%	71	625
Jul. 1, 2000—Sep. 30, 2000	8%	69	623	9%	71	625
Oct. 1, 2000—Dec. 31, 2000	8%	69	623	9%	71	625
Jan. 1, 2001—Mar. 31, 2001	8%	21	575	9%	23	577
Apr. 1, 2001—Jun. 30, 2001	7%	19	573	8%	21	575
Jul. 1, 2001—Sep. 30, 2001	6%	17	571	7%	19	573
Oct. 1, 2001—Dec. 31, 2001	6%	17	571	7%	19	573
Jan. 1, 2002—Mar. 31, 2002	5%	15	569	6%	17	571
Apr. 1, 2002—Jun. 30, 2002	5%	15	569	6%	17	571
Jul. 1, 2002—Sep. 30, 2002	5%	15	569	6%	17	571
Oct. 1, 2002—Dec. 31, 2002	5%	15	569	6%	17	571
Jan. 1, 2003—Mar. 31, 2003	4%	13	567	5%	15	569
Apr. 1, 2003—Jun. 30, 2003	4%	13	567	5%	15	569

TABLE OF INTEREST RATES

FROM JANUARY 1, 1999 — PRESENT

CORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	OVERPAYMENTS			UNDERPAYMENTS		
	RATE	1995–1 C.B. TABLE	PG	RATE	1995–1 C.B. TABLE	PG
Jul. 1, 2003—Sep. 30, 2003	4%	13	567	5%	15	569
Oct. 1, 2003—Dec. 31, 2003	3%	11	565	4%	13	567
Jan. 1, 2004—Mar. 31, 2004	3%	59	613	4%	61	615
Apr. 1, 2004—Jun. 30, 2004	4%	61	615	5%	63	617
Jul. 1, 2004—Sep. 30, 2004	3%	59	613	4%	61	615
Oct. 1, 2004—Dec. 31, 2004	4%	61	615	5%	63	617
Jan. 1, 2005—Mar. 31, 2005	4%	13	567	5%	15	569
Apr. 1, 2005—Jun. 30, 2005	5%	15	569	6%	17	571
Jul. 1, 2005—Sep. 30, 2005	5%	15	569	6%	17	571
Oct. 1, 2005—Dec. 31, 2005	6%	17	571	7%	19	573
Jan. 1, 2006—Mar. 31, 2006	6%	17	571	7%	19	573
Apr. 1, 2006—Jun. 30, 2006	6%	17	571	7%	19	573
Jul. 1, 2006—Sep. 30, 2006	7%	19	573	8%	21	575
Oct. 1, 2006—Dec. 31, 2006	7%	19	573	8%	21	575
Jan. 1, 2007—Mar. 31, 2007	7%	19	573	8%	21	575
Apr. 1, 2007—Jun. 30, 2007	7%	19	573	8%	21	575
Jul. 1, 2007—Sep. 30, 2007	7%	19	573	8%	21	575
Oct. 1, 2007—Dec. 31, 2007	7%	19	573	8%	21	575
Jan. 1, 2008—Mar. 31, 2008	6%	65	619	7%	67	621
Apr. 1, 2008—Jun. 30, 2008	5%	63	617	6%	65	619
Jul. 1, 2008—Sep. 30, 2008	4%	61	615	5%	63	617
Oct. 1, 2008—Dec. 31, 2008	5%	63	617	6%	65	619
Jan. 1, 2009—Mar. 31, 2009	4%	13	567	5%	15	569
Apr. 1, 2009—Jun. 30, 2009	3%	11	565	4%	13	567
Jul. 1, 2009—Sep. 30, 2009	3%	11	565	4%	13	567
Oct. 1, 2009—Dec. 31, 2009	3%	11	565	4%	13	567
Jan. 1, 2010—Mar. 31, 2010	3%	11	565	4%	13	567
Apr. 1, 2010—Jun. 30, 2010	3%	11	565	4%	13	567
Jul. 1, 2010—Sep. 30, 2010	3%	11	565	4%	13	567
Oct. 1, 2010—Dec. 31, 2010	3%	11	565	4%	13	567
Jan. 1, 2011—Mar. 31, 2011	2%	9	563	3%	11	565
Apr. 1, 2011—Jun. 30, 2011	3%	11	565	4%	13	567
Jul. 1, 2011—Sep. 30, 2011	3%	11	565	4%	13	567
Oct. 1, 2011—Dec. 31, 2011	2%	9	563	3%	11	565
Jan. 1, 2012—Mar. 31, 2012	2%	57	611	3%	59	613
Apr. 1, 2012—Jun. 30, 2012	2%	57	611	3%	59	613
Jul. 1, 2012—Sep. 30, 2012	2%	57	611	3%	59	613
Oct. 1, 2012—Dec. 31, 2012	2%	57	611	3%	59	613
Jan. 1, 2013—Mar. 31, 2013	2%	9	563	3%	11	565
Apr. 1, 2013—Jun. 30, 2013	2%	9	563	3%	11	565
Jul. 1, 2013—Sep. 30, 2013	2%	9	563	3%	11	565

TABLE OF INTEREST RATES

FROM JANUARY 1, 1999 — PRESENT

CORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	OVERPAYMENTS			UNDERPAYMENTS		
	RATE	1995–1 C.B. TABLE	PG	RATE	1995–1 C.B. TABLE	PG
Oct. 1, 2013—Dec. 31, 2013	2%	9	563	3%	11	565
Jan. 1, 2014—Mar. 31, 2014	2%	9	563	3%	11	565
Apr. 1, 2014—Jun. 30, 2014	2%	9	563	3%	11	565
Jul. 1, 2014—Sep. 30, 2014	2%	9	563	3%	11	565
Oct. 1, 2014—Dec. 31, 2014	2%	9	563	3%	11	565
Jan. 1, 2015—Mar. 31, 2015	2%	9	563	3%	11	565
Apr. 1, 2015—Jun. 30, 2015	2%	9	563	3%	11	565

TABLE OF INTEREST RATES FOR
LARGE CORPORATE UNDERPAYMENTS

FROM JANUARY 1, 1991 — PRESENT

	RATE	1995–1 C.B. TABLE	PG
Jan. 1, 1991—Mar. 31, 1991	13%	31	585
Apr. 1, 1991—Jun. 30, 1991	12%	29	583
Jul. 1, 1991—Sep. 30, 1991	12%	29	583
Oct. 1, 1991—Dec. 31, 1991	12%	29	583
Jan. 1, 1992—Mar. 31, 1992	11%	75	629
Apr. 1, 1992—Jun. 30, 1992	10%	73	627
Jul. 1, 1992—Sep. 30, 1992	10%	73	627
Oct. 1, 1992—Dec. 31, 1992	9%	71	625
Jan. 1, 1993—Mar. 31, 1993	9%	23	577
Apr. 1, 1993—Jun. 30, 1993	9%	23	577
Jul. 1, 1993—Sep. 30, 1993	9%	23	577
Oct. 1, 1993—Dec. 31, 1993	9%	23	577
Jan. 1, 1994—Mar. 31, 1994	9%	23	577
Apr. 1, 1994—Jun. 30, 1994	9%	23	577
Jul. 1, 1994—Sep. 30, 1994	10%	25	579
Oct. 1, 1994—Dec. 31, 1994	11%	27	581
Jan. 1, 1995—Mar. 31, 1995	11%	27	581
Apr. 1, 1995—Jun. 30, 1995	12%	29	583
Jul. 1, 1995—Sep. 30, 1995	11%	27	581
Oct. 1, 1995—Dec. 31, 1995	11%	27	581
Jan. 1, 1996—Mar. 31, 1996	11%	75	629
Apr. 1, 1996—Jun. 30, 1996	10%	73	627
Jul. 1, 1996—Sep. 30, 1996	11%	75	629
Oct. 1, 1996—Dec. 31, 1996	11%	75	629
Jan. 1, 1997—Mar. 31, 1997	11%	27	581
Apr. 1, 1997—Jun. 30, 1997	11%	27	581
Jul. 1, 1997—Sep. 30, 1997	11%	27	581

TABLE OF INTEREST RATES FOR
LARGE CORPORATE UNDERPAYMENTS

FROM JANUARY 1, 1991 — PRESENT

	RATE	1995–1 C.B. TABLE	PG
Oct. 1, 1997—Dec. 31, 1997	11%	27	581
Jan. 1, 1998—Mar. 31, 1998	11%	27	581
Apr. 1, 1998—Jun. 30, 1998	10%	25	579
Jul. 1, 1998—Sep. 30, 1998	10%	25	579
Oct. 1, 1998—Dec. 31, 1998	10%	25	579
Jan. 1, 1999—Mar. 31, 1999	9%	23	577
Apr. 1, 1999—Jun. 30, 1999	10%	25	579
Jul. 1, 1999—Sep. 30, 1999	10%	25	579
Oct. 1, 1999—Dec. 31, 1999	10%	25	579
Jan. 1, 2000—Mar. 31, 2000	10%	73	627
Apr. 1, 2000—Jun. 30, 2000	11%	75	629
Jul. 1, 2000—Sep. 30, 2000	11%	75	629
Oct. 1, 2000—Dec. 31, 2000	11%	75	629
Jan. 1, 2001—Mar. 31, 2001	11%	27	581
Apr. 1, 2001—Jun. 30, 2001	10%	25	579
Jul. 1, 2001—Sep. 30, 2001	9%	23	577
Oct. 1, 2001—Dec. 31, 2001	9%	23	577
Jan. 1, 2002—Mar. 31, 2002	8%	21	575
Apr. 1, 2002—Jun. 30, 2002	8%	21	575
Jul. 1, 2002—Sep. 30, 2002	8%	21	575
Oct. 1, 2002—Dec. 31, 2002	8%	21	575
Jan. 1, 2003—Mar. 31, 2003	7%	19	573
Apr. 1, 2003—Jun. 30, 2003	7%	19	573
Jul. 1, 2003—Sep. 30, 2003	7%	19	573
Oct. 1, 2003—Dec. 31, 2003	6%	17	571
Jan. 1, 2004—Mar. 31, 2004	6%	65	619
Apr. 1, 2004—Jun. 30, 2004	7%	67	621
Jul. 1, 2004—Sep. 30, 2004	6%	65	619
Oct. 1, 2004—Dec. 31, 2004	7%	67	621
Jan. 1, 2005—Mar. 31, 2005	7%	19	573
Apr. 1, 2005—Jun. 30, 2005	8%	21	575
Jul. 1, 2005—Sep. 30, 2005	8%	21	575
Oct. 1, 2005—Dec. 31, 2005	9%	23	577
Jan. 1, 2006—Mar. 31, 2006	9%	23	577
Apr. 1, 2006—Jun. 30, 2006	9%	23	577
Jul. 1, 2006—Sep. 30, 2006	10%	25	579
Oct. 1, 2006—Dec. 31, 2006	10%	25	579
Jan. 1, 2007—Mar. 31, 2007	10%	25	579
Apr. 1, 2007—Jun. 30, 2007	10%	25	579
Jul. 1, 2007—Sep. 30, 2007	10%	25	579
Oct. 1, 2007—Dec. 31, 2007	10%	25	579
Jan. 1, 2008—Mar. 31, 2008	9%	71	625
Apr. 1, 2008—Jun. 30, 2008	8%	69	623

TABLE OF INTEREST RATES FOR
LARGE CORPORATE UNDERPAYMENTS

FROM JANUARY 1, 1991 — PRESENT

	RATE	1995–1 C.B. TABLE	PG
Jul. 1, 2008—Sep. 30, 2008	7%	67	621
Oct. 1, 2008—Dec. 31, 2008	8%	69	623
Jan. 1, 2009—Mar. 31, 2009	7%	19	573
Apr. 1, 2009—Jun. 30, 2009	6%	17	571
Jul. 1, 2009—Sep. 30, 2009	6%	17	571
Oct. 1, 2009—Dec. 31, 2009	6%	17	571
Jan. 1, 2010—Mar. 31, 2010	6%	17	571
Apr. 1, 2010—Jun. 30, 2010	6%	17	571
Jul. 1, 2010—Sep. 30, 2010	6%	17	571
Oct. 1, 2010—Dec. 31, 2010	6%	17	571
Jan. 1, 2011—Mar. 31, 2011	5%	15	569
Apr. 1, 2011—Jun. 30, 2011	6%	17	571
Jul. 1, 2011—Sep. 30, 2011	6%	17	571
Oct. 1, 2011—Dec. 31, 2011	5%	15	569
Jan. 1, 2012—Mar. 31, 2012	5%	63	617
Apr. 1, 2012—Jun. 30, 2012	5%	63	617
Jul. 1, 2012—Sep. 30, 2012	5%	63	617
Oct. 1, 2012—Dec. 31, 2012	5%	63	617
Jan. 1, 2013—Mar. 31, 2013	5%	15	569
Apr. 1, 2013—Jun. 30, 2013	5%	15	569
Jul. 1, 2013—Sep. 30, 2013	5%	15	569
Oct. 1, 2013—Dec. 31, 2013	5%	15	569
Jan. 1, 2014—Mar. 31, 2014	5%	15	569
Apr. 1, 2014—Jun. 30, 2014	5%	15	569
Jul. 1, 2014—Sep. 30, 2014	5%	15	569
Oct. 1, 2014—Dec. 31, 2014	5%	15	569
Jan. 1, 2015—Mar. 31, 2015	5%	15	569
Apr. 1, 2015—Jun. 30, 2015	5%	15	569

TABLE OF INTEREST RATES FOR CORPORATE
OVERPAYMENTS EXCEEDING $10,000

FROM JANUARY 1, 1995 — PRESENT

	RATE	1995–1 C.B. TABLE	PG
Jan. 1, 1995—Mar. 31, 1995	6.5%	18	572
Apr. 1, 1995—Jun. 30, 1995	7.5%	20	574
Jul. 1, 1995—Sep. 30, 1995	6.5%	18	572
Oct. 1, 1995—Dec. 31, 1995	6.5%	18	572
Jan. 1, 1996—Mar. 31, 1996	6.5%	66	620
Apr. 1, 1996—Jun. 30, 1996	5.5%	64	618
Jul. 1, 1996—Sep. 30, 1996	6.5%	66	620
Oct. 1, 1996—Dec. 31, 1996	6.5%	66	620

TABLE OF INTEREST RATES FOR CORPORATE
OVERPAYMENTS EXCEEDING $10,000

FROM JANUARY 1, 1995 — PRESENT

	RATE	1995–1 C.B. TABLE	PG
Jan. 1, 1997—Mar. 31, 1997	6.5%	18	572
Apr. 1, 1997—Jun. 30, 1997	6.5%	18	572
Jul. 1, 1997—Sep. 30, 1997	6.5%	18	572
Oct. 1, 1997—Dec. 31, 1997	6.5%	18	572
Jan. 1, 1998—Mar. 31, 1998	6.5%	18	572
Apr. 1, 1998—Jun. 30, 1998	5.5%	16	570
Jul. 1. 1998—Sep. 30, 1998	5.5%	16	570
Oct. 1, 1998—Dec. 31, 1998	5.5%	16	570
Jan. 1, 1999—Mar. 31, 1999	4.5%	14	568
Apr. 1, 1999—Jun. 30, 1999	5.5%	16	570
Jul. 1, 1999—Sep. 30, 1999	5.5%	16	570
Oct. 1, 1999—Dec. 31, 1999	5.5%	16	570
Jan. 1, 2000—Mar. 31, 2000	5.5%	64	618
Apr. 1, 2000—Jun. 30, 2000	6.5%	66	620
Jul. 1, 2000—Sep. 30, 2000	6.5%	66	620
Oct. 1, 2000—Dec. 31, 2000	6.5%	66	620
Jan. 1, 2001—Mar. 31, 2001	6.5%	18	572
Apr. 1, 2001—Jun. 30, 2001	5.5%	16	570
Jul. 1, 2001—Sep. 30, 2001	4.5%	14	568
Oct. 1, 2001—Dec. 31, 2001	4.5%	14	568
Jan. 1, 2002—Mar. 31, 2002	3.5%	12	566
Apr. 1, 2002—Jun. 30, 2002	3.5%	12	566
Jul. 1, 2002—Sep. 30, 2002	3.5%	12	566
Oct. 1, 2002—Dec. 31, 2002	3.5%	12	566
Jan. 1, 2003—Mar. 31, 2003	2.5%	10	564
Apr. 1, 2003—Jun. 30, 2003	2.5%	10	564
Jul. 1, 2003—Sep. 30, 2003	2.5%	10	564
Oct. 1, 2003—Dec. 31, 2003	1.5%	8	562
Jan. 1, 2004—Mar. 31, 2004	1.5%	56	610
Apr. 1, 2004—Jun. 30, 2004	2.5%	58	612
Jul. 1, 2004—Sep. 30, 2004	1.5%	56	610
Oct. 1, 2004—Dec. 31, 2004	2.5%	58	612
Jan. 1, 2005—Mar. 31, 2005	2.5%	10	564
Apr. 1, 2005—Jun. 30, 2005	3.5%	12	566
Jul. 1, 2005—Sep. 30, 2005	3.5%	12	566
Oct. 1, 2005—Dec. 31, 2005	4.5%	14	568
Jan. 1, 2006—Mar. 31, 2006	4.5%	14	568
Apr. 1, 2006—Jun. 30, 2006	4.5%	14	568
Jul. 1, 2006—Sep. 30, 2006	5.5%	16	570
Oct. 1, 2006—Dec. 31, 2006	5.5%	16	570
Jan. 1, 2007—Mar. 31, 2007	5.5%	16	570
Apr. 1, 2007—Jun. 30, 2007	5.5%	16	570
Jul. 1, 2007—Sep. 30, 2007	5.5%	16	570

TABLE OF INTEREST RATES FOR CORPORATE OVERPAYMENTS EXCEEDING $10,000

FROM JANUARY 1, 1995 — PRESENT

	RATE	1995–1 C.B. TABLE	PG
Oct. 1, 2007—Dec. 31, 2007	5.5%	16	570
Jan. 1, 2008—Mar. 31, 2008	4.5%	62	616
Apr. 1, 2008—Jun. 30, 2008	3.5%	60	614
Jul. 1, 2008—Sep. 30, 2008	2.5%	58	612
Oct. 1, 2008—Dec. 31, 2008	3.5%	60	614
Jan. 1, 2009—Mar. 31, 2009	2.5%	10	564
Apr. 1, 2009—Jun. 30, 2009	1.5%	8	562
Jul. 1, 2009—Sep. 30, 2009	1.5%	8	562
Oct. 1, 2009—Dec. 31, 2009	1.5%	8	562
Jan. 1, 2010—Mar. 31, 2010	1.5%	8	562
Apr. 1, 2010—Jun. 30, 2010	1.5%	8	562
Jul. 1, 2010—Sep. 30, 2010	1.5%	8	562
Oct. 1, 2010—Dec. 31, 2010	1.5%	8	562
Jan. 1, 2011—Mar. 31, 2011	0.5%*		
Apr. 1, 2011—Jun. 30, 2011	1.5%	8	562
Jul. 1, 2011—Sep. 30, 2011	1.5%	8	562
Oct. 1, 2011—Dec. 31, 2011	0.5%*		
Jan. 1, 2012—Mar. 31, 2012	0.5%*		
Apr. 1, 2012—Jun. 30, 2012	0.5%*		
Jul. 1, 2012—Sep. 30, 2012	0.5%*		
Oct. 1, 2012—Dec. 31, 2012	0.5%*		
Jan. 1, 2013—Mar. 31, 2013	0.5%*		
Apr. 1, 2013—Jun. 30, 2013	0.5%*		
Jul. 1, 2013—Sep. 30, 2013	0.5%*		
Oct. 1, 2013—Dec. 31, 2013	0.5%*		
Jan. 1, 2014—Mar. 31, 2014	0.5%*		
Apr. 1, 2014—Jun. 30, 2014	0.5%*		
Jul. 1, 2014—Sep. 30, 2014	0.5%*		
Oct. 1, 2014—Dec. 31, 2014	0.5%*		
Jan. 1, 2015—Mar. 31, 2015	0.5%*		
Apr. 1, 2015—Jun. 30, 2015	0.5%*		

* The asterisk reflects the interest factors for daily compound interest for annual rates of 0.5 percent are published in Appendix A of this Revenue Ruling.

Section 61.Gross Income Defined

26 CFR 1.61–21: Taxation of fringe benefits.

Rev. Rul. 2015–6

For purposes of the taxation of fringe benefits under section 61 of the Internal Revenue Code, section 1.61–21(g) of the Income Tax Regulations provides a rule for valuing noncommercial flights on employer-provided aircraft. Section 1.61–21(g)(5) provides an aircraft valuation formula to determine the value of such flights. The value of a flight is determined under the base aircraft valuation formula (also known as the Standard Industry Fare Level formula or SIFL) by multiplying the SIFL cents-per-mile rates applicable for the period during which the flight was taken by the appropriate aircraft multiple provided in section 1.61–21(g)(7) and then adding the applicable terminal charge. The SIFL cents-per-mile rates in the formula and the terminal charge are calculated

by the Department of Transportation and are reviewed semi-annually.

The following chart sets forth the terminal charge and SIFL mileage rates:

Period During Which the Flight Is Taken	*Terminal Charge*	*SIFL Mileage Rates*
1/1/15–6/30/15	$45.52	Up to 500 miles = $.2490 per mile 501–1500 miles = $.1898 per mile Over 1500 miles = $.1825 per mile

DRAFTING INFORMATION

The principal author of this revenue ruling is Kathleen Edmondson of the Office of Associate Chief Counsel (Tax Exempt/Government Entities). For further information regarding this revenue ruling, contact Ms. Edmondson at (202) 317-6798 (not a toll-free number).

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26 CFR 1.6045–1: Returns of information of brokers and barter exchanges.

26 CFR 1.6045–1T: Returns of information of brokers and barter exchanges (temporary).

26 CFR 1.6045A–1T: Statements of information required in connection with transfers of securities (temporary).

26 CFR 1.6049–9: Premium subject to reporting for a debt instrument acquired on or after January 1, 2014.

26 CFR 1.6049–10T: Reporting of original issue discount on a tax-exempt obligation (temporary).

TD 9713

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 1

Reporting for Premium; Basis Reporting by Securities Brokers and Basis Determination for Debt Instruments and Options

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document contains final regulations relating to information reporting by brokers for bond premium and acquisition premium. This document also contains final and temporary regulations relating to information reporting by brokers for transactions involving debt instruments and options, including the reporting of original issue discount (OID) on tax-exempt obligations, the treatment of certain holder elections for reporting a taxpayer's adjusted basis in a debt instrument, and transfer reporting for section 1256 options and debt instruments. The regulations in this document provide guidance to brokers and payors and to their customers. The text of the temporary regulations in this document also serves as the text of the proposed regulations (REG–143040–14) set forth in the Proposed Rules section in this issue of the **Federal Register.**

DATES: *Effective date*: These regulations are effective on March13, 2015.

Applicability dates: For the dates of applicability, see §§ 1.6045–1(m)(2)(ii)(B), 1.6045–1T(n)(11)(i)(A), 1.6045–1T(n)(11)(i)(B), 1.6045A–1T(e)(1), 1.6045A–1T(f), 1.6049–9(a), and 1.6049–10T(c).

FOR FURTHER INFORMATION CONTACT: Pamela Lew of the Office of the Associate Chief Counsel (Financial Institutions and Products) at (202) 317-7053 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

Section 1.6049–9 of the final regulations in this document requires a payor to report amortizable bond premium on taxable and tax-exempt debt instruments acquired on or after January 1, 2014, and acquisition premium on taxable debt instruments acquired on or after January 1, 2014. This information is required to enable the IRS to verify that a taxpayer is reporting the correct amount of interest (including OID) each year. In addition, because this information is used to report a taxpayer's adjusted basis in a debt instrument under section 6045(g), this information is required to enable the IRS to verify that a taxpayer is reporting the correct amount of gain or loss upon the sale of a debt instrument. The burden for the collection of information contained in § 1.6049–9 will be reflected in the burdens on Form 1099–INT (OMB control number 1545-0112) and Form 1099–OID (OMB control number 1545-0117) when revised to request the additional information in the regulations.

Section 1.6049–10T of the temporary regulations in this document requires a payor to report OID and acquisition premium on tax-exempt obligations acquired on or after January 1, 2017. This information is required to enable the IRS to verify that a taxpayer is reporting the correct amount of tax-exempt interest each year for alternative minimum tax and other purposes. In addition, because this information is used to report a taxpayer's adjusted basis in a debt instrument under section 6045(g), this information is required to enable the IRS to verify that a taxpayer is reporting the correct amount of gain or loss upon the sale of a tax-exempt obligation. The burden for the collection of information contained in § 1.6049–10T will be reflected in the burden on Form 1099–OID (OMB control number 1545-0117) when revised to request the additional information in the regulations.

Upon the transfer of a covered security, section 6045A and § 1.6045A–1 require the transferring broker to provide to the transferee broker a transfer statement containing certain information relating to the security. This transfer statement generally provides the transferee broker the information needed to determine a customer's adjusted basis and whether any gain or loss with respect to the security is long-term, short-term, or ordinary as required by section 6045(g). Prior to the issuance

of § 1.6045A–1T in this document, a broker did not have to provide a transfer statement for a section 1256 option. In addition, a broker did not have to provide the last date on or before the transfer date that the broker made an adjustment for a particular item relating to a debt instrument. Section 1.6045A–1T, however, now requires a broker to transfer this information for a section 1256 option transferred on or after January 1, 2016, and for a debt instrument transferred on or after June 30, 2015.

The collection of information contained in § 1.6045A–1 relating to the furnishing of information in connection with the transfer of securities has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) under control number 1545-2186. The collection of information in § 1.6045A–1T and the cross-reference notice of proposed rulemaking under § 1.6045A–1 is necessary to allow brokers that effect sales of transferred section 1256 options and debt instruments that are covered securities to determine and report the adjusted basis of these securities in compliance with section 6045(g). This collection of information is required to comply with the provisions of section 403 of the Energy Improvement and Extension Act of 2008, Division B of Public Law 110–343 (122 Stat. 3765, 3854 (2008)) (the Act). The collection of information contained in § 1.6045A–1T and the cross-reference notice of proposed rulemaking under § 1.6045A–1 is an increase in the total annual burden under control number 1545-2186. The likely respondents are brokers transferring section 1256 options and debt instruments that are covered securities.

Estimated total annual reporting burden is 3,333 hours.

Estimated average annual burden per respondent is 2 hours.

Estimated average burden per response is 4 minutes.

Estimated number of respondents is 7,500.

Estimated total frequency of responses is 200,000.

The collection of information is required to comply with the provisions of section 403 of the Act.

The holder of a debt instrument is permitted to make a number of elections that affect how basis is computed. To minimize the need for reconciliation between information reported by a broker to both a customer and the IRS and the amounts reported on the customer's tax return, a broker is required to take into account certain specified elections, including the election under § 1.1272–3 to treat all interest as OID and the election under section 1276(b)(2) to accrue market discount on a constant yield method, in reporting information to the customer. A customer, therefore, must provide certain information concerning an election to the broker in a written notification. A written notification includes a writing in electronic format. See § 1.6045–1(n)(5).

The collection of information contained in § 1.6045–1(n)(5) relating to the furnishing of information by a customer to a broker in connection with the sale or transfer of a debt instrument that is a covered security has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) under control number 1545-2186. Under § 1.6045–1T(n)(11)(i)(A) of the temporary regulations in this document, unlike the rule in current § 1.6045–1(n)(5) adopted in 2013, a broker must not take into account the election under § 1.1272–3 in reporting a customer's adjusted basis in a debt instrument. Therefore, a customer is no longer required to notify the broker that the customer has made or revoked an election under § 1.1272–3. This change represents a decrease in the total annual burden under OMB control number 1545-2186. In addition, under § 1.6045–1T(n)(11)(i)(B), a broker must take into account the election under section 1276(b)(2) unless the customer timely notifies the broker that the customer has not made the election. The temporary regulations reverse the assumption in current § 1.6045–1(n)(5) adopted in 2013. Because the section 1276(b)(2) election results in a more taxpayer-favorable result than the default ratable method for accruing market discount in most cases, it is anticipated that more customers will want to use this method and these customers will no longer need to notify their brokers that they have made the election. As a result, this change represents a decrease in the total annual burden under OMB control number 1545-2186.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by section 6103.

Background

Section 6045 of the Internal Revenue Code (Code) generally requires a broker to report gross proceeds upon the sale of a security. Section 6045 was amended by section 403 of the Act to require the reporting of adjusted basis for a covered security and whether any gain or loss upon the sale of the security is long-term or short-term. In addition, the Act added section 6045A of the Code, which requires certain information to be reported in connection with a transfer of a covered security to another broker, and section 6045B of the Code, which requires an issuer of a specified security to file a return relating to certain actions that affect the basis of the security. Section 6049 of the Code requires the reporting of interest payments (including accruals of OID treated as payments).

On November 25, 2011, the Treasury Department and the IRS published in the **Federal Register** (76 FR 72652) proposed regulations (REG–102988–11) relating to information reporting by brokers, transferors, and issuers of securities under sections 6045, 6045A, and 6045B for debt instruments, options, and securities futures contracts (the 2011 proposed basis reporting regulations). On April 18, 2013, the Treasury Department and the IRS published in the **Federal Register** (TD 9616 at 78 FR 23116) final regulations under

sections 6045, 6045A, and 6045B (the 2013 final basis reporting regulations). A number of commenters on the 2011 proposed basis reporting regulations requested that the rules for reporting interest income associated with a debt instrument acquired at a premium be conformed to the rules regarding basis reporting for these debt instruments. Accordingly, TD 9616 also contained temporary regulations relating to information reporting for bond premium and acquisition premium under section 6049 (the 2013 temporary interest reporting regulations). A notice of proposed rulemaking cross-referencing the 2013 temporary interest reporting regulations also was published in the **Federal Register** on April 18, 2013 (REG–154563–12 at 78 FR 23183) (the 2013 proposed interest reporting regulations).

No written comments were received on the 2013 proposed interest reporting regulations. No public hearing was requested or held. These final regulations adopt the provisions of the 2013 proposed interest reporting regulations with certain clarifications and one conforming change for acquisition premium. These final regulations also remove the corresponding 2013 temporary interest reporting regulations.

After the publication of the 2013 final basis reporting regulations in the **Federal Register**, the Treasury Department and the IRS received written comments on certain provisions of the 2013 final basis reporting regulations. In response to these written comments, this document contains final and temporary regulations under sections 6045 and 6045A relating to certain aspects of the 2013 final basis reporting regulations, as discussed in this preamble.

Explanation of Provisions

A. *Final regulations for reporting bond premium and acquisition premium*

Under section 171, a taxpayer may elect to amortize bond premium on a taxable debt instrument and must amortize bond premium on a tax-exempt debt instrument. In general, a taxpayer amortizes bond premium by offsetting the qualified stated interest allocable to an accrual period by the amount of the bond premium allocable to the accrual period. This offset occurs when the taxpayer takes the qualified stated interest into account under the taxpayer's regular method of accounting. For example, the offset occurs when a cash method taxpayer receives a payment of qualified stated interest. *See* section 171(e) and § 1.171–2. As a result, only the portion of qualified stated interest that is not offset by the amortized bond premium is treated as interest for federal income tax purposes. A taxpayer's basis in a debt instrument acquired with bond premium is reduced by amortized bond premium. For purposes of section 6045, a broker is required to report the adjusted basis of a taxable debt instrument that is a covered security and that is acquired with bond premium by presuming that the taxpayer has elected to amortize bond premium unless the taxpayer notifies the broker in writing that the taxpayer does not want to amortize bond premium. *See* § 1.6045–1(n)(5) of the 2013 final basis reporting regulations.

Under section 1272(a)(7) and § 1.1272–2, a taxpayer who purchases a debt instrument with acquisition premium is required to reduce the amount of OID includible in income each year by the amount of acquisition premium allocable to the taxable year. In general, the amount of acquisition premium allocable to a taxable year is determined using a ratable method, although a taxpayer may elect under § 1.1272–3 to determine the amount of acquisition premium allocable to a taxable year based on a constant yield method. *See* § 1.1272–2(b)(5). A taxpayer's basis in a taxable debt instrument purchased with acquisition premium is increased by the amount of OID included in income by the taxpayer. A taxpayer's basis in a tax-exempt debt instrument purchased with acquisition premium is increased by the amount of OID that accrues in accordance with section 1272(a), including section 1272(a)(7). For purposes of section 6045, a broker currently is required to report the adjusted basis of a debt instrument that is a covered security using the ratable method for acquisition premium, unless the taxpayer notifies the broker in writing that the taxpayer has elected to determine the amount of acquisition premium allocable to a taxable year based on a constant yield method. *See* § 1.6045–1(n)(5) of the 2013 final basis reporting regulations. However, as explained in Part B.2.a in this preamble, under these final regulations, for a debt instrument acquired on or after January 1, 2015, a broker must use the ratable method to determine the amount of acquisition premium allocable to a taxable year for purposes of basis reporting under section 6045, regardless of any election under § 1.1272–3.

Under section 6049(a), the Secretary may prescribe regulations to implement the reporting of interest payments, which includes the determination of the amount of a payment that is reportable interest. Similarly, under section 6049(a) the Secretary may prescribe by regulations how to determine the amount reportable as OID.

Section 1.6049–9T of the 2013 temporary interest reporting regulations was issued by the Treasury Department and the IRS in response to comments suggesting that the rules under section 6049 for reporting interest income associated with a debt instrument acquired at a premium be conformed to the rules under section 6045 for basis reporting for these debt instruments. Section 6045 generally requires a broker to report on an information return, such as a Form 1099–B, the adjusted basis of a debt instrument that is a covered security, including basis adjustments attributable to amortized bond premium or acquisition premium. *See* § 1.6045–1(n) of the 2013 final basis reporting regulations. However, prior to the issuance of § 1.6049–9T, interest income (including OID) on a debt instrument acquired at a premium was reported under section 6049 without adjustment for amortized bond premium or acquisition premium. Consequently, a customer generally could not reconcile the interest income reported to the customer on Form 1099–INT or Form 1099–OID, whichever was applicable, with the adjusted basis reported to the customer on Form 1099–B upon the sale of the debt instrument. The Treasury Department and the IRS issued the 2013 temporary interest reporting regulations to coordinate the information reporting for income and basis. Under § 1.6049–9T of the 2013 temporary interest reporting regulations, a broker generally is required to report to a customer any amortized bond premium and acquisition premium on a debt instrument that is a covered security. The amount reported may either be a

gross number for both stated interest and amortized bond premium (or OID and amortized acquisition premium) or a net number that reflects the offset of the stated interest (or OID) by the amortized bond premium (or amortized acquisition premium).

No comments were received on the 2013 proposed interest reporting regulations and the final regulations in this document generally adopt the provisions of the 2013 temporary interest reporting regulations. However, as explained in the final paragraph of this Part A in this preamble, the final regulations contain a change for the reporting of acquisition premium for a debt instrument acquired on or after January 1, 2015, to conform to the change in this document for reporting basis adjustments for acquisition premium under section 6045.

Under these final regulations, for purposes of section 6049, a broker is required to presume that a customer has elected to amortize bond premium on taxable debt instruments unless the broker has been notified that the customer does not want the broker to take into account the election or has revoked the election. This presumption applies only to the information reported by the broker to its customer. Thus, a customer that chooses not to make the section 171 election may report interest on the customer's income tax return unadjusted for bond premium because the information reporting rules do not change the substantive rules affecting amortizable bond premium (or any of the other rules pertaining to OID or acquisition premium). If a broker is required to report amounts reflecting amortization of bond premium, the final regulations allow a broker to report either a gross amount for both stated interest and amortized bond premium or a net amount of stated interest that reflects the offset of the stated interest payment by the amount of amortized bond premium allocable to the payment.

In addition, under these final regulations, unlike the 2013 temporary interest reporting regulations, a broker must report OID adjusted for acquisition premium based on the ratable method. Under these final regulations, for a debt instrument acquired on or after January 1, 2015, even if a customer has made an election to amortize acquisition premium based on a constant yield under § 1.1272–3, a broker must not take the election into account for reporting acquisition premium. This change conforms the rules for reporting OID with the rules for reporting adjustments to basis attributable to acquisition premium described in section B.2.a of this preamble. *See* § 1.6045–1T(n)(11)(i)(A). As in the 2013 temporary interest reporting regulations, the final regulations allow a broker to report either a gross amount for both OID and acquisition premium, or a net amount of OID that reflects the offset of the OID by the amount of amortized acquisition premium allocable to the OID.

B. *Final and temporary regulations relating to basis and transfer reporting*

After the publication of the 2013 final basis reporting regulations, commenters recommended a number of changes to the 2013 final basis reporting regulations. Upon consideration of these comments, the Treasury Department and the IRS have decided to make the following changes to the 2013 final basis reporting regulations and to add broker reporting for OID on tax-exempt obligations under section 6049.

1. *Request for delayed effective date for options on certain foreign debt instruments*.

Under the 2013 final basis reporting regulations, if a debt instrument requires a payment of either interest or principal in a currency other than the U.S. dollar or if the debt instrument is issued by a non-U.S. issuer, a broker is required to report the debt instrument's basis only if the instrument is acquired on or after January 1, 2016. *See* § 1.6045–1(n)(2)(ii)(D) and (G). The 2013 final basis reporting regulations delayed the applicability date for these types of debt instruments to address commenters' concerns that it would take extra time to build the systems to account for the complexity of these debt instruments (for example, brokers would be required to track and retain on a daily basis foreign exchange rates for translation purposes) and, in some cases, a lack of publicly available information.

Under the 2013 final basis reporting regulations, a broker is required to report gross proceeds and basis for certain options on a debt instrument granted or acquired on or after January 1, 2014. *See* § 1.6045–1(m). The 2013 final basis reporting regulations apply to an option on a debt instrument that requires a payment of either interest or principal in a currency other than the U.S. dollar or an option on a debt instrument issued by a non-U.S. issuer. Because a broker is not required to report basis for these types of debt instruments until January 1, 2016, one commenter requested a delay in the applicability date for reporting gross proceeds and basis for these types of options. The commenter stated that the data collection and computation difficulties related to the underlying debt instruments also exist for options on these types of debt instruments. Responding to this comment, the final regulations in this document delay until January 1, 2016, the applicability date for reporting gross proceeds and basis for options on debt instruments that provide for one or more payments denominated in a foreign currency and options on debt instruments issued by non-U.S. issuers.

2. *Certain debt elections relating to broker basis reporting*.

Under the 2013 final basis reporting regulations, for purposes of reporting adjusted basis to a customer, a broker must take into account only the debt-related elections specified in § 1.6045–1(n)(4). If an election is not specified in § 1.6045–1(n)(4), a broker may not take the election into account for reporting adjusted basis to a customer. In general, a broker must take into account a specified election if a customer timely notifies the broker that the customer has made the election. Two of the specified elections are the election to treat all interest as OID under § 1.1272–3 and the election to accrue market discount based on a constant yield under section 1276(b)(2).

a. *Election to treat all interest as OID*.

Under § 1.1272–3, a customer may elect to treat all interest on a debt instrument, adjusted by any amortizable bond premium or acquisition premium, as OID. If this election is made, the amount of interest (including any adjustment) that

accrues during a period is based on a constant yield. This election is made on a debt instrument by debt instrument basis; however, if made, the election may affect other debt instruments with amortizable bond premium or market discount held by the customer even if the debt instrument is held in a separate account with the broker or any other broker.

One commenter on the 2013 final basis reporting regulations indicated that it was extremely difficult to program the election given its effects on other debt instruments. Another commenter argued that the results of the election could mostly be achieved by a combination of other debt elections that the brokers also must support. Also, according to the commenters, the types of customers who receive Forms 1099–B, such as individuals, partnerships, or S corporations, rarely make the election to treat all interest as OID.

In consideration of the comments received and the burden that the rule in the 2013 final basis reporting regulations would impose, these temporary and proposed regulations provide that a broker may not take into account the election under § 1.1272–3 when computing basis. The temporary and proposed regulations supersede the 2013 final basis reporting regulations relating to the broker's treatment of the election under § 1.1272–3.

In general, the amount of acquisition premium allocable to a taxable year is determined using a ratable method, unless the taxpayer elects under § 1.1272–3 to determine the amount of acquisition premium allocable to a taxable year based on a constant yield method. *See* § 1.1272–2(b)(4) and (5). As noted in the final paragraph in Part A in this preamble, to conform the rules for reporting OID with the rules for reporting adjustments to basis attributable to acquisition premium, a broker must report acquisition premium for purposes of section 6049 on the ratable method even if a customer has made the election under § 1.1272–3 to use a constant yield method.

The temporary regulations apply to a debt instrument acquired on or after January 1, 2015. A broker may, however, rely on the temporary regulations for a debt instrument acquired on or after January 1, 2014, and before January 1, 2015.

b. *Constant yield election for market discount*.

Under section 1276(b)(2), a customer may elect to accrue market discount on a constant yield method rather than a ratable method. The election may be made on a debt instrument by debt instrument basis and must be made for the earliest taxable year for which the customer is required to determine accrued market discount. The election may not be revoked once it has been made.

The 2011 proposed basis reporting regulations attempted to simplify broker reporting by requiring brokers to compute accrued market discount by assuming that a customer had made an election under section 1276(b)(2) to use a constant yield method. The use of a constant yield method to determine accruals of market discount backloads market discount and is therefore more taxpayer favorable than the use of a ratable method in most cases. A number of commenters to the 2011 proposed basis reporting regulations indicated a desire by brokers to support debt instrument election choices made by their customers rather than rely on assumptions provided in the regulations. In response to these comments, the 2013 final basis reporting regulations instructed brokers to assume that a customer did not make an election to determine accrued market discount using a constant yield method unless the broker received timely notification from the customer that the election had been or would be made.

After the 2013 final basis reporting regulations were published, the majority of commenters reconsidered their initial objections to the 2011 proposed basis reporting regulations requirement to use a constant yield method to determine accrued market discount. These commenters indicated that the use of the constant yield method would generally result in a more favorable tax result for most Form 1099–B recipients. The commenters therefore requested that the broker assumption for calculating accrued market discount be changed so that brokers will assume that a customer has made the election unless the customer timely notifies the broker otherwise. The Treasury Department and the IRS agree with the recommendation that brokers should assume the constant yield method for accruing market discount. Accordingly, the temporary regulations supersede the assumption in the 2013 final debt reporting regulations and provide that for a debt instrument acquired on or after January 1, 2015, brokers are required to assume that a customer has elected to determine accrued market discount using a constant yield method unless the customer notifies the broker otherwise. A customer that does not want to use a constant yield method to determine accrued market discount must, by the end of the calendar year in which the customer acquired the debt instrument in an account with the broker, notify the customer's broker in writing that the customer wants the broker to use the ratable method to determine accrued market discount.

3. *Transfer reporting*.

a. *Section 1256 options*.

Under § 1.6045A–1(a)(1)(vi) of the 2013 final basis reporting regulations, a transferring broker is not required to provide a transfer statement for the transfer of a section 1256 option. In response to the 2013 final basis reporting regulations, a number of commenters stated that brokers often treat the transfer of a section 1256 option in the same manner as transfers of equities or debt instruments and do not treat the transferred section 1256 option contract as being novated. Thus, commenters stated that a transfer statement, as provided for by section 6045A, is necessary to ensure that a receiving broker has all relevant data required to properly report information for section 1256 options.

In response to these comments, these temporary and proposed regulations supersede the exception for section 1256 options in the 2013 final basis reporting regulations and extend transfer reporting to section 1256 options. Because the 2013 final basis reporting regulations explicitly instruct brokers not to send transfer statements for section 1256 options, it is understood that brokers may need some additional time to modify their systems to generate the required transfer statements. The temporary regulations therefore provide that a transfer statement is required for the transfer of a section 1256 option

that occurs on or after January 1, 2016. The temporary regulations also list the data specific to section 1256 options that must be provided in addition to the data required for the transfer of a non-section 1256 option.

b. *Debt instruments*.

Under § 1.6045A–1 of the 2013 final basis reporting regulations, brokers are required to provide to a receiving broker certain information relating to a transfer of a debt instrument that is a covered security. The preamble to the 2013 final basis reporting regulations indicated that the information required to be provided included the date through which the transferor broker made adjustments. However, several commenters on the 2013 final basis reporting regulations noted that this item of information was not included in the list of information required to be provided in the 2013 final basis reporting regulations. The temporary and proposed regulations correct this omission by adding the date through which the transferring broker made adjustments to the list of information required to be provided upon the transfer of a debt instrument that is a covered security. This change applies to a transfer that occurs on or after June 30, 2015.

4. *Reporting of OID on a tax-exempt obligation*.

The 2013 final basis reporting regulations require a broker to report the adjusted basis for a debt instrument that is a covered security, including a tax-exempt obligation. However, under Notice 2006–93 (2006–2 CB 798), for purposes of section 6049, a broker is not required to report OID on tax-exempt obligations until further guidance is issued.

Several commenters on the 2013 final basis reporting regulations pointed out that the section 6045 rules now require a broker to compute the OID on a tax-exempt obligation to properly report adjusted basis at the time of a transfer, sale, or other disposition of a tax-exempt obligation. These commenters requested that, similar to what was done in § 1.6049–9T for amortizable bond premium and acquisition premium on a debt instrument that is a covered security, reporting of OID under section 6049 be coordinated with reporting of basis for tax-exempt obligations.

To align the rules and improve consistency between OID reporting and basis reporting, § 1.6049–10T of the temporary regulations in this document provides that a payor must report under section 6049 the daily portions of OID on a tax-exempt obligation. The daily portions of OID are determined as if section 1272 and § 1.1272–1 applied to a tax-exempt obligation. A payor must determine whether a tax-exempt obligation was issued with OID and the amount that accrues for each relevant period. In addition, OID on a tax-exempt obligation is determined without regard to the de minimis rule in section 1273(a)(3) and § 1.1273–1(d). Because the temporary regulations require the reporting of OID, payors also must report amortized acquisition premium (which offsets OID) on a tax-exempt obligation. A broker may report either a gross amount for both OID and amortized acquisition premium, or a net amount of OID that reflects the offset of the OID by the amount of amortized acquisition premium allocable to the OID. To provide payors with time to adapt their systems to report this information, the temporary regulations apply to a tax-exempt obligation acquired on or after January 1, 2017.

Applicability Dates

The final regulations under section 6049 apply to a debt instrument that is a covered security (that is, a debt instrument described in § 1.6045–1(a)(15)(i)(C) acquired on or after January 1, 2014, or a debt instrument described in § 1.6045–1(a)(15)(i)(D) acquired on or after January 1, 2016). The temporary regulations under section 6049 apply to a tax-exempt obligation acquired on or after January 1, 2017. The temporary regulations under section 6045A apply to a transfer of a section 1256 option that occurs on or after January 1, 2016, and to a transfer of a debt instrument that occurs on or after June 30, 2015. The temporary regulations under section 6045 apply to a debt instrument acquired on or after January 1, 2015. The final regulations under section 6045 apply to an option on a debt instrument that provides for one or more payments denominated in a foreign currency or a debt instrument issued by a non-U.S. issuer if the option is granted or acquired on or after January 1, 2016.

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 also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations.

It is hereby certified that the final regulations in this document will not have a significant economic impact on a substantial number of small entities. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. It is anticipated that the requirements in the final regulations in this document will fall only on financial services firms with annual receipts greater than the $38.5 million threshold and, therefore, on no small entities.

In addition, any economic impact is expected to be minimal because a broker already is required to determine the amortization of bond premium and acquisition premium for purposes of determining and reporting a customer's adjusted basis on Form 1099–B under section 6045. The information provided to a customer on Form 1099–INT or Form 1099–OID, whichever is applicable, generally will allow a customer to reconcile the interest information reported to the customer with the adjusted basis information reported to the customer on Form 1099–B. Moreover, any effect on small entities by the rules in the final regulations flows from section 6049 of the Code and section 403 of the Act.

Therefore, because the final regulations in this document will not have a significant economic impact on a substantial number of small entities, a regulatory flexibility analysis is not required.

For the applicability of the Regulatory Flexibility Act to the other regulations in this document, please refer to the cross-reference notice of proposed rulemaking

published elsewhere in this issue of the **Federal Register.**

Pursuant to section 7805(f) of the Internal Revenue Code, the proposed regulations preceding the final regulations in this document 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. In addition, the proposed regulations accompanying the temporary regulations in this document have been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

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 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 is amended by removing the entry for § 1.6049–9T and adding entries for §§ 1.6045–1T, 1.6045A–1T, 1.6049–9, and 1.6049–10T in numerical order to read in part as follows:

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

Section 1.6045–1T also issued under 26 U.S.C. 6045(g). * * *

Section 1.6045A–1T also issued under 26 U.S.C. 6045A(a). * * *

Section 1.6049–9 also issued under 26 U.S.C. 6049(a). * * *

Section 1.6049–10T also issued under 26 U.S.C. 6049(a). * * *

Par. 2. Section 1.6045–1 is amended by:

1. Revising paragraph (m)(2)(ii).

2. Adding a sentence at the end of paragraph (n)(4)(iv).

3. Adding a sentence at the end of paragraph (n)(5)(i).

4. Adding paragraph (n)(11).

The revision and additions read as follows:

§ 1.6045–1 Returns of information of brokers and barter exchanges.

* * * * *

(m) * * *

(2) * * *

(ii) *Delayed effective date for certain options*—(A) Notwithstanding paragraph (m)(2)(i) of this section, if an option, stock right, or warrant is issued as part of an investment unit described in § 1.1273–2(h), paragraph (m) of this section applies to the option, stock right, or warrant if it is acquired on or after January 1, 2016.

(B) Notwithstanding paragraph (m)(2)(i) of this section, if the property referenced by an option (that is, the property underlying the option) is a debt instrument that is issued by a non-U.S. person or that provides for one or more payments denominated in, or determined by reference to, a currency other than the U.S. dollar, paragraph (m) of this section applies to the option if it is granted or acquired on or after January 1, 2016.

* * * * *

(n) * * *

(4) * * *

(iv) * * * However, see § 1.6045–1T(n)(11)(i)(A) for a debt instrument acquired on or after January 1, 2014.

* * * * *

(5) * * *

(i) * * * However, see § 1.6045–1T(n)(11) for the treatment of an election described in paragraph (n)(4)(iii) of this section (election to accrue market discount based on a constant yield) and an election described in paragraph (n)(4)(iv) of this section (election to treat all interest as OID).

* * * * *

(11) [Reserved]. For further guidance, see § 1.6045–1T(n)(11).

* * * * *

Par. 3. Section 1.6045–1T is amended by revising paragraphs (h) through (p) to read as follows:

§ 1.6045–1T Returns of information of brokers and barter exchanges (temporary).

* * * * *

(h) through (n)(10) [Reserved]. For further guidance, see § 1.6045–1(h) through (n)(10).

(11) *Additional rules for certain holder elections*—(i) *In general.* For purposes of § 1.6045–1, the rules in this paragraph (n)(11) apply notwithstanding any other rule in § 1.6045–1(n).

(A) *Election to treat all interest as OID.* A broker must report the information required under § 1.6045–1(d) without taking into account any election described in § 1.6045–1(n)(4)(iv) (the election to treat all interest as OID in § 1.1272–3). As a result, for example, a broker must determine the amount of any acquisition premium taken into account each year for purposes of § 1.6045–1 in accordance with § 1.1272–2(b)(4). This paragraph (n)(11)(i)(A) applies to a debt instrument acquired on or after January 1, 2015. A broker may, however, rely on this paragraph (n)(11)(i)(A) for a debt instrument acquired on or after January 1, 2014, and before January 1, 2015.

(B) *Election to accrue market discount based on a constant yield.* A broker must report the information required under § 1.6045–1(d) by assuming that a customer has made the election described in § 1.6045–1(n)(4)(iii) (the election to accrue market discount based on a constant yield). However, if a customer notifies a broker in writing that the customer does not want the broker to take into account this election, the broker must report the information required under § 1.6045–1(d) without taking into account this election. The customer must provide this notification to the broker by the end of the calendar year in which the customer acquired the debt instrument in an account with the broker. This paragraph (n)(11)(i)(B) applies to a debt instrument acquired on or after January 1, 2015.

(ii) *Expiration date.* The applicability of this paragraph (n)(11) expires on or before March 12, 2018.

(o) through (p) [Reserved]. For further guidance, see § 1.6045–1(o) through (p).

* * * * *

Par. 4. Section 1.6045A–1 is amended by removing paragraph (a)(1)(vi) and adding paragraphs (e) and (f) to read as follows:

§ 1.6045A–1 Statements of information required in connection with transfers of securities.

* * * * *

(e) *Section 1256 options*. [Reserved.] For further guidance, see § 1.6045A–1T(e).

(f) *Additional information required for a debt instrument*. [Reserved.] For further guidance, see § 1.6045A–1T(f).

Par. 5. Section 1.6045A–1T is added to read as follows:

§ 1.6045A–1T Statements of information required in connection with transfers of securities (temporary).

(a) through (d) [Reserved.] For further guidance, see § 1.6045A–1(a) through (d).

(e) *Section 1256 options*—(1) *In general*. A transferor of an option described in § 1.6045–1(m)(3) (section 1256 option) is required to furnish to the receiving broker a transfer statement for a transfer that occurs on or after January 1, 2016. The transfer statement must include the information described in § 1.6045A–1(b) and paragraph (e)(2) of this section for a section 1256 option that is a covered security or in § 1.6045A–1(b) for a section 1256 option that is a noncovered security.

(2) *Additional information required for a section 1256 option*. In addition to the information required in § 1.6045A–1(b), the following information is required for a transfer of a section 1256 option that is a covered security:

(i) The original basis of the option; and

(ii) The fair market value of the option as of the end of the prior calendar year.

(f) *Additional information required for a debt instrument*. In addition to the information required in § 1.6045A–1(b)(3) for a transfer of a debt instrument that is a covered security, the transferor must provide the last date on or before the transfer date that the transferor made an adjustment for a particular item (for example, the last date on or before the transfer date that bond premium was amortized). This paragraph (f) applies to a transfer that occurs on or after June 30, 2015.

(g) *Expiration date*. The applicability of this section expires on or before March 12, 2018.

Par. 6. Section 1.6049–5 is amended by adding a sentence after the third sentence in paragraph (f) to read as follows:

§ 1.6049–5 Interest and original issue discount subject to reporting after December 31, 1982.

* * * * *

(f) * * * However, see § 1.6049–9 for the reporting of premium for a debt instrument acquired on or after January 1, 2014. * * *

* * * * *

Par. 7. Section 1.6049–9 is added to read as follows:

§ 1.6049–9 Premium subject to reporting for a debt instrument acquired on or after January 1, 2014.

(a) *General rule*. Notwithstanding § 1.6049–5(f), for a debt instrument acquired on or after January 1, 2014, if a broker (as defined in § 1.6045–1(a)(1)) is required to file a statement for the debt instrument under § 1.6049–6, the broker generally must report any bond premium (as defined in § 1.171–1(d)) or acquisition premium (as defined in § 1.1272–2(b)(3)) for the calendar year. This section, however, only applies to a debt instrument that is a covered security as defined in § 1.6045–1(a)(15).

(b) *Reporting of bond premium amortization*. Unless a broker has been notified in writing in accordance with § 1.6045–1(n)(5) that a customer does not want to amortize bond premium under section 171, the broker must report the amount of any amortizable bond premium allocable to a stated interest payment made to the customer during the calendar year. See §§ 1.171–2 and 1.171–3 to determine the amount of amortizable bond premium allocable to a stated interest payment. Instead of reporting a gross amount for both stated interest and amortizable bond premium, a broker may report a net amount of stated interest that reflects the offset of the stated interest payment by the amount of amortizable bond premium allocable to the payment. In this case, the broker must not report the amortizable bond premium as a separate item. This paragraph (b) also applies to amortizable bond premium on a tax-exempt obligation, which is required to be amortized under section 171.

(c) *Reporting of acquisition premium amortization*. A broker must report the amount of any acquisition premium amortization that reduces the amount of original issue discount includible in income by the customer during a calendar year. For a debt instrument acquired on or after January 1, 2015, a broker must use the rules in § 1.1272–2(b)(4) to determine the amount of acquisition premium amortization. However, for a debt instrument acquired on or after January 1, 2014, and before January 1, 2015, if a customer timely notifies the broker in accordance with § 1.6045–1(n)(5), a broker may use the rules in § 1.1272–3 to determine the amount of acquisition premium amortization. Instead of reporting a gross amount for both original issue discount and acquisition premium amortization, a broker may report a net amount of original issue discount that reflects the offset of the original issue discount includible in income by the customer for the calendar year by the amount of acquisition premium allocable to the original issue discount. In this case, the broker must not report the acquisition premium amortization as a separate item. See § 1.6049–10T for the reporting of acquisition premium on a tax-exempt obligation.

§ 1.6049–9T [Removed]

Par. 8. Section 1.6049–9T is removed.

Par. 9. Section 1.6049–10T is added to read as follows:

§ 1.6049–10T Reporting of original issue discount on a tax-exempt obligation (temporary).

(a) *In general*. For purposes of section 6049, a payor (as defined in § 1.6049–4(a)(2)) of original issue discount (OID) on a tax-exempt obligation (as defined in section 1288(b)(2)) is required to report the daily portions of OID on the obligation as if the daily portions of OID that accrued during a calendar year were paid to the holder (or holders) of the obligation in the calendar year. The amount of the daily portions of OID that accrues during a calendar year is determined as if section 1272 and § 1.1272–1 applied to a tax-exempt obligation. Notwithstanding any other rule in section 6049 and the regulations thereunder, a payor must determine

whether a tax-exempt obligation was issued with OID and the amount of OID that accrues for each relevant period. As prescribed by section 1288(b)(1), OID on a tax-exempt obligation is determined without regard to the de minimis rules in section 1273(a)(3) and § 1.1273–1(d).

(b) *Acquisition premium*. A payor is required to report acquisition premium amortization on a tax-exempt obligation in accordance with the rules in § 1.6049–9(c) as if section 1272 applied to a tax-exempt obligation. See paragraph (a) of this section to determine the amount of OID allocable to an accrual period.

(c) *Effective/applicability date*. This section applies to a tax-exempt obligation acquired on or after January 1, 2017.

(d) *Expiration date*. The applicability of this section expires on or before March 12, 2018.

John Dalrymple
Deputy Commissioner for
Services and Enforcement.

Approved: February 19, 2015

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

(Filed by the Office of the Federal Register on March 12, 2015, 8:45 a.m., and published in the issue of the Federal Register for March 13, 2015, 80 F.R. 13233)

Part III. Administrative, Procedural, and Miscellaneous

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

Notice 2015–24

This notice provides guidance on the corporate bond monthly yield curve, the corresponding spot segment rates used under § 417(e)(3), and the 24-month average segment rates under § 430(h)(2) of the Internal Revenue Code. In addition, this notice provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning before 2008 and the 30-year Treasury weighted average rate under § 431(c)(6)(E)(ii)(I). The rates in this notice reflect the application of § 430(h)(2)(C)(iv), which was added by the Moving Ahead for Progress in the 21st Century Act, Public Law 112–141 (MAP–21) and amended by section 2003 of the Highway and Transportation Funding Act of 2014, Public Law 113–159 (HATFA).

YIELD CURVE AND SEGMENT RATES

Generally, except for certain plans under sections 104 and 105 of the Pension Protection Act of 2006 and CSEC plans under § 414(y), § 430 of the Code specifies the minimum funding requirements that apply to single-employer plans pursuant to § 412. Section 430(h)(2) specifies the interest rates that must be used to determine a plan's target normal cost and funding target. Under this provision, present value is generally determined using three 24-month average interest rates ("segment rates"), each of which applies to cash flows during specified periods. To the extent provided under § 430(h)(2)(C)(iv), these segment rates are adjusted by the applicable percentage of the 25-year average segment rates for the period ending September 30 of the year preceding the calendar year in which the plan year begins. However, an election may be made under § 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates.

Notice 2007–81, 2007–44 I.R.B. 899, provides guidelines for determining the monthly corporate bond yield curve, and the 24-month average corporate bond segment rates used to compute the target normal cost and the funding target. Consistent with the methodology specified in Notice 2007–81, the monthly corporate bond yield curve derived from February 2015 data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of February 2015 are, respectively, 1.35, 3.52, and 4.47.

The 24-month average segment rates determined under § 430(h)(2)(C)(i) through (iii) must be adjusted pursuant to § 430(h)(2)(C)(iv) by the applicable percentage of the corresponding 25-year average segment rates. Section 2003(a) of HATFA amended the applicable percentages under § 430(h)(2)(C)(iv). This change generally applies to plan years beginning on or after January 1, 2013. However, pursuant to section 2003(e)(2) of HATFA, a plan sponsor can elect not to have the amendments made to the applicable percentages by section 2003 of HATFA apply to any plan year beginning in 2013. These elections can be made either for all purposes or, alternatively, for purposes of determining the adjusted funding target attainment percentage under § 436. The 25-year average segment rates for plan years beginning in 2012, 2013, 2014 and 2015 were published in Notice 2012–55, 2012–36 I.R.B. 332, Notice 2013–11, 2013–11 I.R.B. 610, Notice 2013–58, 2013–40 I.R.B. 294, and Notice 2014–50, 2014–40 I.R.B. 590, respectively.

For plan years beginning in years 2012 through 2017, pursuant to the changes made by HATFA, the applicable minimum percentage is 90% and the applicable maximum percentage is 110%. These applicable percentages are referred to as HATFA applicable percentages. As described in the preceding paragraph, a special election is available for any plan year beginning in 2013 under which this change made by HATFA can be disregarded for all purposes or for limited purposes. To the extent such an election is made, the applicable minimum percentage for a plan year beginning in 2013 is 85% and the applicable maximum percentage for that plan year is 115%. These applicable percentages are referred to as MAP–21 applicable percentages.

24-MONTH AVERAGE CORPORATE BOND SEGMENT RATES

The three 24-month average corporate bond segment rates applicable for March 2015 without adjustment for the 25-year average segment rate limits are as follows:

Applicable Month	First Segment	Second Segment	Third Segment
March 2015	1.25	4.08	5.15

Based on § 430(h)(2)(C)(iv) as amended by section 2003 of HATFA, the 24-month averages applicable for March 2015 adjusted for the HATFA applicable percentages of the corresponding 25-year average segment rates, are as follows:

For Plan Years Beginning In	Applicable Month		Adjusted 24-Month Average Segment Rates, Based on the HATFA Applicable Percentage of 25-Year Average Rates		
			First Segment	Second Segment	Third Segment
2014	March	2015	4.99	6.32	6.99
2015	March	2015	4.72	6.11	6.81

30-YEAR TREASURY SECURITIES INTEREST RATES

Generally for plan years beginning after 2007, § 431 specifies the minimum funding requirements that apply to multiemployer plans pursuant to § 412. Section 431(c)(6)(B) specifies a minimum amount for the full-funding limitation described in § 431(c)(6)(A), based on the plan's current liability. Section 431(c)(6)(E)(ii)(I) provides that the interest rate used to calculate current liability for this purpose must be no more than 5 percent above and no more than 10 percent below the weighted average of the rates of interest on 30-year Treasury securities during the four-year period ending on the last day before the beginning of the plan year. Notice 88–73, 1988–2 C.B. 383, provides guidelines for determining the weighted average interest rate. The rate of interest on 30-year Treasury securities for February 2015 is 2.57 percent. The Service determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in November 2044 determined each day through February 11, 2015, and the yield on the 30-year Treasury bond maturing in February 2045 determined each day for the balance of the month. For plan years beginning in the month shown below, the weighted average of the rates of interest on 30-year Treasury securities and the permissible range of rate used to calculate current liability are as follows:

For Plan Years Beginning in		30-Year Treasury Weighted Average	Permissible Range		
Month	*Year*		90%	to	105%
March	2015	3.27	2.94		3.44

MINIMUM PRESENT VALUE SEGMENT RATES

In general, the applicable interest rates under § 417(e)(3)(D) are segment rates computed without regard to a 24-month average. Notice 2007–81 provides guidelines for determining the minimum present value segment rates. Pursuant to that notice, the minimum present value segment rates determined for February 2015 are as follows:

First Segment	Second Segment	Third Segment
1.35	3.52	4.47

DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities). However, other personnel from the IRS participated in the development of this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-8719 or Tony Montanaro at 202-317-8698 (not toll-free numbers).

Table I
Monthly Yield Curve for February 2015
Derived from February 2015 Data

Maturity	*Yield*	*Maturity*	*Yield*	*Maturity*	*Yield*	*Maturity*	*Yield*	*Maturity*	*Yield*
0.5	0.32	20.5	4.17	40.5	4.50	60.5	4.62	80.5	4.68
1.0	0.62	21.0	4.19	41.0	4.51	61.0	4.62	81.0	4.68
1.5	0.90	21.5	4.20	41.5	4.51	61.5	4.62	81.5	4.68
2.0	1.15	22.0	4.21	42.0	4.52	62.0	4.63	82.0	4.68
2.5	1.36	22.5	4.23	42.5	4.52	62.5	4.63	82.5	4.68
3.0	1.53	23.0	4.24	43.0	4.52	63.0	4.63	83.0	4.68
3.5	1.69	23.5	4.25	43.5	4.53	63.5	4.63	83.5	4.69
4.0	1.84	24.0	4.27	44.0	4.53	64.0	4.63	84.0	4.69
4.5	1.99	24.5	4.28	44.5	4.54	64.5	4.64	84.5	4.69
5.0	2.13	25.0	4.29	45.0	4.54	65.0	4.64	85.0	4.69
5.5	2.27	25.5	4.30	45.5	4.54	65.5	4.64	85.5	4.69
6.0	2.40	26.0	4.31	46.0	4.55	66.0	4.64	86.0	4.69
6.5	2.54	26.5	4.32	46.5	4.55	66.5	4.64	86.5	4.69
7.0	2.66	27.0	4.33	47.0	4.55	67.0	4.64	87.0	4.69
7.5	2.79	27.5	4.34	47.5	4.56	67.5	4.65	87.5	4.69
8.0	2.90	28.0	4.35	48.0	4.56	68.0	4.65	88.0	4.69
8.5	3.02	28.5	4.36	48.5	4.56	68.5	4.65	88.5	4.70
9.0	3.12	29.0	4.36	49.0	4.57	69.0	4.65	89.0	4.70
9.5	3.22	29.5	4.37	49.5	4.57	69.5	4.65	89.5	4.70
10.0	3.31	30.0	4.38	50.0	4.57	70.0	4.65	90.0	4.70
10.5	3.40	30.5	4.39	50.5	4.57	70.5	4.65	90.5	4.70
11.0	3.47	31.0	4.40	51.0	4.58	71.0	4.66	91.0	4.70
11.5	3.55	31.5	4.40	51.5	4.58	71.5	4.66	91.5	4.70
12.0	3.61	32.0	4.41	52.0	4.58	72.0	4.66	92.0	4.70
12.5	3.67	32.5	4.42	52.5	4.58	72.5	4.66	92.5	4.70
13.0	3.73	33.0	4.42	53.0	4.59	73.0	4.66	93.0	4.70
13.5	3.78	33.5	4.43	53.5	4.59	73.5	4.66	93.5	4.70
14.0	3.83	34.0	4.44	54.0	4.59	74.0	4.66	94.0	4.70
14.5	3.87	34.5	4.44	54.5	4.59	74.5	4.67	94.5	4.71
15.0	3.91	35.0	4.45	55.0	4.60	75.0	4.67	95.0	4.71
15.5	3.94	35.5	4.45	55.5	4.60	75.5	4.67	95.5	4.71
16.0	3.97	36.0	4.46	56.0	4.60	76.0	4.67	96.0	4.71
16.5	4.00	36.5	4.47	56.5	4.60	76.5	4.67	96.5	4.71
17.0	4.03	37.0	4.47	57.0	4.61	77.0	4.67	97.0	4.71
17.5	4.05	37.5	4.48	57.5	4.61	77.5	4.67	97.5	4.71
18.0	4.08	38.0	4.48	58.0	4.61	78.0	4.67	98.0	4.71
18.5	4.10	38.5	4.49	58.5	4.61	78.5	4.67	98.5	4.71
19.0	4.12	39.0	4.49	59.0	4.61	79.0	4.68	99.0	4.71
19.5	4.14	39.5	4.50	59.5	4.62	79.5	4.68	99.5	4.71
20.0	4.15	40.0	4.50	60.0	4.62	80.0	4.68	100.0	4.71

Beginning of Construction for Sections 45 and 48

Notice 2015–25

SECTION 1. PURPOSE

On December 19, 2014, the Tax Increase Prevention Act of 2014, Pub. L. No. 113–295, 128 Stat. 4010 (TIPA), extended by one year the date by which construction of a qualified facility (as described in section 45(d) of the Internal Revenue Code) must begin. Accordingly, a taxpayer will be eligible for the renewable electricity production tax credit under section 45 (PTC), or the energy investment tax credit under section 48 (ITC) in lieu of the PTC, with respect to such a facility if construction of such facility began before January 1, 2015.

This notice updates the guidance provided in Notice 2013–29, 2013–1 C.B. 1085, Notice 2013–60, 2013–2 C.B. 431, and Notice 2014–46, 2014–36 I.R.B. 520 (collectively "the prior IRS notices") consistent with this statutory extension. The Internal Revenue Service (Service) will not issue private letter rulings to taxpayers regarding the application of this notice or the application of the beginning of construction requirement under sections 45(d) and 48(a)(5).

SECTION 2. EXTENSION OF BEGINNING OF CONSTRUCTION DATE

Prior to TIPA, sections 45(d) and 48(a)(5) required that construction of a qualified facility begin before January 1, 2014 for the facility to be eligible for the PTC or ITC. Based on sections 45 and 48 as in effect before the enactment of TIPA, the prior IRS notices provide guidance to determine whether construction has begun on a qualified facility prior to January 1, 2014. Because TIPA extended the date by which construction of a qualified facility must begin to January 1, 2015, this notice updates all references to "January 1, 2014" in the prior IRS notices as they relate to the date by which construction must begin on a facility by replacing "January 1, 2014" with "January 1, 2015." Except as otherwise specified in this notice, the guidance provided in the prior IRS notices continues to apply.

SECTION 3. CONTINUOUS CONSTRUCTION/CONTINUOUS EFFORTS TESTS

The prior IRS notices provide that a taxpayer may establish the beginning of construction by either (1) starting physical work of a significant nature (Physical Work Test) or (2) paying or incurring five percent or more of the total cost of facility (Safe Harbor). Both methods require that a taxpayer make continuous progress towards completion once construction has begun (as set forth in section 4.06 (Continuous Construction Test) and section 5.02 (Continuous Efforts Test) of Notice 2013–29, respectively). Section 3.02 of Notice 2013–60 further provides that if a facility is placed in service before January 1, 2016, the facility will be considered to satisfy the Continuous Construction Test (for purposes of satisfying the Physical Work Test) or the Continuous Efforts Test (for purposes of satisfying the Safe Harbor).

Consistent with the one-year extension of the beginning of construction date, this notice extends the placed in service date provided in section 3.02 of Notice 2013–60 to January 1, 2017. Thus, if a taxpayer begins construction on a facility prior to January 1, 2015, and places the facility in service before January 1, 2017, the facility will be considered to satisfy the Continuous Construction Test (for purposes of satisfying the Physical Work Test) or the Continuous Efforts Test (for purposes of satisfying the Safe Harbor), regardless of the amount of physical work performed or the amount of costs paid or incurred with respect to the facility after December 31, 2014 and before January 1, 2017.

SECTION 4. DRAFTING INFORMATION

The principal author of this notice is Jennifer C. Bernardini of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Ms. Bernardini on (202) 317-6853 (not a toll-free number).

Empowerment Zone Designation Extension

Notice 2015–26

I. PURPOSE

This notice explains how a State or local government amends the nomination of an empowerment zone to provide for a new termination date of December 31, 2014, as provided for by § 1391 of the Internal Revenue Code, as amended by § 753(c) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Pub. L. No. 111–312, 124 Stat. 3296 (December 17, 2010) (TRUIRJCA), § 327(c) of the American Taxpayer Relief Act of 2012, Pub. L. 112–240, 126 Stat. 2313 (January 2, 2013) (ATRA), and § 139(b) of the Tax Increase Prevention Act of 2014, Pub. L. 113–295, ___ Stat. ____ (December 19, 2014) (TIPA).

II. BACKGROUND

In 1993, § 1391 was enacted to allow a State or local government ("entity") to nominate an area or areas in its jurisdiction for designation as an empowerment zone. Subsequently, the Secretary of Housing and Urban Development, in the case of any nominated area that is located in an urban area, and the Secretary of Agriculture, in the case of any nominated area that is located in a rural area, have designated which nominated areas are empowerment zones. The entities generally provided in their nomination that the designation would remain in effect for 10 years. This 10-year period in the nomination typically ended on December 31, 2009, but in some cases, it expired before December 31, 2009. In the latter cases, § 112 of the Community Renewal Tax Relief Act of 2000, Pub. L. No. 106–554, 114 Stat. 2763A–587 (December 21, 2000) (CRTRA), amended § 1391(d)(1) to extend the designation of those empowerment zones through December 31, 2009, regardless of the period provided in the nomination. Accordingly, the nomination for all empowerment zones originally had a termination date of December 31, 2009.

Prior to the enactment of TRUIRJCA, ATRA, and TIPA, § 1391(d)(1) provided that any designation of an empowerment

zone ends on the earliest of (A) December 31, 2009, (B) the termination date designated by the State and local governments as provided for in their nomination, or (C) the date the appropriate Secretary revokes the designation. Section 1393(a)(1) defines the term "appropriate Secretary" as meaning the Secretary of Housing and Urban Development in the case of any nominated area that is located in an urban area, and the Secretary of Agriculture in the case of any nominated area that is located in a rural area.

Section 753(a) of TRUIRJCA amended § 1391(d)(1) to allow a two-year extension of the period for which the designation of an empowerment zone is in effect. As amended by § 753(a) of TRUIRJCA, § 1391(d)(1) provided that any designation of an empowerment zone ends on the earliest of (A) December 31, 2011, (B) the termination date designated by the State and local governments as provided for in their nomination, or (C) the date the appropriate Secretary revokes the designation. Section 753(c) of TRUIRJCA provided that where the nomination of an empowerment zone included a termination date of December 31, 2009, § 1391(d)(1)(B) shall not apply with respect to such designation if, after the date of the enactment of TRUIRJCA, the entity that made such nomination amends the nomination, in such manner as the Secretary of the Treasury may provide, to provide for a new termination date. The amendments made by § 753 of TRUIRJCA apply to periods after December 31, 2009.

Section 327(a) of ATRA further amended § 1391(d)(1) to allow an additional extension of two years of the period for which the designation of an empowerment zone is in effect. As amended by § 327(a) of ATRA, § 1391(d)(1) provided that any designation of an empowerment zone ends on the earliest of (A) December 31, 2013, (B) the termination date designated by the State and local governments as provided for in their nomination, or (C) the date the appropriate Secretary revokes the designation. Section 327(c) of ATRA provided that where a nomination of an empowerment zone included a termination date of December 31, 2011, § 1391(d)(1)(B) shall not apply with respect to such designation if, after the date of the enactment of ATRA, the entity that made such nomination amends the nomination, in such manner as the Secretary of the Treasury may provide, to provide for a new termination date. The amendments made by § 327 of ATRA apply to periods after December 31, 2011.

In 2013, the Treasury Department and the Internal Revenue Service (IRS) issued Notice 2013–38, 2013–25 I.R.B. 1251, under TRUIRJCA and ATRA. Notice 2013–38 provided that any nomination for an empowerment zone that was in effect on December 31, 2009, is deemed to be amended to provide for a new termination date of December 31, 2013, unless the nominating entity declined the extension in a written notification to the IRS. No nominating entity declined the extension. Accordingly, the designations of all empowerment zones that were in effect on December 31, 2009, currently have a termination date of December 31, 2013.

Section 139(a) of TIPA further amended § 1391(d)(1) to allow an additional extension of one year of the period for which the designation of an empowerment zone is in effect. As amended by § 139(a) of TIPA, § 1391(d)(1) provides that any designation of an empowerment zone ends on the earliest of (A) December 31, 2014, (B) the termination date designated by the State and local governments as provided for in their nomination, or (C) the date the appropriate Secretary revokes the designation. Section 139(b) of TIPA provides that where a nomination of an empowerment zone included a termination date of December 31, 2013, § 1391(d)(1)(B) shall not apply with respect to such designation if, after the date of the enactment of TIPA, the entity that made such nomination amends the nomination, in such manner as the Secretary of the Treasury may provide, to provide for a new termination date. The amendments made by § 139 of TIPA apply to periods after December 31, 2013.

Thus, under TIPA, to have an empowerment zone designation remain in effect through December 31, 2014, the entity that made the nomination of the empowerment zone must amend the nomination to provide for a new termination date of December 31, 2014, as provided in this guidance.

III. AMENDMENT OF A NOMINATION TO EXTEND EMPOWERMENT ZONE DESIGNATION THROUGH DECEMBER 31, 2014

Any nomination for an empowerment zone with a current termination date (as amended by CRTRA and Notice 2013–38) of December 31, 2013, is deemed to be amended to provide for a new termination date of December 31, 2014, unless the nominating entity sends written notification to the IRS by May 11, 2015. The written notification must affirmatively decline extension of the empowerment zone nomination through December 31, 2014. If the United States mail is used, the notification should be sent to the following address:

Internal Revenue Service
Attn: Charles Magee, CC:ITA:7,
Room 4136
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

If a private delivery service is used, the notification should be sent to the following address:

Internal Revenue Service
Attn: Charles Magee, CC:ITA:7,
Room 4136
1111 Constitution Ave., NW
Washington, D.C. 20044

If the entity that nominated an empowerment zone does not send written notification, the nomination of that empowerment zone will be deemed extended from December 31, 2013, through December 31, 2014. Accordingly, § 1391(d)(1)(B) does not apply and, pursuant to § 1391(d)(1)(A)(i), the designation of that empowerment zone ends on December 31, 2014.

IV. DRAFTING INFORMATION

The principal author of this notice is Charles Magee of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice contact Mr. Magee at (202) 317-7005 (not a toll-free number).

Public Comment Invited on Recommendations for 2015–2016 Priority Guidance Plan

Notice 2015–27

The Department of Treasury and Internal Revenue Service (Service) invite public comment on recommendations for items that should be included on the 2015–2016 Priority Guidance Plan.

The Treasury Department's Office of Tax Policy and the Service use the Priority Guidance Plan each year to identify and prioritize the tax issues that should be addressed through regulations, revenue rulings, revenue procedures, notices, and other published administrative guidance. The 2015–2016 Priority Guidance Plan will identify guidance projects that the Treasury Department and the Service intend to work on actively as priorities during the period from July 1, 2015, through June 30, 2016. The Treasury Department and the Service recognize the importance of public input to formulate a Priority Guidance Plan that focuses resources on guidance items that are most important to taxpayers and tax administration. Published guidance plays an important role in increasing voluntary compliance by helping to clarify ambiguous areas of the tax law. The published guidance process is most successful if the Treasury Department and the Service have the benefit of the experience and knowledge of taxpayers and practitioners who must apply the rules implementing the internal revenue laws.

As is the case whenever significant legislation is enacted, the Treasury Department and the Service have continued to dedicate substantial resources during the current plan year to published guidance projects necessary to implement the provisions of various tax Acts that have been enacted over the past several years including, but not limited to, the Hiring Incentives to Restore Employment Act, Pub. L. No. 111–147, 124 Stat. 71, which was enacted on March 18, 2010; the Patient Protection and Affordable Care Act, Pub. L. No. 111–148, 124 Stat. 119, which was enacted on March 23, 2010; the Health Care and Education Reconciliation Act, Pub. L. No. 111–152, 124 Stat. 1029, which was enacted on March 30, 2010; the Consolidated and Further Continuing Appropriations Act, 2015, Pub. L. No. 113–235, 128 Stat. 2130 (which includes the Expatriate Health Coverage Clarification Act of 2014 (Division M) and the Multiemployer Pension Reform Act of 2014 (Division O)), enacted on December 16, 2014; and the Tax Increase Prevention Act of 2014, Pub. L. No. 113–295, 128 Stat. 4010 (which includes the Tax Technical Corrections Act of 2014 and the Achieving a Better Life Experience Act of 2014), enacted on December 19, 2014. The Treasury Department and the Service will continue to evaluate the priority of each guidance project in light of the above-mentioned tax legislation and other developments occurring during the 2015–2016 plan year.

In reviewing recommendations and selecting projects for inclusion on the 2015–2016 Priority Guidance Plan, the Treasury Department and the Service will consider the following:

1. Whether the recommended guidance resolves significant issues relevant to many taxpayers;
2. Whether the recommended guidance promotes sound tax administration;
3. Whether the recommended guidance can be drafted in a manner that will enable taxpayers to easily understand and apply the guidance;
4. Whether the recommended guidance involves regulations that are outmoded, ineffective, insufficient, or excessively burdensome and that should be modified, streamlined, expanded, or repealed;
5. Whether the Service can administer the recommended guidance on a uniform basis; and
6. Whether the recommended guidance reduces controversy and lessens the burden on taxpayers or the Service.

Please submit recommendations by May 1, 2015, for possible inclusion on the original 2015–2016 Priority Guidance Plan. Taxpayers may, however, submit recommendations for guidance at any time during the year. The Treasury Department and the Service may update the 2015–2016 Priority Guidance Plan periodically to reflect additional guidance that the Treasury Department and the Service intend to publish during the plan year. The periodic updates allow the Treasury Department and the Service to respond to the need for additional guidance that may arise during the plan year.

Taxpayers are not required to submit recommendations for guidance in any particular format. Taxpayers should, however, briefly describe the recommended guidance and explain the need for the guidance. In addition, taxpayers may include an analysis of how the issue should be resolved. It would be helpful if taxpayers suggesting more than one guidance project prioritize the projects by order of importance. If a large number of projects are being suggested, it would be helpful if the projects were grouped in terms of high, medium, or low priority. Requests for guidance in the form of petitions for rulemaking will be considered with other recommendations for guidance in accordance with the considerations described in this notice.

Taxpayers may mail comments to:

Internal Revenue Service
Attn: CC:PA:LPD:PR (Notice 2015–27)
Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

or hand deliver comments Monday through Friday between the hours of 8 a.m. and 4 p.m. to:

Courier's Desk
Internal Revenue Service
Attn: CC:PA:LPD:PR (Notice 2015–27)
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Alternatively, taxpayers may submit comments electronically via the Federal eRulemaking Portal at *www.regulations.gov* (type IRS–2015–0008 in the search field on the regulations.gov homepage to find this notice and submit comments). All recommendations for guidance submitted by the public in response to this notice will be available for public inspection and copying in their entirety.

For further information regarding this notice, contact Emily M. Lesniak of the Office of Associate Chief Counsel (Procedure and Administration) at (202) 317-3400 (not a toll-free number).

26 CFR 601.201: Rulings and determination letters (Also Part I, §§ 501(c)(3), 501(r), 1.501(r)–2)

Rev. Proc. 2015–21

SECTION 1. PURPOSE

This revenue procedure provides guidance regarding correction and disclosure procedures for hospital organizations to follow so that certain failures to meet the requirements of § 501(r) of the Internal Revenue Code will be excused for purposes of § 501(r)(1) and 501(r)(2)(B).

SECTION 2. BACKGROUND

Section 9007 of the Patient Protection and Affordable Care Act, Public Law 111–148 (124 Stat. 119 (2010)), enacted § 501(r), which imposes additional requirements on charitable hospital organizations. Section 501(r)(1) provides that a hospital organization described in § 501(r)(2) will not be treated as described in § 501(c)(3) unless the organization meets the requirements of § 501(r)(3) through (r)(6).

Section 501(r)(2)(A) defines a hospital organization as including any organization that operates a facility required by a state to be licensed, registered, or similarly recognized as a hospital.

Section 501(r)(2)(B) requires a hospital organization that operates more than one hospital facility to meet the requirements of § 501(r) separately with respect to each hospital facility and provides that such a hospital organization will not be treated as described in § 501(c)(3) with respect to any hospital facility for which the requirements of § 501(r) are not separately met.

Section 501(r)(3) requires a hospital organization to conduct a community health needs assessment (CHNA) every three years and to adopt an implementation strategy to meet the community health needs identified through such assessment. Section 4959 imposes a $50,000 excise tax on a hospital organization that fails to meet the requirements of § 501(r)(3).

Section 501(r)(4) requires a hospital organization to establish a financial assistance policy (FAP) and a policy relating to emergency medical care.

Section 501(r)(5) requires a hospital organization to limit amounts charged for emergency or other medically necessary care that is provided to individuals eligible for assistance under the organization's FAP (FAP–eligible) to not more than the amounts generally billed to individuals who have insurance covering such care. Section 501(r)(5) also prohibits the use of gross charges.

Section 501(r)(6) requires a hospital organization to make reasonable efforts to determine whether an individual is FAP–eligible before engaging in extraordinary collection actions (ECAs) against the individual.

The statutory requirements of § 501(r) (except for § 501(r)(3)) apply to taxable years beginning after March 23, 2010. Section 501(r)(3) applies to taxable years beginning after March 23, 2012.

On December 29, 2014, the Department of the Treasury ("Treasury Department") and the Internal Revenue Service ("IRS") released final regulations (TD 9708) that contain guidance on the requirements of § 501(r)(3) through (r)(6) and the consequences for failing to meet any of these requirements.

Under § 1.501(r)–2(b) of the Treasury Regulations, a hospital facility's omission of required information from a report or policy described in § 1.501(r)–3 or § 1.501(r)–4, or error with respect to the implementation or operational requirements described in § 1.501(r)–3 through § 1.501(r)–6, will not be considered a failure to meet a requirement of § 501(r) if: (1) such omission or error was minor and either inadvertent or due to reasonable cause; and (2) the hospital facility corrects such omission or error as promptly after discovery as is reasonable given the nature of the omission or error. For purposes of this provision, correction must include the establishment (or review and, if necessary, revision) of practices or procedures (formal or informal) that are reasonably designed to promote and facilitate overall compliance with the requirements of § 501(r).

Under § 1.501(r)–2(c), a hospital facility's failure to meet the requirements of § 1.501(r)–3 through § 1.501(r)–6 that is neither willful nor egregious shall be excused for purposes of § 501(r)(1) and 501(r)(2)(B) if the hospital facility corrects and makes disclosure in accordance with rules set forth by revenue procedure, notice, or other guidance published in the Internal Revenue Bulletin.

SECTION 3. PRINCIPAL CHANGES FROM DRAFT REVENUE PROCEDURE

.01 In Notice 2014–3, 2014–3 I.R.B. 408 (Dec. 31, 2013), the Treasury Department and the IRS invited comments regarding the procedures set forth in a proposed revenue procedure regarding correction and disclosure of failures to meet the requirements of § 501(r), including what additional examples, if any, would be helpful to include and whether hospital organizations should be required to make disclosure in ways other than reporting on their Forms 990, *Return of Organization Exempt From Income Tax*, such as on their Web sites. The Treasury Department and the IRS received six comments in response to Notice 2014–3.

.02 In response to the comments regarding Notice 2014–3 and to conform this revenue procedure with the final regulations under § 501(r) (TD 9708), this revenue procedure includes the following changes to the revenue procedure proposed in Notice 2014–3:

(1) Section 3.02 of Notice 2014–3 (section 4.02 of this revenue procedure) has been modified to conform with § 53.4959–1(b)(1), which makes clear that a hospital organization failing to meet the requirements of § 501(r)(3) will be subject to the excise tax under § 4959.

(2) Section 5.03 of this revenue procedure has been added in response to a comment requesting clarification that certain minor omissions and errors that are described in and corrected in accordance with § 1.501(r)–2(b) are not considered failures to meet a requirement of § 501(r) and are therefore outside the scope of this revenue procedure. Section 5.03 also includes two examples of minor errors suggested by a commenter that the Treasury Department and the IRS agree are the type of minor errors that are described in and may be corrected in accordance with § 1.501(r)–2(b). These are not the only kinds of omissions or errors that may be described in § 1.501(r)–2(b).

(3) Section 4.02 of Notice 2014–3 (section 5.04 of this revenue procedure) has been modified to conform with § 1.501(r)–2(c), which states that an egre-

gious failure includes only a very serious failure, taking into account the severity of the impact and the number of affected persons, and that a hospital facility's correction and disclosure of a failure is a factor tending to show that the failure was not willful.

(4) Section 5.01(1) of Notice 2014–3 (section 6.01(1) of this revenue procedure) has been modified to provide that the correction principle requiring restoration of affected individuals applies only to failures to meet the requirements of § 501(r)(4)(A), (r)(5), or (r)(6). This section also has been modified to conform with §§ 1.501(r)–5(d)(3) and 1.501(r)–6(c)(6)(i)(C)(*2*) by specifying that restoration of FAP–eligible individuals does not require a refund of excess payments if the excess payment was less than $5.

(5) Section 5.01(4) of Notice 2014–3 (section 6.01(4) of this revenue procedure) has been modified to conform with the language in § 1.501(r)–2(a)(5), (b)(1)(ii), and (b)(4), which refer to the establishment of practices or procedures (formal or informal) reasonably designed to promote and facilitate overall compliance with the § 501(r) requirements.

(6) Section 5.02(4) of Notice 2014–3 (section 6.02(3) of this revenue procedure) has been modified to conform with § 1.501(r)–4(b)(1)(ii), which requires a hospital facility to widely publicize its FAP.

(7) Section 6(1) of Notice 2014–3 (section 7.01(1) of this revenue procedure) has been revised to require an "estimate of" the number of persons affected and the dollar amounts involved and to eliminate the requirement to describe the practices and procedures (if any) that were in place prior to the occurrence of the failure to detect or prevent the type of failure that occurred. Section 7.01(1) and (2) of this revenue procedure also clarify that information about multiple errors of the same type and corrections of those errors should be aggregated in a summary.

(8) Section 6(2) of Notice 2014–3, which required a description of the discovery of the failure, was deleted.

(9) Section 7.02 of this revenue procedure has been added to provide that hospital organizations that do not have a Form 990 filing requirement may disclose their failures and corrections on a Web site.

.03 In addition to the aforementioned changes, this revenue procedures makes other minor revisions to the revenue procedure proposed in Notice 2014–3 that are not intended to have substantive effect, such as updating section numbers and making corresponding changes to cross-references.

SECTION 4. EFFECT

.01 *In general.* The IRS will not treat a hospital organization's failure to meet a requirement of § 501(r) as a failure for purposes of § 501(r)(1) and 501(r)(2)(B) if the failure falls within the scope of section 5 of this revenue procedure and if the hospital organization corrects and discloses the failure in accordance with sections 6 and 7 of this revenue procedure.

.02 *Excise tax under § 4959.* Unless a hospital organization's failure to meet the requirements of § 501(r)(3) involves an omission or error that is described in and corrected in accordance with § 1.501(r)–2(b) (and is thus not considered a failure), a failure to meet the requirements of § 501(r)(3) will result in a tax being imposed on the organization under § 4959, notwithstanding the organization's correction and disclosure of the failure in accordance with sections 6 and 7 of this revenue procedure.

SECTION 5. SCOPE

.01 *In general.* A hospital organization may use the provisions of this revenue procedure to correct and disclose any failure to meet a requirement of § 501(r) that is not willful or egregious, subject to the conditions of section 5.02 of this revenue procedure.

.02 *Effect of exam.* In the case of a hospital organization that is contacted by the IRS concerning an examination of the organization, the hospital organization may use the provisions of this revenue procedure to correct and disclose a § 501(r) failure only if, at the time the organization is first contacted by the IRS, the following conditions are satisfied:

(1) The hospital organization has corrected or is in the process of correcting the failure in accordance with section 6 of this revenue procedure; and

(2) If the due date (allowing for extensions) for the annual return for the tax year in which the failure was discovered has passed (or would have passed, in the case of a hospital organization that is not required to file an annual return), the hospital organization has already disclosed the failure in accordance with section 7 of this revenue procedure.

.03 *Minor and Inadvertent Omissions and Errors.* Under § 1.501(r)–2(b), a hospital facility's omission or error with respect to the requirements of § 1.501(r)–3 through § 1.501(r)–6 will not be considered a failure to meet a requirement of § 501(r) if such omission or error was minor and either inadvertent or due to reasonable cause and the hospital facility corrects such omission or error in accordance with § 1.501(r)–2(b). Because minor omissions and errors that are either inadvertent or due to reasonable cause and are corrected in accordance with § 1.501(r)–2(b) are not considered failures to meet a requirement of § 501(r), hospital organizations do not need to use the correction and disclosure procedures described in this revenue procedure for such omissions and errors. However, an organization that wants to correct such a minor omission or error may rely on the principles regarding correction described in section 6 of this revenue procedure in meeting the correction requirements of § 1.501(r)–2(b)(1)(ii).[1] This section 5.03 may be illustrated by the following examples:

(1) A hospital facility's CHNA report or FAP is unavailable on a Web site for a short period of time due to an inadvertent technological malfunction. Promptly upon discovery of the technological malfunction, the hospital facility corrects the error by ensuring that the CHNA report or FAP is available on its Web site and reviews its relevant practices and procedures and determines that no revisions are necessary to prevent this type of error from recurring.

[1]In addition, § 1.501(r)–2(a)(8) provides that, for purposes of determining whether to continue to recognize the § 501(c)(3) status of a hospital organization, the IRS will consider whether a hospital organization corrected a failure as promptly after discovery as was reasonable given the nature of the failure. A hospital organization that cannot or does not have an error or omission excused by following the correction and disclosure procedures outlined in this revenue procedure may nevertheless use the principles regarding correction described in section 6 of this revenue procedure in demonstrating that they satisfy the factor described in § 1.501(r)–2(a)(8).

Because the error was minor and inadvertent and the hospital facility corrects the error promptly upon discovery in accordance with § 1.501(r)–2(b)(1)(ii), the error would not be considered a failure to meet the requirements of § 501(r) and, thus, would be outside the scope of this revenue procedure.

(2) A hospital facility's usual signage about its FAP is not conspicuously displayed in its emergency room for a short period of time because an inadvertent disruption results in the signs falling down or being obstructed. The hospital facility corrects the error promptly upon discovery by replacing the signs or removing the obstruction and reviews its relevant practices and procedures and determines that no revisions are necessary to prevent this type of error from recurring. Because the error was minor and inadvertent and the hospital facility corrects the error promptly upon discovery in accordance with § 1.501(r)–2(b)(1)(ii), the error would not be considered a failure to meet the requirements of § 501(r) and, thus, would be outside the scope of this revenue procedure.

.04 *Willful or egregious.* A failure that is willful includes a failure due to gross negligence, reckless disregard, or willful neglect. An egregious failure includes only a very serious failure, taking into account the severity of the impact and the number of affected persons. Whether a failure is willful or egregious will be determined based on all of the facts and circumstances. A hospital organization's correction and disclosure of a failure in accordance with sections 6 and 7 of this revenue procedure is a factor tending to show that the failure was not willful.

SECTION 6. CORRECTION

.01 *Correction principles.* Correction must be made in accordance with the following principles:

(1) *Restoration of affected individuals.* With respect to failures to meet the requirements of § 501(r)(4)(A), (r)(5), or (r)(6) and to the extent reasonably feasible, the hospital organization should make the correction with respect to all affected individuals and should restore any affected individual to the position in which he or she would have been had the failure not occurred, regardless of whether the harm suffered by the individual occurred in a prior year and regardless of whether such prior year is a closed taxable year. Restoration of a FAP–eligible individual who has paid more than he or she owes as a FAP–eligible individual does not require a refund if such excess payment was less than $5.

(2) *Reasonable and appropriate correction.* The correction should be reasonable and appropriate for the failure. Depending on the nature of the failure, there may be more than one reasonable and appropriate correction.

(3) *Timing.* The correction should occur as promptly after discovery as is reasonable given the nature of the failure.

(4) *Implementation/modification of safeguards.* If the hospital organization has not established practices or procedures (formal or informal) for its hospital facility or facilities that are reasonably designed to promote and facilitate each facility's overall compliance with the requirements of § 501(r), the hospital organization should establish such practices or procedures as part of its correction. If the hospital organization has established such practices or procedures, the hospital organization should determine if changes to its practices or procedures are needed to reduce the likelihood of that type of failure recurring and to assure prompt identification and correction of any such failures that do occur. If it identifies any such changes to its practices or procedures, it should implement those changes.

.02 *Examples.* The provisions of section 6.01 may be illustrated by the following examples. For purposes of these examples, assume that the hospital facility corrected the failure as promptly after discovery as is reasonable given the nature of the failure and put into place revised or newly established practices or procedures to minimize the likelihood of the failure recurring.

(1) A hospital facility has failed to adopt a CHNA report that contains all of the elements required by § 1.501(r)–3. It may correct the failure by preparing and adopting a CHNA report containing all of the required elements and making the corrected CHNA report widely available to the public within the meaning of § 1.501(r)–3(b)(7).

(2) A hospital facility has failed to adopt a FAP that contains all of the elements required by § 1.501(r)–4. It may correct the failure by establishing a FAP containing all of the required elements and widely publicizing that corrected FAP within the meaning of § 1.501(r)–4(b)(5).

(3) A hospital facility has failed to widely publicize its FAP in the manner described in § 1.501(r)–4(b)(5) because the FAP is not available on the hospital facility's (or any other) Web site for several months. The hospital facility may correct the failure by beginning to make the FAP widely available on a Web site as described in § 1.501(r)–1(b)(29) and doing additional public outreach to let affected individuals know the FAP is now available on the hospital facility's Web site (for example, through an "email blast" to patients whose email addresses the hospital facility has on record).

(4) A hospital facility has failed to meet the requirements of § 1.501(r)–5 because, due to processing errors, it charged FAP–eligible individuals more than an amount permitted under that section and discovers the errors during the month-end accounting period closing. The hospital facility may correct the failure by providing all of the affected FAP–eligible individuals with an explanation of the error, a corrected billing statement, and a refund of any payments the individuals made in excess of the amounts owed after FAP discounts are applied (in cases in which the excess is $5 or more).

SECTION 7. DISCLOSURE

.01 *In general.* Except as provided in section 7.02 of this revenue procedure, a failure is disclosed for purposes of this revenue procedure only if the hospital organization reports the following information on its Form 990, pursuant to the instructions for that Form, for the tax year in which the failure is discovered:

(1) A description of the failure, including the type of failure, the cause of the failure, the hospital facility or facilities where the failure occurred, the date(s) of the failure and its discovery, and the number of occurrences. Information about multiple errors of the same type should be reported in the aggregate in a summary that includes the time period over which the errors occurred and, in the case of errors involving the operational requirements described in § 1.501(r)–5 or § 1.501(r)–6, an estimate of the number of individuals affected and the dollar amounts involved.

(2) A description of the correction of the failure, including the method of correction, the date of correction, and, in the case of a failure to meet the requirements

of § 501(r)(4)(A), (r)(5), or (r)(6), a description of how affected individuals were restored to the position they would have been in had the failure not occurred. Information about corrections of multiple errors of the same type should be reported in the aggregate in a summary that includes the time period over which the corrections occurred. If restoration of one or more individuals affected by a failure to meet the requirements of § 501(r)(4)(A), (r)(5), or (r)(6) was not reasonably feasible, the hospital organization should state this and explain why.

(3) A description of the practices or procedures, if any, that the hospital organization revised or newly established for its hospital facility or facilities to minimize the likelihood of the type of failure recurring and to facilitate the prompt identification and correction of any such future failures that do occur, or, if the hospital organization did not revise previously existing practices or procedures to minimize such likelihood, an explanation of why no changes in practices or procedures were necessary.

.02 *Organizations not required to file Form 990.* A hospital organization that is not required to file Form 990 will have disclosed a failure discovered in a tax year for purposes of this revenue procedure if the organization reports all of the information described in section 7.01 on a Form 990 for the tax year as described in that section or if it makes such information widely available on a Web site within the meaning of § 1.501(r)–1(b)(29) by the date its Form 990 for the tax year would have been due if the hospital organization were required to file a Form 990.

SECTION 8. EFFECTIVE DATE

This revenue procedure is effective on and after March 10, 2015. In addition, a hospital organization will be considered to have corrected and made disclosure in accordance with § 1.501(r)–2(c) if it corrected and disclosed a failure falling within the scope of this revenue procedure or Notice 2014–3 in a manner consistent with this revenue procedure or in accordance with Notice 2014–3 prior to March 10, 2015.

SECTION 9. PAPERWORK REDUCTION ACT

The collections of information contained in this revenue procedure have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507(c)) under control number 1545-0047.

The collections of information in this revenue procedure are in sections 7.01 and 7.02, which describe the information regarding a hospital organization's failure to meet one or more of the requirements of § 1.501(r)–3 through § 1.501(r)–6 that the organization must disclose for the failure to be excused under § 1.501(r)–2(c). Section 7.01 describes the information that must be disclosed and requires disclosure to be made on the Form 990. The Treasury Department and the IRS have reached the following reporting burden estimates for those organizations disclosing information on a Form 990 pursuant to section 7.01:

Estimated total annual reporting burden: 4,914

Estimated average annual burden hours per recordkeeper: 2

Estimated number of recordkeepers: 2,457

Estimated frequency of collections of such information: Annual

Section 7.02 applies only to hospital organizations that are not required to file Form 990 and permits such organizations to disclose the information described in section 7.01 on a Web site rather than on a Form 990. The Treasury Department and the IRS have reached the following reporting burden estimates for those organizations that may disclose information on a Web site pursuant to section 7.02:

Estimated total annual reporting burden: 702

Estimated average annual burden hours per recordkeeper: 2

Estimated number of recordkeepers: 351

Estimated frequency of collections of such information: Annual

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by § 6103.

SECTION 10. DRAFTING INFORMATION

The principal author of this revenue procedure is Stephanie N. Robbins of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this revenue procedure, contact Stephanie N. Robbins at 202-317-5800 (not a toll-free number).

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26 CFR 601.601: Rules and Regulations.
(Also Part I, §§ 25, 103, 143; 1.25–4T, 1.103–1, 6a.103A–2.)

Rev. Proc. 2015–23

SECTION 1. PURPOSE

This revenue procedure provides guidance with respect to the United States and area median gross income figures that are to be used by issuers of qualified mortgage bonds, as defined in § 143(a) of the Internal Revenue Code, and issuers of mortgage credit certificates, as defined in § 25(c), in computing the income requirements described in § 143(f).

SECTION 2. BACKGROUND

.01 Section 103(a) provides that, except as provided in § 103(b), gross income does not include interest on any state or local bond. Section 103(b)(1) provides that § 103(a) shall not apply to any private activity bond that is not a qualified bond (within the meaning of § 141). Section 141(e) provides that the term "qualified bond" includes any private activity bond that (1) is a qualified mortgage bond, (2) meets the applicable volume cap requirements under § 146, and (3) meets the applicable requirements under § 147.

.02 Section 143(a)(1) provides that the term "qualified mortgage bond" means a bond that is issued as part of a "qualified mortgage issue". Section 143(a)(2)(A) provides that the term "qualified mortgage issue" means an issue of one or more bonds by a state or political subdivision thereof, but only if (i) all proceeds of the

issue (exclusive of issuance costs and a reasonably required reserve) are to be used to finance owner-occupied residences; (ii) the issue meets the requirements of subsections (c), (d), (e), (f), (g), (h), (i), and (m)(7) of § 143; (iii) the issue does not meet the private business tests of paragraphs (1) and (2) of § 141(b); and (iv) with respect to amounts received more than 10 years after the date of issuance, repayments of $250,000 or more of principal on financing provided by the issue are used not later than the close of the first semi-annual period beginning after the date the prepayment (or complete repayment) is received to redeem bonds that are part of the issue.

.03 Section 143(f) imposes eligibility requirements concerning the maximum income of mortgagors for whom financing may be provided by qualified mortgage bonds. Section 25(c)(2)(A)(iii)(IV) provides that recipients of mortgage credit certificates must meet the income requirements of § 143(f). Generally, under §§ 143(f)(1) and 25(c)(2)(A)(iii)(IV), these income requirements are met only if all owner-financing under a qualified mortgage bond and all certified indebtedness amounts under a mortgage credit certificate program are provided to mortgagors whose family income is 115 percent or less of the applicable median family income. Under § 143(f)(6), the income limitation is reduced to 100 percent of the applicable median family income if there are fewer than three individuals in the family of the mortgagor.

.04 Section 143(f)(4) provides that the term "applicable median family income" means the greater of (A) the area median gross income for the area in which the residence is located, or (B) the statewide median gross income for the state in which the residence is located.

.05 Section 143(f)(5) provides for an upward adjustment of the income limitations in certain high housing cost areas. Under § 143(f)(5)(C), a high housing cost area is a statistical area for which the housing cost/income ratio is greater than 1.2. The housing cost/income ratio is determined under § 143(f)(5)(D) by dividing (a) the applicable housing price ratio by (b) the ratio that the area median gross income bears to the median gross income for the United States. The applicable housing price ratio is the new housing price ratio (new housing average purchase price for the area divided by the new housing average purchase price for the United States) or the existing housing price ratio (existing housing average area purchase price divided by the existing housing average purchase price for the United States), whichever results in the housing cost/income ratio being closer to 1. This income adjustment applies only to bonds issued, and nonissued bond amounts elected, after December 31, 1988. *See* § 4005(h) of the Technical and Miscellaneous Revenue Act of 1988, 1988–3 C.B. 1, 311 (1988).

.06 The Department of Housing and Urban Development (HUD) has computed the median gross income for the United States, the states, and statistical areas within the states. The income information was released to the HUD regional offices on March 06, 2015, and may be obtained by calling the HUD reference service at 1-800-245-2691. The income information is also available at HUD's World Wide Web site, *http://www.huduser.org/portal/datasets/il.html*, which provides a menu from which you may select the year and type of data of interest.

.07 The most recent nationwide average purchase prices and average area purchase price safe harbor limitations were published on May 12, 2014, in Rev. Proc. 2014–31, 2014–20 I.R.B. 1009.

SECTION 3. APPLICATION

.01 When computing the income requirements of § 143(f), issuers of qualified mortgage bonds and mortgage credit certificates must use either (1) the median gross income for the United States, the states, and statistical areas within the states, as released to the HUD regional offices on December 18, 2013, or (2) the median gross income for the United States, the states, and statistical areas within the states, as released to the HUD regional offices on March 06, 2015.

.02 If an issuer uses the median gross income for the United States, the states, and statistical areas within the states, as released to the HUD regional offices on December 18, 2013, to compute the housing cost/income ratio under § 143(f)(5), the issuer must use the median gross income for the United States, the states, and statistical areas within the states, as released to the HUD regional offices on December 18, 2013, for all purposes under § 143(f). Likewise, if an issuer uses the median gross income for the United States, the states, and statistical areas within the states, as released to the HUD regional offices on March 06, 2015, to compute the housing cost/income ratio under § 143(f)(5), the issuer must use the median gross income for the United States, the states, and statistical areas within the states, as released to the HUD regional offices on March 06, 2015, for all purposes under § 143(f).

SECTION 4. EFFECT ON OTHER REVENUE PROCEDURES

.01 Rev. Proc. 2014–23, 2014–12 I.R.B. 684, is obsolete except as provided in §§ 3.01, 3.02, or 5.01 of this revenue procedure.

.02 This revenue procedure does not affect the effective date provisions of Rev. Rul. 86–124, 1986–2 C.B. 27. Those effective date provisions will remain operative at least until the Service publishes a new revenue ruling that conforms the approach to effective dates set forth in Rev. Rul. 86–124 to the general approach taken in this revenue procedure.

SECTION 5. EFFECTIVE DATES

.01 Issuers must use the United States and area median gross income figures specified in § 3.01 of this revenue procedure for commitments to provide financing that are made, or (if the purchase precedes the financing commitment) for residences that are purchased, in the period that begins on March 06, 2015, and ends on the date when these United States and area median gross income figures are rendered obsolete by a new revenue procedure.

DRAFTING INFORMATION

The principal authors of this revenue procedure are David White and James Polfer of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure contact Mr. White or Mr. Polfer at (202) 317-6980 (not a toll-free number).

26 CFR 601.201: Rulings and determination letters. (Also: Part I, Sections 846; 1.846–1.)

Rev. Proc. 2015–24

SECTION 1. PURPOSE

This revenue procedure contains five corrections to Rev. Proc. 2014–59, 2014–47 I.R.B. 843. Rev. Proc. 2014–59 prescribes the loss payment patterns and discount factors for the 2014 accident year. These factors are used to compute discounted unpaid losses under § 846 of the Internal Revenue Code.

SECTION 2. CORRECTIONS

.01 The loss discount factor for Tax Year 2016 and later years in the table for Auto Physical Damage provided in section 3.04 of Rev. Proc. 2014–59 was incorrect. The revenue procedure incorrectly stated that it is 98.1168 percent. The revenue procedure should have stated that it is 99.1168 percent.

.02 The composite method loss discount factor language in the table for Auto Physical Damage provided in section 3.04 of Rev. Proc. 2014–59 misstated that it applied to losses incurred in 2013 and prior years. The last sentence in the table for Auto Physical Damage provided in section 3.04 of the revenue procedure should have stated:

> Taxpayers that use the composite method of Notice 88–100 should use 99.1168 percent to discount unpaid losses incurred in this [the Auto Physical Damage] line of business in 2014 and prior years and that are outstanding at the end of the 2016 taxable year.

.03 The composite method loss discount factor language in the table for Composite provided in section 3.04 of Rev. Proc. 2014–59 misstated that it applied to losses incurred in 2013 and prior years. The last sentence in the table for Composite provided in section 3.04 of the revenue procedure should have stated:

> Taxpayers that use the composite method of Notice 88–100 should use 94.8470 percent to discount unpaid losses incurred in this [the Composite] line of business in 2014 and prior years and that are outstanding at the end of the 2024 taxable year.

.04 The composite method loss discount factor language in the table for Financial Guaranty/Mortgage Guaranty provided in section 3.04 of Rev. Proc. 2014–59 provided the wrong discount factor for 2014 and prior years that are outstanding at the end of the 2016 taxable year. The revenue procedure incorrectly stated that it is 98.1168 percent. The last sentence in the table for Financial Guaranty/Mortgage Guaranty provided in section 3.04 of the revenue procedure should have stated that it is 99.1168 percent.

.05 The loss discount factor for Tax Year 2021 in the table for International (Composite) provided in section 3.04 of Rev. Proc. 2014–59 was incorrect. The revenue procedure incorrectly stated that it is 91.5719 percent. The revenue procedure should have stated that it is 92.5719 percent.

SECTION 3. EFFECT ON OTHER REVENUE PROCEDURES

Rev. Proc. 2014–59 is modified.

SECTION 4. PROSPECTIVE APPLICATION

Under the authority of section 7805(b), the corrected discount factors and language will not be applied adversely with respect to tax returns filed on or before March 12, 2015.

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is David Remus of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure contact Mr. Remus on (202) 317-6995 (not a toll free number).

Part IV. Items of General Interest

Announcement of Disciplinary Sanctions From the Office of Professional Responsibility

Announcement 2015–7

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions involving attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers. These individuals are subject to the regulations governing practice before the Internal Revenue Service (IRS), which are set out in Title 31, Code of Federal Regulations, Part 10, and which are published in pamphlet form as Treasury Department Circular No. 230. The regulations prescribe the duties and restrictions relating to such practice and prescribe the disciplinary sanctions for violating the regulations.

The disciplinary sanctions to be imposed for violation of the regulations are:

Disbarred from practice before the IRS—An individual who is disbarred is not eligible to practice before the IRS as defined at 31 C.F.R. § 10.2(a)(4).

Suspended from practice before the IRS—An individual who is suspended is not eligible to practice before the IRS as defined at 31 C.F.R. § 10.2(a)(4) during the term of the suspension.

Censured in practice before the IRS—Censure is a public reprimand. Unlike disbarment or suspension, censure does not affect an individual's eligibility to practice before the IRS, but OPR may subject the individual's future practice rights to conditions designed to promote high standards of conduct.

Monetary penalty—A monetary penalty may be imposed on an individual who engages in conduct subject to sanction or on an employer, firm, or entity if the individual was acting on its behalf and if it knew, or reasonably should have known, of the individual's conduct.

Disqualification of appraiser—An appraiser who is disqualified is barred from presenting evidence or testimony in any administrative proceeding before the Department of the Treasury or the IRS.

Under the regulations, attorneys, certified public accountants, enrolled agents, enrolled actuaries, and enrolled retirement plan agents may not assist, or accept assistance from, individuals who are suspended or disbarred with respect to matters constituting practice (*i.e.*, representation) before the IRS, and they may not aid or abet suspended or disbarred individuals to practice before the IRS.

Disciplinary sanctions are described in these terms:

Disbarred by decision, Suspended by decision, Censured by decision, Monetary penalty imposed, and Disqualified after hearing—An administrative law judge (ALJ) either 1) granted the government's summary judgment motion or 2) conducted an evidentiary hearing upon OPR's complaint alleging violation of the regulations; and 3) issued a decision imposing one of these sanctions. After 30 days from the issuance of the decision, in the absence of an appeal, the ALJ's decision became the final agency decision.

Disbarred by default decision, Suspended by default decision, Censured by default decision, Monetary penalty imposed by default decision, and Disqualified by default decision—An ALJ, after finding that no answer to OPR's complaint had been filed, granted OPR's motion for a default judgment and issued a decision imposing one of these sanctions.

Disbarment by decision on appeal, Suspended by decision on appeal, Censured by decision on appeal, Monetary penalty imposed by decision on appeal, and Disqualified by decision on appeal—The decision of the ALJ was appealed to the agency appeal authority, acting as the delegate of the Secretary of the Treasury, and the appeal authority issued a decision imposing one of these sanctions.

Disbarred by consent, Suspended by consent, Censured by consent, Monetary penalty imposed by consent, and Disqualified by consent—In lieu of a disciplinary proceeding being instituted or continued, an individual offered a consent to one of these sanctions and OPR accepted the offer. Typically, an offer of consent will provide for: suspension for an indefinite term; conditions that the individual must observe during the suspension; and the individual's opportunity, after a stated number of months, to file with OPR a petition for reinstatement affirming compliance with the terms of the consent and affirming current eligibility to practice (*i.e.*, an active professional license or active enrollment status).

Suspended indefinitely by decision in expedited proceeding, Suspended indefinitely by default decision in expedited proceeding, Suspended by consent in expedited proceeding—OPR instituted an expedited proceeding for suspension (based on certain limited grounds, including loss of a professional license for cause, and criminal convictions).

OPR has authority to disclose the grounds for disciplinary sanctions in these situations: (1) an ALJ or the Secretary's delegate on appeal has issued a decision on or after September 26, 2007, which was the effective date of amendments to the regulations that permit making such decisions publicly available; (2) the individual has settled a disciplinary case by signing OPR's "consent to sanction" form, which requires consenting individuals to admit to one or more violations of the regulations and to consent to the disclosure of the individual's own return information related to the admitted violations (for example, failure to file Federal income tax returns); or (3) OPR has issued a decision in an expedited proceeding for indefinite suspension.

Announcements of disciplinary sanctions appear in the Internal Revenue Bulletin at the earliest practicable date. The sanctions announced below are alphabetized first by the names of states and second by the last names of individuals. Unless otherwise indicated, section numbers (*e.g.*, §10.51) refer to the regulations.

City & State	Name	Professional Designation	Disciplinary Sanction	Effective Date(s)
Arizona				
Forrest City	Williams, Kevin C.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from December 10, 2014
California				
Torrance	Biggins, Jr., James A.	Enrolled Agent	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 22, 2014
Calabasas	Birnbaum, Richard J.	CPA	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 18, 2014
Porter Ranch	Chotani, Masood A.	CPA	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 17, 2014
Los Angeles	Duban, Dennis L.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 22, 2014
Huntington Beach	Dugan, Patrick D.	CPA	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 18, 2014
Visalia	Frantz, Mark A.	CPA		Reinstated to practice before the IRS November 24, 2014
	Jacquot, David L., see Idaho			
Mission Viejo	Nitschke, Peter D.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from December 8, 2014
Concord	Reiser, Mary F.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from December 10, 2014
Carlsbad	Rusch, Chris M.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 22, 2014
San Diego	Shields, L. Scott	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 22, 2014
San Jose	Watson, Robert J.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from December 8, 2014
Colorado				
Brighton	Conradt, Thomas C.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 27, 2014
	Nitschke, Peter D., see California			
Connecticut				
Stamford	Gostomski, Michael S.	CPA		Reinstated to practice before the IRS October 22, 2014
District of Columbia				
	Miller, Karen J., see Maryland			

City & State	Name	Professional Designation	Disciplinary Sanction	Effective Date(s)
Florida				
Miami	Kennedy, Paul R.	Attorney/ CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 27, 2014
Georgia				
Augusta	Hewett, Thomas J.	Enrolled Agent	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from December 10, 2014
Idaho				
Coeur D' Alene	Jacquot, David	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 27, 2014
Illinois				
	Williams, Kevin C., see Arizona			
Indiana				
Bloomington	Bonnell, Michael K.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from December 8, 2014
Indianapolis	Groll, James K.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 16, 2014
Fort Wayne	Ouellette, Steven J.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 1, 2014
Maryland				
	Conradt, Thomas C., see Colorado			
Ft. Washington	Miller, Karen J.	Attorney	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 18, 2014
Massachusetts				
South Boston	Delehanty, Thomas K.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 27, 2014
Duxbury	Kilduff, Kevin J.	Attorney		Reinstated to practice before the IRS October 8, 2014
	Teague, Denis T., see Vermont			
Michigan				
Marion	Yoder, Daniel L.	Enrolled Agent	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 22, 2014

Minnesota				
Mendota Heights	Ahl, Vicki M.	Attorney	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 27, 2014
Lake Elmo	Cumming, William	Attorney	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 17, 2014
Missouri				
Smithville	Sommers, John	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 27, 2014
Joplin	Whitworth, Daniel D.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from December 8, 2014
New York				
Freeport	Barnett, Joell C.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 27, 2014
	Duban, Dennis L., see California			
Clayville	Podosek, Craig T.	Enrolled Agent	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 22, 2014
Oklahoma				
Oklahoma City	Faulkner, Marvin C.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from December 8, 2014
Warr Acres	Hampton, Dennis L.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from December 8, 2014
	Knight, David W., see Texas			
Pennsylvania				
Gibsonia	Bujaky, Martin	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 27, 2014
Aubudon	Weinstein, Brett	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 17, 2014
Tennessee				
Oakland	Anderson, Sharon K.	Attorney	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 18, 2014
Nashville	Hamblen, John T.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 18, 2014
Cookeville	Harris, Samuel J.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 21, 2014
Texas				
Irving	Bean, John E.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 27, 2014

Texas (Continued)				
Austin	Garner, Darrow C.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 27, 2014
Dallas	Kimes, Larry W.	CPA/ Attorney	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 8, 2014
Wichita Falls	Knight, David W.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 18, 2014
Vermont				
Middlebury	Teague, Denis T.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from December 8, 2014
Virginia				
Leesburg	Smith, Connie	Enrolled Agent	Suspended by consent under 31 C.F.R. § 10.51(a)(6) (Revs. 4–2008 and 08–2011)	Indefinite from November 17, 2014
West Virginia				
Charleston	Aleshire, David A.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from November 18, 2014
Wisconsin				
Rhinelander	Voss, Richard W.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from October 22, 2014
ISRAEL				
Beitar Illit	Cohen, Mordecai N.	Enrolled Agent	Suspended by consent under 31 C.F.R. §§ 10.51(a)(6) and 10.22(a)(2)	Indefinite from October 22, 2014

Reporting of Original Issue Discount on Tax-Exempt Obligations; Basis and Transfer Reporting by Securities Brokers for Debt Instruments and Options

REG–143040–14

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations relating to information reporting by brokers for transactions involving debt instruments and options, including the reporting of original issue discount (OID) and acquisition premium on tax-exempt obligations, the treatment of certain holder elections for reporting a taxpayer's adjusted basis in a debt instrument, and transfer reporting for section 1256 options and debt instruments. The text of those regulations also serves as the text of these proposed regulations.

DATES: Written or electronic comments must be received by June 11, 2015.

ADDRESSES: Send submissions to: CC: PA:LPD:PR (REG–143040–14), room 5203, Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA: LPD:PR (REG–143040–14), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC, or sent electronically via the Federal eRulemaking Portal at *www.regulations.gov* (IRS REG–143040–14).

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Pamela Lew, (202) 317-7053; concerning submissions of comments, Regina Johnson, (202) 317-6901 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

Section 1.6049–10T, which is published elsewhere in this issue of the **Federal Register,** requires a payor to report OID and acquisition premium on tax-exempt obligations acquired on or after January 1, 2017. This information is required to enable the IRS to verify that a taxpayer is reporting the correct amount of tax-exempt interest each year for alternative minimum tax and other purposes. In addition, because this information is used to report a taxpayer's adjusted basis in a debt instrument under section 6045(g), this information is required to enable the IRS to verify that a taxpayer is reporting the correct amount of gain or loss upon the sale of a tax-exempt obligation. The burden for the collection of in-

formation contained in § 1.6049–10T and the corresponding proposed regulations in this document will be reflected in the burden on Form 1099–OID (OMB control number 1545-0117) when revised to request the additional information in the regulations.

Upon the transfer of a covered security, section 6045A and § 1.6045A–1 require the transferring broker to provide to the transferee broker a transfer statement containing certain information relating to the security. This transfer statement generally provides the transferee broker the information needed to determine a customer's adjusted basis and whether any gain or loss with respect to the security is long-term, short-term, or ordinary as required by section 6045(g). Prior to the publication of § 1.6045A–1T in this issue of the **Federal Register**, a broker did not have to provide a transfer statement for a section 1256 option. In addition, a broker did not have to provide the last date on or before the transfer date that the broker made an adjustment for a particular item relating to a debt instrument. Section 1.6045A–1T, however, now requires a broker to transfer this information for a section 1256 option transferred on or after January 1, 2016, and for a debt instrument transferred on or after June 30, 2015.

The collection of information contained in § 1.6045A–1 relating to the furnishing of information in connection with the transfer of securities has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) under control number 1545-2186. The collection of information in § 1.6045A–1T and the corresponding proposed regulations in this document is necessary to allow brokers that effect sales of transferred section 1256 options and debt instruments that are covered securities to determine and report the adjusted basis of these securities in compliance with section 6045(g). This collection of information is required to comply with the provisions of section 403 of the Energy Improvement and Extension Act of 2008, Division B of Public Law 110–343 (122 Stat. 3765, 3854 (2008)) (the Act). The collection of information contained in § 1.6045A–1T is an increase in the total annual burden under control number 1545-2186. The likely respondents are brokers transferring section 1256 options and debt instruments that are covered securities.

Estimated total annual reporting burden is 3,333 hours.

Estimated average annual burden per respondent is 2 hours.

Estimated average burden per response is 4 minutes.

Estimated number of respondents is 7,500.

Estimated total frequency of responses is 200,000.

The collection of information is required to comply with the provisions of section 403 of the Act.

The holder of a debt instrument is permitted to make a number of elections that affect how basis is computed. To minimize the need for reconciliation between information reported by a broker to both a customer and the IRS and the amounts reported on the customer's tax return, a broker is required to take into account certain specified elections in reporting information to the customer. A customer, therefore, must provide certain information concerning an election to the broker in a written notification. A written notification includes a writing in electronic format. See § 1.6045–1(n)(5).

The collection of information contained in § 1.6045–1(n)(5) relating to the furnishing of information by a customer to a broker in connection with the sale or transfer of a debt instrument that is a covered security has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) under control number 1545-2186. Under § 1.6045–1T(n)(11)(i)(A), which is published elsewhere in this issue of the **Federal Register**, unlike the rule in current § 1.6045–1(n)(5) adopted in 2013, a broker must not take into account the election under § 1.1272–3 in reporting a customer's adjusted basis in a debt instrument. Therefore, a customer is no longer required to notify the broker that the customer has made or revoked an election under § 1.1272–3. This change represents a decrease in the total annual burden under OMB control number 1545-2186. In addition, under § 1.6045–1T(n)(11)(i)(B), a broker must take into account the election under section 1276(b)(2) unless the customer timely notifies the broker that the customer has not made the election. The temporary regulations reverse the assumption in current § 1.6045–1(n)(5) adopted in 2013. Because the section 1276(b)(2) election results in a more taxpayer-favorable result than the default ratable method for accruing market discount in most cases, it is anticipated that more customers will want to use this method and these customers will no longer need to notify their brokers that they have made the election. As a result, this change represents a decrease in the total annual burden under OMB control number 1545-2186.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by section 6103.

Background and Explanation of Provisions

Section 6045 generally requires a broker to report gross proceeds upon the sale of a security. Section 6045 was amended by section 403 of the Act to require the reporting of adjusted basis for a covered security and whether any gain or loss upon the sale of the security is long-term or short-term. In addition, the Act added section 6045A, which requires certain information to be reported in connection with a transfer of a covered security to another broker. Section 6049 requires the reporting of interest payments (including accruals of OID treated as payments).

On April 18, 2013, the Treasury Department and the IRS published in the **Federal Register** (TD 9616 at 78 FR 23116) final regulations under sections 6045 and 6045A (the 2013 final basis reporting regulations). After the publication of the 2013 final basis reporting regulations in the **Federal Register**, the Treasury Department and the IRS received

written comments on certain provisions of the 2013 final basis reporting regulations. In response to these written comments, temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend the Income Tax Regulations (26 CFR part 1) relating to sections 6045, 6045A, and 6049. The temporary regulations (1) amend § 1.6045–1(n) of the 2013 final basis reporting regulations to change a broker's treatment of the election to treat all interest as OID under § 1.1272–3 and the election to accrue market discount based on a constant yield under section 1276(b)(2), (2) amend § 1.6045A–1 of the 2013 final basis reporting regulations to require transfer statement reporting under section 6045A for section 1256 options, (3) amend § 1.6045A–1 of the 2013 final basis reporting regulations to require an additional item of information to be provided on transfer statements for debt instruments, and (4) require information reporting under section 6049 for OID and acquisition premium on tax-exempt obligations. The text of the temporary regulations also serves as the text of these proposed regulations.

Consideration of Administrative Burdens Related to Basis Reporting

A number of commenters have indicated that compliance with basis reporting requirements and the use of basis and other information reported by brokers will require considerable resources and effort on the part of return preparers and information recipients. The Treasury Department and the IRS are continuing to review all aspects of the information reporting process and are exploring ways to reduce the compliance burden for both brokers and for information recipients.

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 also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations.

It is hereby certified that the collection of information in these regulations will not have a significant economic impact on a substantial number of small entities. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. Any effect on small entities by the rules in the regulations generally flows directly from section 403 of the Act. In addition, it is anticipated that the requirements in the regulations in this document will fall only on financial services firms with annual receipts greater than the $38.5 million threshold and, therefore, on no small entities.

Section 403(a) of the Act requires a broker to report the adjusted basis of a debt instrument that is a covered security. Although a holder of a debt instrument (customer) is permitted to make a number of elections that affect how basis is computed, a broker only is required to take into account specified elections in reporting a debt instrument's adjusted basis, including the election under section 1276(b)(2) to determine accruals of market discount on a constant yield method. Under the 2013 final basis reporting regulations, a customer had to notify the broker that the customer had made the section 1276(b)(2) election. However, § 1.6045–1T(n)(11)(i)(B) requires a broker to take into account the election under section 1276(b)(2) in reporting a debt instrument's adjusted basis unless the customer timely notifies the broker that the customer has not made the election. The notification must be in writing, which includes a writing in electronic format. In most cases, this election results in a more taxpayer-favorable result than the default ratable method. It is anticipated that this collection of information in the regulations will not fall on a substantial number of small entities, especially because fewer customers will need to notify brokers about the election. Further, the regulations generally implement the statutory requirements for reporting adjusted basis under section 403 of the Act. Moreover, any economic impact is expected to be minimal because it should take a customer no more than seven minutes to satisfy the information-sharing requirement in these regulations.

Section 403(c) of the Act added section 6045A, which requires applicable persons to provide a transfer statement in connection with the transfer of custody of a covered security. Section 1.6045A–1T and the corresponding proposed regulations in this document effectuate the Act by giving the broker who receives the transfer statement the information necessary to determine and report adjusted basis and whether any gain or loss with respect to a debt instrument or section 1256 option is long-term or short-term as required by section 6045 when the security is subsequently sold. Consequently, § 1.6045A–1T and the corresponding proposed regulations in this document do not add to the impact on small entities imposed by the statutory provisions. Instead, the regulations limit the information to be reported to only those items necessary to effectuate the statutory scheme.

The information required under § 1.6049–10T and the corresponding proposed regulations in this document will enable the IRS to verify that a taxpayer is reporting the correct amount of tax-exempt interest each year for alternative minimum tax and other purposes. In addition, because this information is used to report a taxpayer's adjusted basis in a debt instrument under section 6045(g), this information is required to enable the IRS to verify that a taxpayer is reporting the correct amount of gain or loss upon the sale of a tax-exempt obligation. Any economic impact on small entities is expected to be minimal because a broker already is required to determine the accruals of OID and acquisition premium for purposes of determining and reporting a customer's adjusted basis on Form 1099–B under section 6045. Moreover, any effect on small entities by the rules in the final regulations flows from section 6049 and section 403 of the Act.

Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small businesses.

Comments and Request for Public Hearing

Before these proposed regulations are adopted as final regulations, consideration

will be given to any written (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS as prescribed in the preamble under the "Addresses" heading. The Treasury Department and the IRS welcome comments on the clarity of the proposed rules and how they can be made easier to understand. All comments will be available at *www.regulations.gov* for public inspection and copying. A public hearing may be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for a public hearing will be published in the **Federal Register.**

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 IRS and the Treasury Department participated in their development.

*** * * * ***

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

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

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

Section 1.6045–1(n)(11) also issued under 26 U.S.C. 6045(g). * * *

Section 1.6045A–1(e) and (f) also issued under 26 U.S.C. 6045A(a). * * *

Section 1.6049–10 also issued under 26 U.S.C. 6049(a). * * *

Par. 2. Section 1.6045–1(n)(11) is added to read as follows:

§ 1.6045–1 Returns of information of brokers and barter exchanges.

[The text of proposed § 1.6045–1(n)(11) is the same as the text of § 1.6045–1T(n)(11) published elsewhere in this issue of the **Federal Register**].

Par. 3. Sections 1.6045A–1(e) and (f) are added to read as follows:

§ 1.6045A–1 Statements of information required in connection with transfers of securities.

[The text of proposed § 1.6045A–1(e) and (f) is the same as the text of § 1.6045A–1T(e) and (f) published elsewhere in this issue of the **Federal Register**].

Par. 4. Section 1.6049–10 is added to read as follows:

§ 1.6049–10 Reporting of original issue discount on a tax-exempt obligation.

[The text of proposed § 1.6049–10 is the same as the text of § 1.6049–10T published elsewhere in this issue of the **Federal Register**].

John Dalrymple
Deputy Commissioner for
Services and Enforcement.

(Filed by the Office of the Federal Register on March 12, 2015, 8:45 a.m., and published in the issue of the Federal Register for March 13, 2015, 80 F.R. 13292)

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 current actions on previously published items in Internal Revenue Bulletins 2014–27 through 2014–52 is in Internal Revenue Bulletin 2014–52, dated December 28, 2014.

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The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/*.

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