INTERNAL REVENUE
BULLETIN

Bulletin No. 2017–48
November 27, 2017

HIGHLIGHTS OF THIS ISSUE

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

Income Tax

Notice 2017–70, page 543.

This notice provides that the IRS will not assert that cash payments an employer makes to § 170(c) organizations (in exchange for vacation, sick, or personal leave that its employees elect to forgo) constitute gross income or wages of the employees under certain circumstances relating to the California Wildfires that began on October 8, 2017.

Rev. Proc. 2017–59, page 543.

This revenue procedure modifies Rev. Proc. 2015–13, 2015–5 I.R.B. 419, as clarified and modified by Rev. Proc. 2015–33, 2015–24 I.R.B. 1067, and as modified by Rev. Proc. 2016–1, 2016–1 I.R.B. 1. Rev. Proc. 2015–13 provides procedures for obtaining the consent of the Commissioner of Internal Revenue to change a method of accounting for federal income tax purposes. With respect to elections under § 404A of the Internal Revenue Code, which are treated as changes in method of accounting for purposes of § 481, this revenue procedure specifies the § 481 adjustment period.

EXEMPT ORGANIZATIONS

Announcement 2017–18, page 545.

Serves notice to potential donors of a stipulated decision by the United States Tax Court in declaratory judgment proceedings under Section 7428.

EMPLOYEE PLANS

Notice 2017–69, page 540.

This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for November 2017 used under § 417(e)(3)(D), the 24-month average segment rates applicable for November 2017, 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).

Rev. Rul. 2017–22, page 536.

This revenue ruling provides tables of covered compensation under § 401(l)(5)(E) of the Internal Revenue Code and the Income Tax Regulations thereunder, effective January 1, 2018.

Finding Lists begin on page ii.

The IRS Mission

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

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

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

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

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

The Bulletin is divided into four parts as follows:

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

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

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

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

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

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

Section 401.— Qualified Pension, Profit-Sharing, and Stock Bonus Plans

26 CFR 1.401(l)–1: Permitted disparity in employer-provided contributions or benefits

Rev. Rul. 2017–22

This revenue ruling provides tables of covered compensation under § 401(l)(5)(E) of the Internal Revenue Code and the Income Tax Regulations thereunder, for the 2018 plan year.

Section 401(l)(5)(E)(i) defines covered compensation with respect to an employee as the average of the contribution and benefit bases in effect under section 230 of the Social Security Act (the "Act") for each year in the 35-year period ending with the year in which the employee attains social security retirement age.

Section 401(l)(5)(E)(ii) states that the determination for any year preceding the year in which the employee attains social security retirement age shall be made by assuming that there is no increase in covered compensation after the determination year and before the employee attains social security retirement age.

Section 1.401(l)–1(c)(34) of the Income Tax Regulations defines the taxable wage base as the contribution and benefit base under section 230 of the Act.

Section 1.401(l)–1(c)(7)(i) defines covered compensation for an employee as the average (without indexing) of the taxable wage bases in effect for each calendar year during the 35-year period ending with the last day of the calendar year in which the employee attains (or will attain) social security retirement age. A 35-year period is used for all individuals regardless of the year of birth of the individual. In determining an employee's covered compensation for a plan year, the taxable wage base for all calendar years beginning after the first day of the plan year is assumed to be the same as the taxable wage base in effect as of the beginning of the plan year. An employee's covered compensation for a plan year beginning after the 35-year period applicable under § 1.401(l)–1(c)(7)(i) is the employee's covered compensation for a plan year during which the 35-year period ends. An employee's covered compensation for a plan year beginning before the 35-year period applicable under § 1.401(l)–1(c)(7)(i) is the taxable wage base in effect as of the beginning of the plan year.

Section 1.401(l)–1(c)(7)(ii) provides that, for purposes of determining the amount of an employee's covered compensation under § 1.401(l)–1(c)(7)(i), a plan may use tables, provided by the Commissioner, that are developed by rounding the actual amounts of covered compensation for different years of birth.

For purposes of determining covered compensation for the 2018 year, the taxable wage base is $128,700.

The following tables provide covered compensation for 2018.

ATTACHMENT I

2018 COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2018 COVERED COMPENSATION TABLE II
1907	1972	$ 4,488
1908	1973	4,704
1909	1974	5,004
1910	1975	5,316
1911	1976	5,664
1912	1977	6,060
1913	1978	6,480
1914	1979	7,044
1915	1980	7,692
1916	1981	8,460
1917	1982	9,300
1918	1983	10,236
1919	1984	11,232
1920	1985	12,276
1921	1986	13,368
1922	1987	14,520
1923	1988	15,708

CALENDAR YEAR OF BIRTH	2018 COVERED COMPENSATION TABLE CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2018 COVERED COMPENSATION TABLE II
1924	1989	16,968
1925	1990	18,312
1926	1991	19,728
1927	1992	21,192
1928	1993	22,716
1929	1994	24,312
1930	1995	25,920
1931	1996	27,576
1932	1997	29,304
1933	1998	31,128
1934	1999	33,060
1935	2000	35,100
1936	2001	37,212
1937	2002	39,444
1938	2004	43,992
1939	2005	46,344
1940	2006	48,816
1941	2007	51,348
1942	2008	53,952
1943	2009	56,628
1944	2010	59,268
1945	2011	61,884
1946	2012	64,560
1947	2013	67,308
1948	2014	69,996
1949	2015	72,636
1950	2016	75,180
1951	2017	77,880
1952	2018	80,544
1953	2019	83,136
1954	2020	85,680
1955	2022	90,588
1956	2023	92,976
1957	2024	95,280
1958	2025	97,500
1959	2026	99,648
1960	2027	101,736
1961	2028	103,764
1962	2029	105,720
1963	2030	107,640
1964	2031	109,524
1965	2032	111,336
1966	2033	113,064
1967	2034	114,660
1968	2035	116,160

2018 COVERED COMPENSATION TABLE		
CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2018 COVERED COMPENSATION TABLE II
1969	2036	117,540
1970	2037	118,800
1971	2038	119,988
1972	2039	121,152
1973	2040	122,256
1974	2041	123,240
1975	2042	124,140
1976	2043	124,896
1977	2044	125,520
1978	2045	126,144
1979	2046	126,780
1980	2047	127,308
1981	2048	127,740
1982	2049	128,064
1983	2050	128,364
1984	2051	128,652
1985 and Later	2052 and Later	128,700

ATTACHMENT II

2018 ROUNDED COVERED COMPENSATION TABLE	
CALENDAR YEAR OF BIRTH	2018 COVERED COMPENSATION ROUNDED
1937	$ 39,000
1938–1939	45,000
1940	48,000
1941	51,000
1942	54,000
1943	57,000
1944	60,000
1945	63,000
1946–1947	66,000
1948	69,000
1949	72,000
1950	75,000
1951	78,000
1952	81,000
1953	84,000
1954	87,000
1955	90,000
1956	93,000
1957	96,000
1958–1959	99,000
1960	102,000
1961–1962	105,000

2018 ROUNDED COVERED COMPENSATION TABLE	
CALENDAR YEAR OF BIRTH	2018 COVERED COMPENSATION ROUNDED
1963	108,000
1964–1965	111,000
1966–1967	114,000
1968–1969	117,000
1970–1972	120,000
1973–1975	123,000
1976–1980	126,000
1981 and Later	128,700

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 202-317-6700 or Michael Spaid at 206-946-3480 (not toll-free numbers).

Part III. Administrative, Procedural, and Miscellaneous

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

Notice 2017–69

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).

YIELD CURVE AND SEGMENT RATES

Generally, except for certain plans under section 104 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.[1] 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 October 2017 data is in Table 2017–10 at the end of this notice. The spot first, second, and third segment rates for the month of October 2017 are, respectively, 2.05, 3.61, and 4.27.

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) to be within the applicable minimum and maximum percentages of the corresponding 25-year average segment rates. For plan years beginning before 2021, the applicable minimum percentage is 90% and the applicable maximum percentage is 110%. The 25-year average segment rates for plan years beginning in 2016, 2017, and 2018 were published in Notice 2015–61, 2015–39 I.R.B. 408, Notice 2016–64, 2016–40 I.R.B. 429, and Notice 2017–50, 2017–41 I.R.B. 280, respectively.

24-MONTH AVERAGE CORPORATE BOND SEGMENT RATES

The three 24-month average corporate bond segment rates applicable for November 2017 without adjustment for the 25-year average segment rate limits are as follows:

24-Month Average Segment Rates Without 25-year Average Adjustment

Applicable Month	*First Segment*	*Second Segment*	*Third Segment*
November 2017	1.77	3.73	4.60

Based on § 430(h)(2)(C)(iv), the 24-month averages applicable for November 2017, adjusted to be within the applicable minimum and maximum percentages of the corresponding 25-year average segment rates, are as follows:

Adjusted 24-Month Average Segment Rates

For Plan Years Beginning in	*Applicable Month*	*First Segment*	*Second Segment*	*Third Segment*
2016	November 2017	4.43	5.91	6.65
2017	November 2017	4.16	5.72	6.48
2018	November 2017	3.92	5.52	6.29

[1]Pursuant to § 433(h)(3)(A), the 3rd segment rate determined under § 430(h)(2)(C) is used to determine the current liability of a CSEC plan (which is used to calculate the minimum amount of the full funding limitation under § 433(c)(7)(C)).

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 October 2017 is 2.88 percent. The Service determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in August 2047. For plan years beginning in November 2017, the weighted average of the rates of interest on 30-year Treasury securities and the permissible range of rates used to calculate current liability are as follows:

	Treasury Weighted Average Rates	
For Plan Years Beginning in	*30-Year Treasury Weighted Average*	*Permissible Range 90% to 105%*
November 2017	2.87	2.58 to 3.01

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 October 2017 are as follows:

	Minimum Present Value Segment Rates		
Month	*First Segment*	*Second Segment*	*Third Segment*
October 2017	2.05	3.61	4.27

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 202-317-6700 or Tony Montanaro at 202-317-8698 (not toll-free numbers).

Table 2017–10
Monthly Yield Curve for October 2017
Derived from October 2017 Data

Maturity	*Yield*	*Maturity*	*Yield*	*Maturity*	*Yield*	*Maturity*	*Yield*	*Maturity*	*Yield*
0.5	1.50	20.5	4.09	40.5	4.29	60.5	4.36	80.5	4.40
1.0	1.66	21.0	4.10	41.0	4.29	61.0	4.36	81.0	4.40
1.5	1.80	21.5	4.11	41.5	4.30	61.5	4.36	81.5	4.40
2.0	1.93	22.0	4.12	42.0	4.30	62.0	4.37	82.0	4.40
2.5	2.04	22.5	4.13	42.5	4.30	62.5	4.37	82.5	4.40
3.0	2.13	23.0	4.13	43.0	4.30	63.0	4.37	83.0	4.40
3.5	2.22	23.5	4.14	43.5	4.31	63.5	4.37	83.5	4.40
4.0	2.32	24.0	4.15	44.0	4.31	64.0	4.37	84.0	4.40
4.5	2.41	24.5	4.15	44.5	4.31	64.5	4.37	84.5	4.40
5.0	2.51	25.0	4.16	45.0	4.31	65.0	4.37	85.0	4.40
5.5	2.61	25.5	4.17	45.5	4.31	65.5	4.37	85.5	4.40
6.0	2.71	26.0	4.17	46.0	4.32	66.0	4.37	86.0	4.40
6.5	2.82	26.5	4.18	46.5	4.32	66.5	4.37	86.5	4.40
7.0	2.92	27.0	4.18	47.0	4.32	67.0	4.38	87.0	4.41
7.5	3.02	27.5	4.19	47.5	4.32	67.5	4.38	87.5	4.41
8.0	3.12	28.0	4.19	48.0	4.32	68.0	4.38	88.0	4.41
8.5	3.21	28.5	4.20	48.5	4.33	68.5	4.38	88.5	4.41
9.0	3.30	29.0	4.20	49.0	4.33	69.0	4.38	89.0	4.41
9.5	3.38	29.5	4.21	49.5	4.33	69.5	4.38	89.5	4.41
10.0	3.45	30.0	4.21	50.0	4.33	70.0	4.38	90.0	4.41
10.5	3.52	30.5	4.22	50.5	4.33	70.5	4.38	90.5	4.41
11.0	3.59	31.0	4.22	51.0	4.33	71.0	4.38	91.0	4.41
11.5	3.65	31.5	4.23	51.5	4.34	71.5	4.38	91.5	4.41
12.0	3.70	32.0	4.23	52.0	4.34	72.0	4.38	92.0	4.41
12.5	3.75	32.5	4.24	52.5	4.34	72.5	4.39	92.5	4.41
13.0	3.79	33.0	4.24	53.0	4.34	73.0	4.39	93.0	4.41
13.5	3.83	33.5	4.25	53.5	4.34	73.5	4.39	93.5	4.41
14.0	3.87	34.0	4.25	54.0	4.34	74.0	4.39	94.0	4.41
14.5	3.90	34.5	4.25	54.5	4.35	74.5	4.39	94.5	4.41
15.0	3.92	35.0	4.26	55.0	4.35	75.0	4.39	95.0	4.41
15.5	3.95	35.5	4.26	55.5	4.35	75.5	4.39	95.5	4.41
16.0	3.97	36.0	4.26	56.0	4.35	76.0	4.39	96.0	4.41
16.5	3.99	36.5	4.27	56.5	4.35	76.5	4.39	96.5	4.42
17.0	4.01	37.0	4.27	57.0	4.35	77.0	4.39	97.0	4.42
17.5	4.02	37.5	4.27	57.5	4.35	77.5	4.39	97.5	4.42
18.0	4.04	38.0	4.28	58.0	4.36	78.0	4.39	98.0	4.42
18.5	4.05	38.5	4.28	58.5	4.36	78.5	4.39	98.5	4.42
19.0	4.06	39.0	4.28	59.0	4.36	79.0	4.40	99.0	4.42
19.5	4.07	39.5	4.28	59.5	4.36	79.5	4.40	99.5	4.42
20.0	4.08	40.0	4.29	60.0	4.36	80.0	4.40	100.0	4.42

Treatment of Amounts Paid to Section 170(c) Organizations under Employer Leave-Based Donation Programs to Aid Victims of the California Wildfires that Began on October 8, 2017

Notice 2017–70

This notice provides guidance on the treatment of leave-based donation programs to aid victims of the California Wildfires that began on October 8, 2017 (2017 California Wildfires).

TREATMENT OF LEAVE-BASED DONATION PAYMENTS

In response to the extreme need for charitable relief for victims of the 2017 California Wildfires, employers may have adopted or may be considering adopting leave-based donation programs. Under leave-based donation programs, employees can elect to forgo vacation, sick, or personal leave in exchange for cash payments that the employer makes to charitable organizations described in § 170(c) of the Internal Revenue Code (§ 170(c) organizations). This notice provides guidance for income and employment tax purposes on the treatment of cash payments made by employers under leave-based donation programs for the relief of victims of the 2017 California Wildfires.

The Internal Revenue Service (the Service) will not assert that cash payments an employer makes to § 170(c) organizations in exchange for vacation, sick, or personal leave that its employees elect to forgo constitute gross income or wages of the employees if the payments are: (1) made to the § 170(c) organizations for the relief of victims of the 2017 California Wildfires; and (2) paid to the § 170(c) organizations before January 1, 2019.

Similarly, the Service will not assert that the opportunity to make such an election results in constructive receipt of gross income or wages for employees. Electing employees may not claim a charitable contribution deduction under § 170 with respect to the value of forgone leave excluded from compensation and wages.

The Service will not assert that an employer is permitted to deduct these cash payments exclusively under the rules of § 170 rather than the rules of § 162. Cash payments to which this guidance applies need not be included in Box 1, 3 (if applicable), or 5 of the Form W-2.

For further information, please contact Sheldon Iskow of the Office of Associate Chief Counsel (Income Tax and Accounting) at (202) 317-4718 (not a toll-free number).

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26 CFR 601.204: Changes in accounting periods and in methods of accounting. (Also Part I, §§ 404A, 446, 481; 1.446–1, 1.481–1, 1.481–4.)

Rev. Proc. 2017–59

SECTION 1. PURPOSE

This revenue procedure modifies Rev. Proc. 2015–13, 2015–5 I.R.B. 419, as clarified and modified by Rev. Proc. 2015–33, 2015–24 I.R.B. 1067, and as modified by Rev. Proc. 2016–1, 2016–1 I.R.B. 1. Rev. Proc. 2015–13 provides procedures for obtaining the consent of the Commissioner of Internal Revenue (Commissioner) to change a method of accounting for federal income tax purposes. With respect to elections under § 404A of the Internal Revenue Code (Code), which are treated as changes in method of accounting for purposes of § 481, this revenue procedure specifies the § 481 adjustment period.

SECTION 2. BACKGROUND

.01 Rev. Proc. 2015–13 contains procedures under § 446(e) and § 1.446–1(e) of the Income Tax Regulations to obtain the consent of the Commissioner to change an accounting method for federal income tax purposes. Rev. Proc. 2015–13 provides both the procedures to obtain the non-automatic consent of the Commissioner to change a method of accounting and the procedures to obtain the automatic consent of the Commissioner to change a method of accounting described in Rev. Proc. 2017–30, 2017–18 I.R.B. 1131, (or successor) (List of Automatic Changes).

.02 Section 7.01 of Rev. Proc. 2015–13 generally provides that a change in method of accounting must be implemented pursuant to the terms and conditions provided in that revenue procedure and either the List of Automatic Changes (in the case of an automatic change) or the letter ruling for the change in method of accounting (in the case of a non-automatic change).

.03 Section 7.02 of Rev. Proc. 2015–13 generally provides that a taxpayer making a change in method of accounting must compute an adjustment as required by § 481(a) and take into account this § 481(a) adjustment in the manner provided in section 7.03 of Rev. Proc. 2015–13.

.04 Section 7.03(1) of Rev. Proc. 2015–13 generally provides that except as otherwise provided in that revenue procedure, the List of Automatic Changes (in the case of an automatic change), a letter ruling to the taxpayer (in the case of a non-automatic change), or other guidance published in the Internal Revenue Bulletin, the § 481(a) adjustment period is one taxable year (year of change) when the § 481(a) adjustment is negative and four taxable years (year of change and next three taxable years) when the § 481(a) adjustment is positive. Section 7.03 also provides additional rules regarding a § 481(a) adjustment period, such as when there is a shortened or accelerated adjustment period.

.05 Section 404A(g)(5) provides that, for purposes of § 481, an election under § 404A is treated as a change in method of accounting; an election under § 404A is made under § 404A(e)(3), and, if applicable, § 404A(f)(2). Section 404A(g)(5) further provides that, in applying § 481 with respect to any such election, the period for taking into account any increase or decrease in accumulated profits, earnings and profits, or taxable income resulting from the application of § 481(a)(2) shall be the year for which the election is made and the fourteen succeeding years. Accordingly, this revenue procedure modifies Rev. Proc. 2015–13 to specify that the § 481 adjustment period with respect to an election under § 404A is fifteen taxable years for a positive § 481(a) adjustment and fifteen taxable years for a negative § 481(a) adjustment.

SECTION 3. MODIFICATION OF REV. PROC. 2015–13

Section 7.03 of Rev. Proc. 2015–13 is modified to add section 7.03(5) to read as follows:

(5) *Elections under § 404A*. Pursuant to § 404A(g)(5), the § 481(a) adjustment period with respect to an election under § 404A is fifteen taxable years (year of change and next fourteen taxable years) for a positive § 481(a) adjustment and fifteen taxable years (year of change and next fourteen taxable years) for a negative § 481(a) adjustment.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2015–13 is modified.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective for Forms 3115 filed under Rev. Proc. 2015–13 on or after November 13, 2017.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Kari Fisher of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information relating to Rev. Proc. 2015–13, please contact Ms. Fisher at (202) 317-7007 (not a toll-free number), or for further information relating to § 404A, contact Jeremy Lamb of the Office of Associate Chief Counsel (Tax Exempt and Government Entities) at (202) 317-6799 (not a toll-free number).

Part IV. Items of General Interest

Section 7428(c)Validation of Certain Contributions Made During Pendency of Declaratory Judgment Proceedings

Announcement 2017–18

This announcement serves notice to potential donors that the organization listed below has recently filed a timely declaratory judgment suit under section 7428 of the Code, challenging revocation of its status as an eligible donee under section 170(c)(2).

Protection under section 7428(c) of the Code begins on the date that the notice of revocation is published in the Internal Revenue Bulletin and ends on the date on which a court first determines that an organization is not described in section 170(c)(2), as more particularly set forth in section 7428(c)(1).

In the case of individual contributors, the maximum amount of contributions protected during this period is limited to $1,000.00, with a husband and wife being treated as one contributor. This protection is not extended to any individual who was responsible, in whole or in part, for the acts or omissions of the organization that were the basis for the revocation. This protection also applies (but without limitation as to amount) to organizations described in section 170(c)(2) which are exempt from tax under section 501(a). If the organization ultimately prevails in its declaratory judgment suit, deductibility of contributions would be subject to the normal limitations set forth under section 170.

Name of Organization	*Date Suit Filed*	*Effective Date of Revocation*	*Location*
The Korean-American Senior Mutual Association, Inc.	10/18/2017	9/6/2017	Flushing, NY

Definition of Terms

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

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

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

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

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

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

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

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

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

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

Abbreviations

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

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

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[1]A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2017–01 through 2017–26 is in Internal Revenue Bulletin 2017–26, dated June 27, 2017.

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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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