INTERNAL REVENUE
BULLETIN

HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2018–21
May 21, 2018

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 2018–30, page 610.

This notice modifies the 338 approach and the 1374 approach as set forth in Notice 2003–65, 2003–2 C.B. 747, for determining recognized built-in gains or losses under section 382(h), to disallow using the additional first year depreciation deduction under § 168(k), which was amended by "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," Pub. L. No. 115–97.

Notice 2018–44, page 611.

Notice 2018–33, 2018–17 I.R.B. 508, was issued on April 23, 2018. That notice used an incorrect amount for the maximum foreign earned income exclusion to calculate the housing cost amount for 2018. Notice 2018–44 revokes Notice 2018–33 and provides the correct amount of the maximum housing expenses and the base housing amount for 2018. Notice 2018–44 also provides an updated table of adjusted limitations on housing expenses.

Generally, Notice 2018–44 provides for adjustments to the limitation on housing expenses for purposed of section 911 of the Internal Revenue Code. These adjustments are made on the basis of geographic differences in housing costs relative to housing costs in the United States. Further, if the limitation on housing expenses is higher for taxable year 2018 than the adjusted limitations on housing expenses provided in Notice 2017–21, qualified taxpayers may apply the adjusted limitations for taxable year 2018 to their 2017 taxable year.

Notice 2018–45, page 620.

Notice 2018–45 advises State and local housing credit agencies that allocate low-income housing tax credits under section 42, and States and other issuers of tax-exempt private activity bonds under section 141, of the population figures to use in calculating: (1) the 2018 calendar year population-based component of the State housing credit ceiling under section 42(h)(3)(C)(ii); (2) the 2018 calendar year volume cap under section 146; and (3) the 2018 volume limit under section 142(k)(5).

Notice 2018–46, page 621.

Notice 2018–46 allows taxpayers to continue to rely on the exception to United States property in §1.956–2T(b)(1)(xi) past its May 7, 2018, sunset date and announces the intention to publish regulations that will provide, similar to the rule in section 956(c)(2)(J), an exception from the definition of U.S. property for an obligation of a United States person to the extent the principal amount of the obligation does not exceed the fair market value of cash and readily marketable securities posted or received as margin or collateral for the obligation in the ordinary course of its business by a United States or foreign person that is a dealer in securities or commodities.

Notice 2018–47, page 621.

Notice 2018–47 explains how a State or local government amends the nomination of an empowerment zone to provide for a new termination date of December 31, 2017.

Rev. Proc. 2018–30, page 622.

This revenue procedure provides the 2019 inflation adjusted amounts for Health Savings Accounts as determined under section 223 of the Internal Revenue Code.

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 III. Administrative, Procedural, and Miscellaneous

Notice 2018–30

SECTION 1. PURPOSE

The purpose of this notice is to modify Notice 2003–65, 2003–2 C.B. 747. Specifically, section 3 of this notice provides that the hypothetical cost recovery deductions used in the 338 approach described in Notice 2003–65 to identify recognized built-in gain (RBIG) or recognized built-in loss (RBIL) under section 382 of the Internal Revenue Code (Code) are determined without regard to section 168(k) of the Code. Similarly, in computing the amount of cost recovery deductions that are not attributable to an asset's built-in loss on the change date under the 1374 approach described in Notice 2003–65, the hypothetical deductions that would have been allowable had the loss corporation purchased the asset for its fair market value on the change date are determined without regard to section 168(k).

SECTION 2. BACKGROUND

Section 382 generally provides that, after an ownership change (as defined in section 382(g)), the amount of taxable income of a loss corporation (as defined in section 382(k)) for any post-change year (as defined in section 382(d)(2)) that may be offset by pre-change losses (as defined in section 382(d)(1)) shall not exceed the section 382 limitation (as defined in section 382(b)) for that year.

Section 382(h) provides rules for the treatment of built-in gain or loss with respect to assets owned by the loss corporation at the time of its ownership change. Under that provision, if, at the time of an ownership change, a loss corporation has a net unrealized built-in gain (NUBIG), any RBIG for a taxable year within the 5-year recognition period following the ownership change increases the section 382 limitation for that year, but not above the amount of the NUBIG. Similarly, if a loss corporation has a net unrealized built-in loss (NUBIL), any RBIL for a taxable year within the 5-year recognition period is a pre-change loss subject to the section 382 limitation, but not above the amount of the NUBIL.

Notice 2003–65 provides two alternative safe harbor approaches to the determination of RBIG and RBIL: the "338 approach" and the "1374 approach".

Under the 338 approach, items of RBIG and RBIL are identified—

> . . . generally by comparing the loss corporation's actual items of income, gain, deduction, and loss with those that would have resulted if a section 338 election had been made with respect to a hypothetical purchase of all of the outstanding stock of the loss corporation on the change date . . .

Notice 2003–65, 2003–2 C.B. at 749. As described in section IV of Notice 2003–65, under the 338 approach, certain assets generate RBIG or RBIL even if not disposed of during the recognition period. Specifically, the 338 approach treats as RBIG or RBIL (as the case may be) the difference between the loss corporation's actual allowable cost recovery deduction with respect to an asset and the hypothetical cost recovery deduction that would have been allowable with respect to the asset had an election under section 338 been made for a purchase of the loss corporation's stock.

With respect to built-in gain assets of loss corporations with NUBIG, Notice 2003–65 explains the use of these hypothetical cost recovery deductions as follows:

> The 338 approach assumes that, for any taxable year, an asset that had a built-in gain on the change date generates income equal to the cost recovery deduction that would have been allowed for such asset under the applicable Code section if an election under section 338 had been made with respect to the hypothetical purchase. Therefore, with respect to an asset that had a built-in gain on the change date, the 338 approach treats as RBIG an amount equal to the excess of the cost recovery deduction that would have been allowable with respect to such asset had an election under section 338 been made for the hypothetical purchase over the loss corporation's actual allowable cost recovery deduction.

Notice 2003–65, 2003–2 C.B. at 750. Notice 2003–65 applies the same methodology to the determination of RBIL by loss corporations with NUBIL:

> . . .with respect to a built-in loss asset on the change date, the 338 approach treats as RBIL the excess of the loss corporation's actual allowable cost recovery deduction over the cost recovery deduction that would have been allowable to the loss corporation with respect to such asset had an election under section 338 been made with respect to the hypothetical purchase.

Id.

Section 13201 of "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," Pub. L. No. 115–97 (Act), amended section 168(k) to extend and modify the additional first year depreciation deduction for qualified property (as defined in section 168(k)(2)) acquired and placed in service after September 27, 2017, and before January 1, 2027. The additional first year depreciation deduction allowed under section 168(k) is equal to 100 percent for qualified property acquired and placed in service after September 27, 2017, and before January 1, 2023, and thereafter is phased down 20 percentage points each year for property placed in service through December 31, 2026. In addition, prior to the Act, for qualified property to be eligible for additional first year depreciation, the original use of the property had to commence with the taxpayer. The Act removed this requirement, thus allowing certain used property to qualify for the additional first year depreciation deduction.

Pursuant to Notice 2003–65 in its current form, the amendments to section 168(k) would have collateral consequences in connection with the 338 approach. The additional first year depreciation would increase RBIG and reduce RBIL in the first year of the recognition period. Moreover, in some situations, total RBIG would increase and total RBIL would either increase or decrease over the 5-year recognition period.

The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) have determined that these changes in amounts of RBIG and RBIL are not appropriate. The legislative history of the Act indicates that the amendments to section 168(k) were intended to encourage capital investment by reducing the cost of capital and simplify recordkeeping. H.R. Rep. No. 115–409 (2018) at 232. There is no indication in the Act or in the legislative history that the amendments to section 168(k) were intended to reflect an estimate of income or expense generated by an asset during any particular time.

Accordingly, the Treasury Department and the IRS have determined that the hypothetical cost recovery deduction using the additional first year depreciation allowed under section 168(k) does not provide a reasonable estimate of the income or expense produced by a built-in gain or loss asset during the recognition period. Thus, the use of this additional first year depreciation would invalidate the assumption that underlies the section 338 approach, as set forth above.

The concerns underlying the 338 approach apply equally to one portion of the 1374 approach. The 1374 approach generally incorporates the rules of section 1374(d) of the Code and §§ 1.1374–3, 1.1374–4, and 1.1374–7 of the Income Tax Regulations in identifying RBIG and RBIL. The 1374 approach relies on the accrual method of accounting in determining whether certain items of income or deduction are RBIG or RBIL respectively. However, in accordance with section 382(h)(2)(B), the 1374 approach treats any allowable deduction for depreciation, amortization, or depletion (collectively, "amortization") of a built-in loss asset as RBIL, except to the extent the loss corporation establishes that the amount is not attributable to the excess of an asset's adjusted basis over its fair market value on the change date, regardless of whether the amount accrued for tax purposes before the change date. In determining the amount of amortization deduction that is not attributable to an asset's built-in loss on the change date, Notice 2003–65 provides:

> One acceptable method is to compare the amount of the amortization deduction actually allowed to the amount of such deduction that would have been allowed had the loss corporation purchased the asset for its fair market value on the change date. The amount by which the amount of the actual amortization deduction does not exceed the amount of the hypothetical amortization deduction is not RBIL.

Notice 2003–65, 2003–2 C.B. at 749. This method is essentially the same as the 338 approach for determining RBIL. Accordingly, the Treasury Department and the IRS have determined that a hypothetical amortization deduction using the additional first year depreciation allowed under section 168(k) does not provide a reasonable estimate of RBIL for purposes of section 382(h)(2)(B) under the 1374 approach.

SECTION 3. MODIFICATIONS TO NOTICE 2003–65 SAFE HARBOR APPROACHES

This notice modifies the 338 approach and the 1374 approach set forth in Notice 2003–65.

Pursuant to Notice 2003–65 as modified by this notice, under the 338 approach, in determining RBIG or RBIL, the hypothetical cost recovery deductions that would have been allowable had an election under section 338 been made are determined without regard to section 168(k).

Pursuant to Notice 2003–65 as modified by this notice, under the 1374 approach, in computing the amount of cost recovery deductions that are not attributable to an asset's built-in loss on the change date, the hypothetical cost recovery deductions that would have been allowable had the loss corporation purchased the asset for its fair market value on the change date are determined without regard to section 168(k).

SECTION 4. EFFECT ON OTHER DOCUMENTS

Notice 2003–65, 2003–2 C.B. 747, is modified.

SECTION 5. REQUEST FOR COMMENTS

The Treasury Department and the IRS continue to request comments on the treatment of built-in items under section 382(h).

SECTION 6. EFFECTIVE DATE

This notice is effective for any ownership changes (as defined in section 382(g)) that occur after May 8, 2018.

SECTION 7. DRAFTING INFORMATION

The principal author of this notice is Matt Tam of the Office of the Associate Chief Counsel (Corporate). Other personnel from the Treasury Department and the IRS also participated in its development. For further information regarding this notice, contact Matt Tam at (202) 317-5024 (not a toll-free number).

Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2018

Notice 2018–44

SECTION 1. PURPOSE

This notice provides adjustments to the limitation on housing expenses for purposes of section 911 of the Internal Revenue Code for specific locations for 2018. These adjustments are made on the basis of geographic differences in housing costs relative to housing costs in the United States.

SECTION 2. BACKGROUND

Section 911(a) allows a qualified individual to elect to exclude from gross income the foreign earned income and housing cost amount of such individual. The term "housing cost amount" is generally the total of the housing expenses for the taxable year minus a base housing amount. See section 911(c)(1). For this purpose, the housing expenses taken into account are limited to an amount that is tied to the maximum foreign earned income exclusion. Specifically, the limit on such housing expenses equals 30 percent (adjusted as may be provided under the Secretary's authority under section

911(c)(2)(B)) of the maximum exclusion amount (computed on a daily basis), multiplied by the number of days in the applicable period that fall within the taxable year. See section 911(c)(2)(A). Thus, under this general limitation, a qualified individual whose entire taxable year is within the applicable period is limited to maximum housing expenses of $31,170 ($103,900 x .30) for 2018.

Similarly, the computation of the base housing amount is also tied to the maximum foreign earned income exclusion. Specifically, the base housing amount is 16% of the maximum exclusion amount (computed on a daily basis), multiplied by the number of days in the applicable period that fall within the taxable year. See sections 911(c)(1)(B) and 911(d)(1). Assuming that the entire taxable year of a qualified individual is within the applicable period, the base housing amount for 2018 is $16,624 ($103,900 x .16). Section 911(c)(2)(B) authorizes the Secretary to issue regulations or other guidance to adjust the percentage under section 911(c)(2)(A)(i) (which determines the limit on housing expenses) based on geographic differences in housing costs relative to housing costs in the United States. Pursuant to this authority, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) have published annual notices concerning the limitation on the section 911 housing cost amounts since the 2006 taxable year.

Notice 2018–33, 2018–17 I.R.B. 508, was issued on April 23, 2018. That notice used an incorrect amount for the maximum foreign earned income exclusion to calculate the housing cost amount for 2018. This notice revokes Notice 2018–33 and provides the correct amount of the maximum housing expenses and the base housing amount for 2018. This notice also provides an updated table of adjusted limitations on housing expenses.

For more background on the foreign housing exclusion, see https://www.irs.gov/individuals/international-taxpayers/foreign-housing-exclusion-or deduction.

SECTION 3. TABLE OF ADJUSTED LIMITATIONS FOR 2018

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of $31,170) for 2018.

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Angola	Luanda	84,000	230.14
Argentina	Buenos Aires	56,500	154.79
Australia	Melbourne	32,100	87.95
Australia	Perth	34,300	93.97
Australia	Sydney	64,700	177.26
Austria	Vienna	35,400	96.99
Bahamas, The	Nassau	49,700	136.16
Bahrain	Bahrain	48,300	132.33
Barbados	Barbados	37,700	103.29
Belgium	Antwerp	31,300	85.75
Belgium	Brussels	42,900	117.53
Belgium	Gosselies	38,200	104.66
Belgium	Hoogbuul	31,300	85.75
Belgium	Mons	38,200	104.66
Belgium	SHAPE/Chievres	38,200	104.66
Bermuda	Bermuda	90,000	246.58
Brazil	Rio de Janeiro	35,100	96.16
Brazil	Sao Paulo	56,600	155.07
Canada	Calgary	39,400	107.95
Canada	Montreal	52,500	143.84
Canada	Ottawa	44,600	122.19
Canada	Quebec	35,700	97.81
Canada	Toronto	46,700	127.95
Canada	Vancouver	44,700	122.47
Canada	Victoria	40,500	110.96
Cayman Islands	Grand Cayman	48,000	131.51
Chile	Santiago	40,900	112.05
China	Beijing	71,200	195.07

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
China	Hong Kong	114,300	313.15
China	Shanghai	57,001	156.17
Colombia	Bogota	58,700	160.82
Colombia	All cities other than Bogota	49,400	135.34
Costa Rica	San Jose	32,000	87.67
Democratic Republic of the Congo	Kinshasa	42,000	115.07
Denmark	Copenhagen	43,704	119.74
Dominican Republic	Santo Domingo	45,500	124.66
Ecuador	Quito	38,200	104.66
El Salvador	San Salvador	32,000	87.67
Estonia	Tallinn	46,600	127.67
France	Garches	73,600	201.64
France	Lyon	40,700	111.51
France	Marseille	39,700	108.77
France	Montpellier	32,800	89.86
France	Paris	73,600	201.64
France	Sevres	73,600	201.64
France	Suresnes	73,600	201.64
France	Versailles	73,600	201.64
France	All cities other than Garches, Le Havre, Lyon, Marseille, Montpellier, Paris, Sevres, Suresnes and Versailles	31,900	87.40
Germany	Babenhausen	36,100	98.90
Germany	Baumholder	35,900	98.36
Germany	Berlin	44,100	120.82
Germany	Birkenfeld	35,900	98.36
Germany	Boeblingen	43,900	120.27
Germany	Bonn	42,000	115.07
Germany	Cologne	56,200	153.97
Germany	Darmstadt	36,100	98.90
Germany	Frankfurt am Main	37,700	103.29
Germany	Garmisch-Partenkirchen	33,900	92.88
Germany	Gelnhausen	45,500	124.66
Germany	Giessen	36,000	98.63
Germany	Grafenwoehr	36,400	99.73
Germany	Hanau	45,500	124.66
Germany	Heidelberg	33,700	92.33
Germany	Idar-Oberstein	35,900	98.36
Germany	Ingolstadt	51,500	141.10
Germany	Kaiserslautern, Landkreis	44,200	121.10
Germany	Karlsruhe	34,800	95.34
Germany	Kitzingen	31,200	85.48
Germany	Koblenz	35,400	96.99
Germany	Leimen	33,700	92.33

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Germany	Ludwigsburg	43,900	120.27
Germany	Mainz	48,100	131.78
Germany	Mannheim	33,700	92.33
Germany	Munich	51,500	141.10
Germany	Nellingen	43,900	120.27
Germany	Neubruecke	35,900	98.36
Germany	Ober Ramstadt	36,100	98.90
Germany	Oberammergau	33,900	92.88
Germany	Pirmasens	44,200	121.10
Germany	Rheinau	33,700	92.33
Germany	Schwetzingen	33,700	92.33
Germany	Seckenheim	33,700	92.33
Germany	Sembach	44,200	121.10
Germany	Stuttgart	43,900	120.27
Germany	Vilseck	36,400	99.73
Germany	Wahn	42,000	115.07
Germany	Wertheim	31,200	85.48
Germany	Wiesbaden	48,100	131.78
Germany	Wuerzburg	31,200	85.48
Germany	Zweibrueken	44,200	121.10
Germany	All cities other than Augsburg, Babenhausen, Bad Aibling, Bad Kreuznach, Bad Nauheim, Baumholder, Berchtesgaden, Berlin, Birkenfeld, Boeblingen, Bonn, Bremen, Bremerhaven, Butzbach, Cologne, Darmstadt, Delmenhorst, Duesseldorf, Erlangen, Flensburg, Frankfurt am Main, Friedberg, Fuerth, Garlstedt, Garmisch-Partenkirchen, Geilenkirchen, Gelnhausen, Germersheim, Giebelstadt, Giessen, Grafenwoehr, Grefrath, Greven, Gruenstadt, Hamburg, Hanau, Handorf, Hannover, Heidelberg, Heilbronn, Herongen, Idar-Oberstein, Ingolstadt, Kaiserslautern, Landkreis, Kalkar, Karlsruhe, Kerpen, Kitzingen, Koblenz, Leimen, Leipzig, Ludwigsburg, Mainz, Mannheim, Mayen, Moenchen-Gladbach, Muenster, Munich, Nellingen, Neubruecke, Noervenich, Nuernberg, Ober Ramstadt, Oberammergau, Osterholz-Scharmbeck, Pirmasens, Rheinau, Rheinberg, Schwabach, Schwetzingen, Seckenheim, Sembach, Stuttgart, Twisteden, Vilseck, Wahn, Wertheim, Wiesbaden, Worms, Wuerzburg, Zirndorf and Zweibrueken	35,400	96.99

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Ghana	Accra	36,000	98.63
Greece	Athens	36,100	98.90
Greece	Elefsis	36,100	98.90
Greece	Ellinikon	36,100	98.90
Greece	Mt. Parnis	36,100	98.90
Greece	Mt. Pateras	36,100	98.90
Greece	Nea Makri	36,100	98.90
Greece	Piraeus	36,100	98.90
Greece	Tanagra	36,100	98.90
Guatemala	Guatemala City	41,800	114.52
Guinea	Conakry	51,300	140.55
Guyana	Georgetown	35,000	95.89
Holy See, The	Holy See, The	49,000	134.25
Hungary	Budapest	32,500	89.04
India	Mumbai	67,920	186.08
India	New Delhi	56,124	153.76
Indonesia	Jakarta	37,776	103.50
Ireland	Dublin	42,600	116.71
Ireland	Shannon Area	33,700	92.33
Israel	Beer Sheva	56,200	153.97
Israel	Tel Aviv	50,800	139.18
Italy	Genoa	41,800	114.52
Italy	Gioia Tauro	31,200	85.48
Italy	La Spezia	40,400	110.68
Italy	Milan	73,200	200.55
Italy	Naples	49,100	134.52
Italy	Parma	37,200	101.92
Italy	Pordenone-Aviano	38,100	104.38
Italy	Rome	49,000	134.25
Italy	Turin	36,600	100.27
Italy	Vicenza	39,900	109.32
Jamaica	Kingston	41,200	112.88
Japan	Atsugi	39,700	108.77
Japan	Camp Zama	39,700	108.77
Japan	Chiba-Ken	39,700	108.77
Japan	Fussa	39,700	108.77
Japan	Gifu	74,300	203.56
Japan	Haneda	39,700	108.77
Japan	Iwakuni	31,400	86.03
Japan	Kanagawa-Ken	39,700	108.77
Japan	Komaki	74,300	203.56
Japan	Machidi-Shi	39,700	108.77
Japan	Misawa	31,700	86.85
Japan	Nagoya	74,300	203.56
Japan	Okinawa Prefecture	56,000	153.42
Japan	Osaka-Kobe	90,664	248.39

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Japan	Sagamihara	39,700	108.77
Japan	Saitama-Ken	39,700	108.77
Japan	Sasebo	32,200	88.22
Japan	Tachikawa	39,700	108.77
Japan	Tokyo	89,000	243.84
Japan	Tokyo-to	39,700	108.77
Japan	Yokohama	47,400	129.86
Japan	Yokosuka	46,100	126.30
Japan	Yokota	37,400	102.47
Jerusalem	Jerusalem	49,000	134.25
Jerusalem	West Bank	49,000	134.25
Kazakhstan	Almaty	48,000	131.51
Korea	Camp Carroll	31,600	86.58
Korea	Camp Colbern	54,200	148.49
Korea	Camp Market	59,300	162.47
Korea	Camp Mercer	54,200	148.49
Korea	K-16	59,300	162.47
Korea	Kimhae	31,700	86.85
Korea	Kimpo Airfield	59,300	162.47
Korea	Munsan	33,900	92.88
Korea	Osan AB	39,200	107.40
Korea	Pusan	31,700	86.85
Korea	Pyongtaek	42,200	115.62
Korea	Seoul	59,300	162.47
Korea	Suwon	59,300	162.47
Korea	Taegu	36,000	98.63
Korea	Tongduchon	35,200	96.44
Korea	Uijongbu	32,700	89.59
Korea	Waegwan	31,600	86.58
Korea	All cities other than Ammo Depot #9, Camp Carroll, Camp Colbern, Camp Market, Camp Mercer, Changwon, Chinhae, Chunchon, K-16, Kimhae, Kimpo Airfield, Kunsun, Kwangju, Munsan, Osan AB, Pusan, Pyongtaek, Seoul, Suwon, Taegu, Tongduchon, Uijongbu, and Waegwan	31,900	87.40
Kuwait	Kuwait City	64,400	176.44
Kuwait	All cities other than Kuwait City	57,700	158.08
Luxembourg	Luxembourg	40,100	109.86
Macedonia	Skopje	35,400	96.99
Malaysia	Kuala Lumpur	46,200	126.58
Malaysia	All cities other than Kuala Lumpur	33,700	92.33
Malta	Malta	55,100	150.96
Mexico	Merida	37,900	103.84
Mexico	Mexico City	47,900	131.23

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Mexico	Monterrey	33,200	90.96
Mexico	All cities other than Ciudad Juarez, Cuernavaca, Guadalajara, Hermosillo, Matamoros, Mazatlan, Merida, Metapa, Mexico City, Monterrey, Nogales, Nuevo Laredo, Reynosa, Tapachula, Tijuana, Tuxtla Gutierrez, and Veracruz	39,400	107.95
Mozambique	Maputo	39,500	108.22
Namibia	Windhoek	32,100	87.95
Netherlands	Amsterdam	52,900	144.93
Netherlands	Aruba	36,000	98.63
Netherlands	Brunssum	35,900	98.36
Netherlands	Eygelshoven	35,900	98.36
Netherlands	Hague, The	58,400	160.00
Netherlands	Heerlen	35,900	98.36
Netherlands	Hoensbroek	35,900	98.36
Netherlands	Hulsberg	35,900	98.36
Netherlands	Kerkrade	35,900	98.36
Netherlands	Landgraaf	35,900	98.36
Netherlands	Maastricht	35,900	98.36
Netherlands	Papendrecht	35,200	96.44
Netherlands	Rotterdam	35,200	96.44
Netherlands	Schaesburg	35,900	98.36
Netherlands	Schinnen	35,900	98.36
Netherlands	Schiphol	52,900	144.93
Netherlands	Ypenburg	58,400	160.00
Netherlands	All cities other than Amsterdam, Aruba, Brunssum, Coevorden, Eygelshoven, The Hague, Heerlen, Hoensbroek, Hulsberg, Kerkrade, Landgraaf, Maastricht, Margraten, Papendrecht, Rotterdam, Schaesburg, Schinnen, Schiphol, and Ypenburg.	34,700	95.07
Netherlands Antilles	Curacao	45,800	125.48
New Zealand	Auckland	35,700	97.81
New Zealand	Christchurch	32,100	87.95
New Zealand	Wellington	33,800	92.60
Nicaragua	Managua	31,800	87.12
Nigeria	Abuja	36,000	98.63
Norway	Oslo	36,100	98.90
Oman	Muscat	41,300	113.15
Panama	Panama City	39,500	108.22
Peru	Lima	39,100	107.12
Philippines	Cavite	33,500	91.78
Philippines	Manila	37,380	102.41
Portugal	Alverca	44,800	122.74
Portugal	Lisbon	44,800	122.74

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Qatar	Doha	45,888	125.72
Qatar	All cities other than Doha	32,400	88.77
Romania	Bucharest	41,200	112.88
Russia	Moscow	108,000	295.89
Russia	Saint Petersburg	60,000	164.38
Russia	Sakhalin Island	77,500	212.33
Russia	Vladivostok	77,500	212.33
Russia	Yekaterinburg	47,400	129.86
Rwanda	Kigali	31,500	86.30
Saudi Arabia	Jeddah	30,667	84.02
Saudi Arabia	Riyadh	40,000	109.59
Singapore	Singapore	80,500	220.55
Slovenia	Ljubljana	51,400	140.82
South Africa	Pretoria	39,300	107.67
Spain	Barcelona	40,600	111.23
Spain	Madrid	59,700	163.56
Spain	Rota	36,500	100.00
Spain	Valencia	34,300	93.97
Suriname	Paramaribo	33,000	90.41
Switzerland	Bern	65,600	179.73
Switzerland	Geneva	93,300	255.62
Switzerland	Zurich	39,219	107.45
Switzerland	All cities other than Bern, Geneva and Zurich	32,900	90.14
Taiwan	Taipei	46,188	126.54
Tanzania	Dar Es Salaam	44,000	120.55
Thailand	Bangkok	59,000	161.64
Trinidad and Tobago	Port of Spain	54,500	149.32
Turkey	Izmir-Cigli	31,600	86.58
Turkey	Yamanlar	31,600	86.58
Ukraine	Kiev	72,000	197.26
United Arab Emirates	Abu Dhabi	49,687	136.13
United Arab Emirates	Dubai	57,174	156.64
United Kingdom	Basingstoke	41,099	112.60
United Kingdom	Bath	41,000	112.33
United Kingdom	Bracknell	62,100	170.14
United Kingdom	Bristol	33,100	90.68
United Kingdom	Brookwood	37,200	101.92
United Kingdom	Cambridge	36,100	98.90
United Kingdom	Caversham	73,800	202.19
United Kingdom	Cheltenham	43,900	120.27
United Kingdom	Croughton	38,000	104.11
United Kingdom	Fairford	35,900	98.36
United Kingdom	Farnborough	54,700	149.86
United Kingdom	Felixstowe	34,800	95.34
United Kingdom	Gibraltar	44,616	122.24

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
United Kingdom	Harrogate	39,200	107.40
United Kingdom	High Wycombe	62,100	170.14
United Kingdom	Huntingdon	37,200	101.92
United Kingdom	Kemble	35,900	98.36
United Kingdom	Lakenheath	47,900	131.23
United Kingdom	Liverpool	32,600	89.32
United Kingdom	London	72,600	198.90
United Kingdom	Loudwater	57,200	156.71
United Kingdom	Menwith Hill	39,200	107.40
United Kingdom	Mildenhall	47,900	131.23
United Kingdom	Oxfordshire	36,400	99.73
United Kingdom	Plymouth	36,400	99.73
United Kingdom	Portsmouth	36,400	99.73
United Kingdom	Reading	62,100	170.14
United Kingdom	Rochester	37,400	102.47
United Kingdom	Samlesbury	37,200	101.92
United Kingdom	Southampton	44,200	121.10
United Kingdom	Surrey	48,402	132.61
United Kingdom	Waterbeach	37,300	102.19
United Kingdom	Wiltshire	34,700	95.07
United Kingdom	All cities other than Basingstoke, Bath, Belfast, Birmingham, Bracknell, Bristol, Brookwood, Brough, Cambridge, Caversham, Chelmsford, Cheltenham, Chicksands, Croughton, Dunstable, Edinburgh, Edzell, Fairford, Farnborough, Felixstowe, Ft. Halstead, Gibraltar, Glenrothes, Greenham Common, Harrogate, High Wycombe, Huntingdon, Hythe, Kemble, Lakenheath, Liverpool, London, Loudwater, Menwith Hill, Mildenhall, Nottingham, Oxfordshire, Plymouth, Portsmouth, Reading, Rochester, Samlesbury, Southampton, Surrey, Waterbeach, Welford, West Byfleet, and Wiltshire.	37,200	101.92
Venezuela	Caracas	57,000	156.16
Vietnam	Hanoi	46,800	128.22
Vietnam	Ho Chi Minh City	42,000	115.07

SECTION 4. OPTION TO APPLY 2018 ADJUSTED LIMITATIONS TO 2017 TAXABLE YEAR

For some locations, the limitation on housing expenses provided in Section 3 of this notice may be higher than the limitation on housing expenses provided in the "Table of Adjusted Limitations for 2017" in Notice 2017–21. A qualified individual incurring housing expenses in such a location during 2017 may apply the adjusted limitation on housing expenses provided in Section 3 of this notice for 2017 in lieu of the amounts provided in the "Table of Adjusted Limitations for 2017" in Notice 2017–21 (and as set forth in the Instructions to Form 2555, *Foreign Earned Income*, for 2017).

The Treasury Department and the IRS anticipate that future annual notices providing adjustments to housing expense limitations will make a similar option available to qualified individuals that incur housing expenses in the immediately preceding year. For example, when adjusted housing expense limitations for 2019 are issued, it is expected that taxpayers will be permitted to apply those adjusted limitations to the 2018 taxable year.

SECTION 5. Filing Prior Year or Amended Tax Returns

Notice 2011–8, 2011–8 I.R.B. 503; Notice 2012–19, 2012–10 I.R.B. 440; Notice 2013–31, 2013–21 I.R.B. 1099; Notice 2014–29, 2014–18 I.R.B. 991; Notice 2015–33, 2015–18 I.R.B. 934; Notice 2016–21, 2016–12 I.R.B. 465; and Notice 2017–21, 2017–13 I.R.B. 1026 are relisted to assist those individuals who are filing prior year or amended tax returns.

SECTION 6. EFFECT ON OTHER DOCUMENTS

This notice revokes Notice 2018–33, 2018–17 I.R.B. 508. This notice also supersedes Notice 2006–87, 2006–43 I.R.B. 766; Notice 2007–25, 2007–12 I.R.B. 760; Notice 2007–77, 2007–40 I.R.B. 735; Notice 2008–107, 2008–50 I.R.B. 1265; Notice 2010–27, 2010–15 I.R.B. 531; Notice 2011–8, 2011–8 I.R.B. 503; Notice 2012–19, 2012–10 I.R.B. 440; Notice 2013–31, 2013–21 I.R.B. 1099; Notice 2014–29, 2014–18 I.R.B. 991; Notice 2015–33, 2015–18 I.R.B. 934; Notice 2016–21, 2016–12 I.R.B. 465; and Notice 2017–21, 2017–13 I.R.B. 1026.

SECTION 7. EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2018. However, as provided in Section 4, a taxpayer may apply the 2018 adjusted housing limitations contained in Section 3 of this notice to his or her taxable year beginning in 2017.

SECTION 8. DRAFTING INFORMATION

The principal author of this notice is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this notice contact Kate Y. Hwa on (202) 317-5001 (not a toll-free number).

2018 Calendar Year Resident Population Figures

Notice 2018–45

This notice advises State and local housing credit agencies that allocate low-income housing tax credits under § 42 of the Internal Revenue Code, and States and other issuers of tax-exempt private activity bonds under § 141, of the population figures to use in calculating: (1) the 2018 calendar year population-based component of the State housing credit ceiling (Credit Ceiling) under § 42(h)(3)(C)(ii); (2) the 2018 calendar year volume cap (Volume Cap) under § 146; and (3) the 2018 volume limit (Volume Limit) under § 142(k)(5).

Generally, § 146(j) requires determining the population figures for the population-based component of both the Credit Ceiling and the Volume Cap for any calendar year on the basis of the most recent census estimate of the resident population of a State (or issuing authority) released by the U.S. Census Bureau before the beginning of the calendar year. Similarly, § 142(k)(5) bases the Volume Limit on the State population.

Sections 42(h)(3)(H) and 146(d)(2) require adjusting for inflation the population-based component of the Credit Ceiling and the Volume Cap. The Credit Ceiling adjustment for the 2018 calendar year is in Rev. Proc. 2018–22, 2018–18 I.R.B. 524. Section 2 of Rev. Proc. 2018–22 modifies and supersedes section 3.08 of Rev. Proc. 2018–18, 2018–10 I.R.B. 392, and provides that, for calendar year 2018, the amount for calculating the Credit Ceiling under § 42(h)(3)(C)(ii) is the greater of $2.70 multiplied by the State population, or $3,105,000. Further, section 3.20 of Rev. Proc. 2018–18 remains unchanged and provides that the amount for calculating the Volume Cap under § 146(d)(1) for calendar year 2018 is the greater of $105 multiplied by the State population, or $310,710,000.

For the 50 states, the District of Columbia, and Puerto Rico, the population figures for calculating the Credit Ceiling, the Volume Cap, and the Volume Limit for the 2018 calendar year are the resident population estimates released electronically by the U.S. Census Bureau on December 20, 2017, and described in Press Release CB17–210. For American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands, the population figures for the 2018 calendar year are the 2017 midyear population figures in the U.S. Census Bureau's International Data Base (IDB). The U.S. Census Bureau electronically announced an update of the IDB on August 17, 2017, in Press Release CB17–TPS.64.

For convenience, these figures are reprinted below.

	Resident Population Figures
Alabama	4,874,747
Alaska	739,795
American Samoa	51,504
Arizona	7,016,270
Arkansas	3,004,279
California	39,536,653
Colorado	5,607,154
Connecticut	3,588,184
Delaware	961,939
District of Columbia	693,972
Florida	20,984,400
Georgia	10,429,379
Guam	167,358
Hawaii	1,427,538
Idaho	1,716,943
Illinois	12,802,023
Indiana	6,666,818
Iowa	3,145,711
Kansas	2,913,123
Kentucky	4,454,189
Louisiana	4,684,333
Maine	1,335,907
Maryland	6,052,177
Massachusetts	6,859,819
Michigan	9,962,311
Minnesota	5,576,606
Mississippi	2,984,100
Missouri	6,113,532
Montana	1,050,493
Nebraska	1,920,076
Nevada	2,998,039
New Hampshire	1,342,795

	Resident Population Figures
New Jersey	9,005,644
New Mexico	2,088,070
New York	19,849,399
North Carolina	10,273,419
North Dakota	755,393
Northern Mariana Islands	52,263
Ohio	11,658,609
Oklahoma	3,930,864
Oregon	4,142,776
Pennsylvania	12,805,537
Puerto Rico	3,337,177
Rhode Island	1,059,639
South Carolina	5,024,369
South Dakota	869,666
Tennessee	6,715,984
Texas	28,304,596
Utah	3,101,833
Vermont	623,657
Virginia	8,470,020
Virgin Islands, U.S.	107,268
Washington	7,405,743
West Virginia	1,815,857
Wisconsin	5,795,483
Wyoming	579,315

The principal authors of this notice are James A. Holmes, Office of the Associate Chief Counsel (Passthroughs and Special Industries), and Timothy L. Jones, Office of the Associate Chief Counsel (Financial Institutions and Products). For further information regarding this notice, please contact Mr. Holmes at (202) 317-4137 (not a toll-free number).

Modifications to Definition of United States Property under Section 956

Notice 2018–46

On May 11, 2012, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) published temporary and proposed regulations under section 956 in the **Federal Register** (TD 9589, 77 FR 27612, and REG-107548–11, 77 FR 27669, respectively) (the 2012 regulations). The 2012 regulations excepted from the definition of United States property (U.S. property) certain obligations arising from upfront payments on cleared notional principal contracts (NPCs) with respect to which full initial variation margin was posted. See § 1.956–2T(b)(1)(xi) (as promulgated by TD 9589). On May 8, 2015, temporary and proposed regulations under sections 446 and 956 were published in the **Federal Register** (TD 9719, 80 FR 26437, and REG-102656–15, 80 FR 26500, respectively) (the 2015 regulations). The 2015 regulations under section 956 extended the exception to the definition of U.S. property contained in the 2012 regulations to certain obligations of United States persons arising from upfront payments made with respect to uncleared NPCs, if certain conditions were met. See § 1.956–2T(b)(1)(xi) (the full margin or cash collateral exception) (as promulgated by TD 9719).

The Treasury Department and the IRS have received several comments on the 2015 regulations, including regarding uncertainty about the application of § 1.956–2T(b)(1)(xi). For example, commenters requested clarification regarding the application of the exception when a combination of cash and other property is posted as margin, particularly in light of the rule in section 956(c)(2)(J) that provides an exception from U.S. property to the extent that readily marketable securities are posted as collateral (qualifying collateral). Commenters requested that the exception apply (1) to the extent that qualifying collateral has been posted as margin in respect of an upfront payment regardless of whether the remainder of the payment is collateralized (similar to the exception in section 956(c)(2)(J)), and (2) without regard to whether the underlying derivative financial instrument is an NPC. The temporary 2015 regulations will expire on May 7, 2018.

In light of the foregoing, the Treasury Department and the IRS intend to publish regulations that will provide an exception from the definition of U.S. property (similar to the exception in section 956(c)(2)(J)) for an obligation (without regard to whether such obligation arises in connection with a derivative financial instrument that is or is not an NPC) of a United States person to the extent the principal amount of the obligation does not exceed the fair market value of cash and readily marketable securities posted or received as margin or collateral for the obligation in the ordinary course of its business by a United States or foreign person that is a dealer in securities or commodities. Before the issuance of the regulations, taxpayers may rely either on the provisions of this notice (including with respect to obligations arising before May 4, 2018) or on the full margin or cash collateral exception provided in the 2015 regulations.

The principal author of this notice is Kristine A. Crabtree of the Office of Associate Chief Counsel (International). For further information regarding this notice, contact Ms. Crabtree at (202) 317-6934 (not a toll-free number).

Empowerment Zone Designation Extension

Notice 2018–47

I. PURPOSE

This notice explains how a State or local government is deemed to extend the termination date designated in an empowerment zone nomination until December 31, 2017. This notice is issued pursuant to § 1391 of the Internal Revenue Code, as amended by § 40311(a) of the Bipartisan Budget Act of 2018, Pub. L. No. 115–123, 132 Stat. 64 (February 9, 2018) (the "BBA").

II. BACKGROUND

Section 1391 was enacted in 1993 to allow a State or local government ("entity") to nominate an area or areas in its jurisdiction for designation as an empowerment zone. 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. Unless an earlier termination date was provided by the nominating entity, a designation was originally effective for the period beginning on the date of designation and ending on the close of the 10th taxable year beginning on or after the date of designation.

Section 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)(A) to extend the designation period for all empowerment zones through December 31, 2009, regardless of the original termination date. Subsequent amendments to § 1391(d)(1)(A) further extended the designation period through December 31, 2016. *See* § 753(a) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Pub. L. No. 111–312, 124 Stat. 3296 (December 17, 2010), § 327(a) of the American Taxpayer Relief Act of 2012, Pub. L. No. 112–240, 126 Stat. 2313 (January 2, 2013), § 139(a) of the Tax Increase Prevention Act of 2014, Pub. L. No. 113–295, 128 Stat. 4010 (December 19, 2014), and § 171(a) of the Protecting Americans from Tax Hikes Act of 2015, enacted as part of the Consolidated Appropriations Act, 2016, Division Q, Pub. L. No. 114–113, 129 Stat. 2242 (December 18, 2015).

Based on these amendments to § 1391(d)(1)(A), the Treasury Department and the Internal Revenue Service (IRS) issued guidance treating any nomination for an empowerment zone as extended for a specified period unless the nominating entity declined the extension in a written notification to the IRS. Specifically, in Notice 2013–38, 2013–25 I.R.B. 1251, nominations were deemed extended to December 31, 2013; in Notice 2015–26, 2015–13 I.R.B. 814, nominations were deemed extended to December 31, 2014; and in Notice 2016–28, 2016–15 I.R.B. 576, nominations were deemed extended to December 31, 2016. The IRS received no written requests declining the extensions under Notice 2013–38, Notice 2015–26, or Notice 2016–28. Accordingly, the designations of all empowerment zones currently have a termination date of December 31, 2016.

In 2018, Congress further amended § 1391(d)(1) to extend the period for which an empowerment zone designation is in effect by an additional year. As amended by § 40311(a)(1) of the BBA, § 1391(d)(1) provides that any designation of an empowerment zone ends on the earliest of (A) December 31, 2017, (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 40311(a)(2) of the BBA provides that where a nomination of an empowerment zone includes a termination date of December 31, 2016, § 1391(d)(1)(B) shall not apply to the designation if, after the date of the enactment of the BBA, the nominating entity follows the procedures provided by the Secretary of the Treasury to extend the termination date to December 31, 2017. The amendments made by § 40311(a) of the BBA apply to taxable years beginning after December 31, 2016. Section III of this notice explains the process for extending the termination date designated in an empowerment zone nomination.

III. EXTENDING THE NOMINATION OF AN EMPOWERMENT ZONE DESIGNATION TO DECEMBER 31, 2017

Any nomination for an empowerment zone designation with a current termination date (as amended by CRTRA, Notice 2013–38, Notice 2015–26, and Notice 2016–28) of December 31, 2016, is deemed to be amended to provide for a new termination date of December 31, 2017, unless the nominating entity sends written notification to the IRS by July 3, 2018. The written notification must affirmatively decline the December 31, 2017, designated termination date of the empowerment zone nomination. 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, DC 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, DC 20224

If the entity that nominated an empowerment zone does not send written notification, the termination date designated in the empowerment zone nomination will be deemed extended from December 31, 2016, through December 31, 2017. 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, 2017.

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).

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26 CFR 601.602: Tax forms and instructions.(Also Part 1, §§ 1, 223.)

Rev. Proc. 2018–30

SECTION 1. PURPOSE

This revenue procedure provides the 2019 inflation adjusted amounts for Health Savings Accounts (HSAs) as determined under § 223 of the Internal Revenue Code.

SECTION 2. 2019 INFLATION ADJUSTED ITEMS

Annual contribution limitation. For calendar year 2019, the annual limitation on deductions under § 223(b)(2)(A) for an individual with self-only coverage under a high deductible health plan is $3,500. For calendar year 2019, the annual limitation on deductions under § 223(b)(2)(B) for an individual with family coverage under a high deductible health plan is $7,000.

High deductible health plan. For calendar year 2019, a "high deductible health plan" is defined under § 223(c)(2)(A) as a health plan with an annual deductible that is not less than $1,350 for self-only coverage or $2,700 for family coverage, and the annual out-of-pocket expenses (deductibles, co-payments, and other amounts, but not premiums) do not exceed $6,750 for self-only coverage or $13,500 for family coverage.

SECTION 3. EFFECTIVE DATE

This revenue procedure is effective for calendar year 2019.

SECTION 4. DRAFTING INFORMATION

The principal author of this revenue procedure is Bill Ruane of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding § 223 and HSAs, contact Karen Levin at (202) 317-5500 (not a toll-free number). For further information regarding the calculation of the inflation adjustments in this revenue procedure, contact Mr. Ruane at (202) 317-4718 (not a toll-free number).

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.
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