

INTERNAL REVENUE BULLETIN



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.

ADMINISTRATIVE

Notice 2021-39, page 3.

Transition penalty relief for taxable years that begin in 2021 with respect to new Schedules K-2 and K-3 required for Forms 1065, U.S. Return of Partnership Income, 1120-S, U.S. Income Tax Return for an S Corporation, and 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships.

Rev. Proc. 2021-29, page 12.

This document contains a draft Revenue Procedure allowing an eligible partnership to file an amended Form 1065, U.S. Return of Partnership Income, and furnish a corresponding Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc., to each of its partners as an alternative option to filing an administrative adjustment request (AAR).

INCOME TAX

Rev. Proc. 2021-28, page 5.

The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTRA), enacted in December 2020, retroactively provides

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a recovery period of 30 years under the alternative depreciation system in § 168(g) (ADS) for certain residential rental property, as defined in § 168(e)(2)(A) of the Code, placed in service before January 1, 2018, held by an electing real property trade or business as defined in § 163(j)(7)(B), and not previously subject to the ADS. This revenue procedure explains how a taxpayer changes its method of computing depreciation under § 168(g) for such property to comply with TCDTRA. This revenue procedure also modifies Rev. Proc. 2019-08, which provides guidance under § 168(g) related to certain property held by an electing real property trade or business. Finally, this revenue procedure modifies Rev. Proc. 2019-43, which provides the list of automatic changes in methods of accounting, to expand the applicability of automatic changes for a change in use of certain depreciable property.

Rev. Rul. 2021-12, page 1.

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term tax exempt rate. For purposes of sections 382, 1274, 1288, 7872 and other sections of the Code, tables set forth the rates for July 2021.

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

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

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

Rev. Rul. 2021-12

This revenue ruling provides various prescribed rates for federal income

tax purposes for July 2021 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the

low-income housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%. Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520. Finally, Table 6 contains the blended annual rate for 2021 for purposes of section 7872.

REV. RUL. 2021-12 TABLE 1				
Applicable Federal Rates (AFR) for July 2021				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
		<i>Short-term</i>		
AFR	0.12%	0.12%	0.12%	0.12%
110% AFR	0.13%	0.13%	0.13%	0.13%
120% AFR	0.14%	0.14%	0.14%	0.14%
130% AFR	0.16%	0.16%	0.16%	0.16%
		<i>Mid-term</i>		
AFR	1.00%	1.00%	1.00%	1.00%
110% AFR	1.10%	1.10%	1.10%	1.10%
120% AFR	1.20%	1.20%	1.20%	1.20%
130% AFR	1.30%	1.30%	1.30%	1.30%
150% AFR	1.51%	1.50%	1.50%	1.50%
175% AFR	1.76%	1.75%	1.75%	1.74%
		<i>Long-term</i>		
AFR	2.07%	2.06%	2.05%	2.05%
110% AFR	2.28%	2.27%	2.26%	2.26%
120% AFR	2.49%	2.47%	2.46%	2.46%
130% AFR	2.70%	2.68%	2.67%	2.67%

REV. RUL. 2021-12 TABLE 2				
Adjusted AFR for July 2021				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	0.09%	0.09%	0.09%	0.09%
Mid-term adjusted AFR	0.76%	0.76%	0.76%	0.76%
Long-term adjusted AFR	1.57%	1.56%	1.56%	1.55%

REV. RUL. 2021-12 TABLE 3
Rates Under Section 382 for July 2021

Adjusted federal long-term rate for the current month	1.57%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	1.64%

REV. RUL. 2021-12 TABLE 4
Appropriate Percentages Under Section 42(b)(1) for July 2021

Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.35%
Appropriate percentage for the 30% present value low-income housing credit	3.15%

REV. RUL. 2021-12 TABLE 5
Rate Under Section 7520 for July 2021

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	1.2%
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REV. RUL. 2021-12 TABLE 6
Blended Annual Rate for 2021

Section 7872(e)(2) blended annual rate for 2021	.13%
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Section 42.—Low-Income Housing Credit

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2021. See Rev. Rul. 2021-12, page 1.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2021. See Rev. Rul. 2021-12, page 1.

Section 483.—Interest on Certain Deferred Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2021. See Rev. Rul. 2021-12, page 1.

Section 280G.—Golden Parachute Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2021. See Rev. Rul. 2021-12, page 1.

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

The applicable federal short-term rates are set forth for the month of July 2021. See Rev. Rul. 2021-12, page 1.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2021. See Rev. Rul. 2021-12, page 1.

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

The adjusted applicable federal long-term rate is set forth for the month of July 2021. See Rev. Rul. 2021-12, page 1.

Section 482.—Allocation of Income and Deductions Among Taxpayers

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2021. See Rev. Rul. 2021-12, page 1.

Section 7520.—Valuation Tables

The applicable federal mid-term rates are set forth for the month of July 2021. See Rev. Rul. 2021-12, page 1.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2021. See Rev. Rul. 2021-12, page 1.

Part III

Transition Period Penalty Relief for New Schedules K-2 and K-3 for Forms 1065, 1120-S and 8865

Notice 2021-39

SECTION 1. PURPOSE

This notice announces transition relief for taxable years that begin in 2021 with respect to new Schedules K-2 and K-3 required for Forms 1065, U.S. Return of Partnership Income, 1120-S, U.S. Income Tax Return for an S Corporation, and 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships. Section 2 provides background on these new schedules and the penalties that may apply for failure to furnish complete and correct information with respect to such schedules. Section 3 provides transition relief from these penalties for any incorrect or incomplete reporting on the Schedules K-2 and K-3 if the filer establishes to the satisfaction of the Commissioner that it made a good faith effort to comply with the new reporting requirements.

SECTION 2. BACKGROUND

.01 Longstanding Filing and Reporting Requirements

Section 6031 of the Internal Revenue Code (“Code”) and §§ 1.6031(a)-1 and 1.6031(b)-1T of the Income Tax Regulations generally require a partnership to do the following:

- make a return for each taxable year stating the items of its gross income and deductions allowable by subtitle A of the Code and any other information as prescribed by forms and instructions for the purpose of carrying out the provisions of subtitle A of the Code, and
- furnish to its partners statements containing each partner’s distributive share of the partnership’s items of income, gain, loss, deduction, or credit required to be shown on the partnership return and any additional infor-

mation required to apply particular provisions of subtitle A of the Code to the partner with respect to items related to the partnership as prescribed by form or accompanying instructions.

Section 6037(a) and (b) provide similar requirements with respect to an S corporation.

Section 6038(a)(1) and (a)(5) and §1.6038-3 of the Income Tax Regulations generally require a United States person that controls a foreign partnership or holds at least a 10-percent interest in a foreign partnership that is controlled by United States persons holding at least 10-percent interests (a U.S. partner) to furnish information relating to the partnership (a controlled foreign partnership or CFP), including information relating to the U.S. partner’s ownership interests in the partnership and allocations to the partner of partnership items. A U.S. partner that controls a CFP may also need to provide information relating to another U.S. partner’s ownership interest in the partnership and allocations to that partner of partnership items.

Pursuant to sections 6031, 6037, and 6038 and the accompanying Income Tax Regulations, the Internal Revenue Service (IRS) has, in forms and instructions, long required that any partnership, S corporation, or U.S. partner in a CFP report information of international tax relevance.

.02 New Schedules K-2 and K-3

Form 1065, Schedules K-2, Partners’ Distributive Share Items—International, and K-3, Partner’s Share of Income, Deductions, Credits, etc.—International, are new for taxable years beginning in 2021. These schedules replace, supplement, and clarify the reporting of certain amounts formerly reported on Form 1065, Schedule K, Partners’ Distributive Share Items, line 16, Foreign Transactions, and Schedule K-1 (Form 1065), Partner’s Share of Income, Deductions, Credits, etc., Part III, Partner’s Share of Current Year Income, Deductions, Credits, and Other Items, line 16, Foreign Transactions. Schedules K-2 and K-3 also replace, supplement, and clarify reporting of certain amounts formerly reported on Form 1065, Schedule K, line 20c, Other items and amounts, and

Schedule K-1 (Form 1065), Part III, line 20, Other information. The new standardized format assists partnerships in providing partners with the information necessary to complete their returns with respect to the international tax aspects of the Code and allows the IRS to more efficiently verify tax compliance.

For the same reasons, for taxable years beginning in 2021, Form 1120-S includes new Schedules K-2, Shareholders’ Pro Rata Share Items—International, and K-3, Shareholder’s Share of Income, Deductions, Credits, etc.—International. These schedules replace, supplement, and clarify the reporting of certain amounts formerly reported on line 14, Foreign Transactions, of both Form 1120-S, Schedule K, Shareholders’ Pro Rata Share Items, and Schedule K-1 (Form 1120-S), Shareholder’s Share of Income, Deductions, Credits, etc. Part III, Shareholder’s Share of Current Year Income, Deductions, Credits, etc. Schedules K-2 and K-3 also replace, supplement, and clarify the reporting of certain amounts formerly reported on Form 1120-S, Schedule K, line 17d, Other items and amounts, and Schedule K-1 (Form 1120-S), Part III, line 17, Other information.

Finally, for the same reasons, for taxable years beginning in 2021, Form 8865 includes new Schedules K-2, Partners’ Distributive Share Items—International, and K-3, Partner’s Share of Income, Deductions, Credits, etc.—International. These schedules replace, supplement, and clarify the reporting of certain amounts formerly reported on line 16, Foreign Transactions, of both Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, Schedule K, Partners’ Distributive Share Items, and Schedule K-1 (Form 8865), Partner’s Share of Income, Deductions, Credits, etc., Part III, Partner’s Share of Current Year Income, Deductions, Credits, and Other Items. Schedules K-2 and K-3 also replace, supplement, and clarify the reporting of certain amounts formerly reported on Form 8865, Schedule K, line 20c, Other items and amounts, and Schedule K-1 (Form 8865), Part III, line 20, Other information.

The IRS released on July 14, 2020, for public comment drafts of the Form 1065, Schedules K-2 and K-3 and the associat-

ed instructions. At that time, the IRS also requested comments on the Forms 1120-S and 8865 with respect to which the IRS planned to issue similar Schedules K-2 and K-3. After considering the comments received, on June 3 and 4, 2021, the IRS released the final versions of new Schedules K-2 and K-3 for the Forms 1065, 1120-S and 8865 applicable for taxable years beginning in 2021.

.03 Penalties

(a) *Failure to File or Show Information on Partnership Return*

Section 6698 imposes a penalty for failing to file a return at the time prescribed therefor, or for filing a return that fails to show the information required under section 6031. A return required under section 6031 includes Form 1065 and Schedule K-1 (Form 1065). For partnership taxable years beginning in 2021, it will also include Schedules K-2 and K-3. A failure to file a timely partnership return that shows information required under section 6031 would generally subject a partnership to the section 6698 penalty. A section 6698 penalty will not be imposed if it is shown that the failure is due to reasonable cause.

(b) *Failure to File or Show Information on an S Corporation Return*

Section 6699 imposes a penalty for failing to file a return required under section 6037 at the time prescribed therefor, or for filing a return that fails to show the information required under that section. A return required under section 6037 includes Form 1120-S and Schedule K-1 (Form 1120-S). For S corporation taxable years beginning in 2021, it will also include Schedules K-2 and K-3. A failure to file a timely S corporation return that shows information required under section 6037 would generally subject an S corporation to the section 6699 penalty. A section 6699 penalty will not be imposed if it is shown that the failure is due to reasonable cause.

(c) *Failure to File Correct Information Returns*

Section 6721 imposes a penalty for any failure to file an information return

on or before the required filing date, and for any failure to include all of the information required to be shown on the return or the inclusion of incorrect information. When regulations under section 6011 require a partnership to file a partnership return electronically, each schedule required to be included with the return with respect to each partner (that is, Schedules K-1 and K-3) is treated as a separate information return subject to the section 6721 penalty. See section 6724(e). Failure to electronically file a correct Schedule K-1 or K-3 when required would generally subject a partnership to a section 6721 penalty.

(d) *Failure to Furnish Correct Payee Statements*

Section 6722 imposes a penalty for failure to furnish a payee statement on or before the date prescribed therefor to the person to whom such statement is required to be furnished, and for any failure to include all of the information required to be shown on a payee statement or the inclusion of incorrect information. Section 6724(d)(2) provides a definition for “payee statement” that applies to section 6722. Under section 6724(d)(2)(A), a payee statement includes a statement required to be furnished to each partner under section 6031(b) or (c) and to each S corporation shareholder under section 6037(b). A failure to furnish a correct Schedule K-1 or K-3 as required under section 6031 would generally subject a partnership to the section 6722 penalty. A failure to furnish a correct Schedule K-1 or K-3 as required under section 6037 would generally subject an S corporation to the section 6722 penalty.

Section 6724 provides an exception to a penalty for any failure under sections 6721 and 6722 if it is shown that the failure is due to reasonable cause and not to willful neglect. Under § 301.6724-1 of the Procedure and Administration Regulations, a penalty is waived for reasonable cause only if the filer establishes that either there are significant mitigating factors with respect to the failure or the failure arose from events beyond the filer’s control. In addition, the filer must establish that the filer acted in a responsible manner both before and after the failure occurred.

(e) *Failure to furnish information required by section 6038*

Section 6038(b) and (c) impose penalties for failing to furnish the information required under that section by its due date. The reporting required under section 6038 includes Form 8865 and each Schedule K-1 (Form 8865). For partnership taxable years beginning in 2021, it will also include Schedules K-2 and K-3. A U.S. partner is generally subject to penalties under section 6038 for failure to file a Form 8865 that shows information required under section 6038. No penalties are applicable under section 6038 for a partner that shows that the failure to file Form 8865 is due to reasonable cause.

SECTION 3. PENALTY RELIEF

This section provides transition relief for taxable years that begin in 2021 (processing year 2022) with respect to Schedules K-2 and K-3 to Forms 1065, 1120-S, and 8865. During this transition period, a partnership required to file Form 1065, an S corporation required to file Form 1120-S, or a U.S. partner required to file Form 8865 (a “Schedule K-2/K-3 filer”) will not be subject to the relevant penalties described in section 2 for any incorrect or incomplete reporting on the Schedules K-2 and K-3 if the filer establishes to the satisfaction of the Commissioner that it made a good faith effort to comply with the Schedules K-2 and K-3 filing requirements (and the Schedule K-3 furnishing requirements) per the instructions. A Schedule K-2/K-3 filer that does not establish that it made a good faith effort to comply with the new requirements will not be eligible for penalty relief under this notice.

For purposes of determining whether a Schedule K-2/K-3 filer makes a good faith effort to complete Schedules K-2 and K-3, the IRS will take into account the extent to which a Schedule K-2/K-3 filer has made changes to its systems, processes, and procedures for collecting and processing information relevant to filing the Schedules K-2 and K-3 and the extent to which a Schedule K-2/K-3 filer has obtained information from partners, shareholders, or the CFP, or applied reasonable assumptions when information is not obtained.

The IRS will also take into account the steps taken by the Schedule K-2/K-3 filer to modify the partnership or S corporation agreement or governing instrument to facilitate the sharing of information with partners and shareholders that is relevant to determining whether and how to file Schedules K-2 and K-3.

In several instances, certain information about partners, shareholders, or the CFP is relevant for determining the applicability of a part of Schedules K-2 and K-3. For example, if a partnership has a direct or indirect partner that is a nonresident alien individual or a foreign corporation, the partnership must complete Form 1065, Part X of Schedules K-2 and K-3. Information about the partners, shareholders, or the CFP is also relevant for determining how to report some amounts. For example, for taxable years beginning in 2021, the instructions for Form 1065, Part IX of Schedule K-2 and K-3 state that a partnership is expected to collaborate with its partners to identify the foreign related parties of each partner.

The Treasury Department and the IRS are aware that a Schedule K-2/K-3 filer may not currently have systems or procedures in place to obtain information about its partners, shareholders, or the CFP to determine whether it must file a part of Schedules K-2 and K-3 or how to complete a part that must be filed. In general, in the taxable year 2021 instructions, unless the Schedule K-2/K-3 filer has knowledge to the contrary, it must file or complete certain parts assuming that the information would be relevant to the partner or shareholder. Under this notice, during the transition period, a Schedule K-2/K-3 filer will not be subject to the relevant penalties described in section 2 for any incorrect or incomplete reporting on Schedules K-2 or K-3 if it establishes to the satisfaction of the Commissioner that it made a good faith effort to determine whether it must file a part and how to complete a part that it files.

With respect to information about partners, shareholders, or the CFP that is relevant to determine whether to file and how to complete a part, the IRS will assess the effort the Schedule K-2/K-3 filer made to obtain this information and the reasonableness of any assumptions, taking into account the relationship between the

Schedule K-2/K-3 filer and its partners, shareholders or the CFP. For example, the appropriate level of diligence and/or the reasonableness of an assumption may differ with respect to a partner that manages or controls the partnership, or a partnership with a partner with a significant interest in the partnership, such as a partner with a 10-percent interest, as compared to partners holding small interests for which there may not be the same ease of access to information. Nevertheless, a Schedule K-2/K-3 filer may have made a good faith effort despite being unsuccessful in obtaining information from its partners, shareholders, or the CFP.

SECTION 4. REQUEST FOR COMMENTS

The IRS solicits comments on the draft instructions to Schedules K-2 and K-3 for taxable years beginning in 2021 being released the same date as this Notice, particularly any instances where the instructions do not provide sufficient guidance on how to complete the returns or where additional clarity is needed. The IRS is specifically interested in suggestions for addressing structures and situations that make it difficult to determine certain information (for example, tiered partnership structures or publicly-traded partnerships).

As discussed in section 3, in general, the instructions for taxable years beginning in 2021 for certain parts of the Schedules K-2 and K-3 require the partnership and the S corporation to report information unless the partnership and S corporation know that the information is not relevant to partners, shareholders, or indirect partners. The IRS solicits comments concerning reasonable assumptions Schedule K-2/K-3 filers could make in determining whether and how to complete Schedules K-2 and K-3 for years after the transition period and whether these assumptions may differ between various parts of the Schedules K-2 and K-3.

Comments should be submitted in writing and should include a reference to Notice 2021-39. Comments may be submitted in one of two ways:

(1) Electronically via the Federal eRulemaking Portal at www.regulations.gov (type IRS-2021-0006 in the search

field on the regulations.gov homepage to find this notice and submit comments).

(2) Alternatively, by mail to: Internal Revenue Service, Attn: CC:PA:LPD:PR (Notice 2021-39), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington, D.C. 20044.

All commenters are strongly encouraged to submit public comments electronically. The IRS expects to have limited personnel available to process public comments that are submitted on paper through the mail and these comments, submitted through the mail, may not be processed with enough time before revisions to the instructions need to be prepared. Until further notice, any comments submitted on paper will be considered to the extent practicable. The Treasury Department and the IRS will publish for public availability any comment submitted electronically, and to the extent practicable on paper, to its public docket.

SECTION 5. CONTACT INFORMATION

The principal author of this notice is Ronald M. Gootzeit of the Office of Associate Chief Counsel (International). For further information regarding the issues described in this notice, contact Mr. Gootzeit at (202) 317-6937 (not a toll-free number).

*26 CFR 1.168(i)-4: Changes in use.
(Also Part I, §§ 163(j), 168, 446; 1.446-1, 1.163(j)-9.)*

Rev. Proc. 2021-28

SECTION 1. PURPOSE

This revenue procedure provides guidance under § 202 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTRA), enacted as Division EE of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182 (December 27, 2020). Section 202 of the TCDTRA retroactively provides a recovery period of 30 years under the alternative depreciation system in § 168(g) (ADS) of the Internal Revenue Code (Code) for certain residential rental property, as defined in § 168(e)(2)(A) of the Code, placed in service before January

1, 2018, held by an electing real property trade or business as defined in § 163(j)(7)(B) of the Code, and not previously subject to the ADS. This revenue procedure explains how a taxpayer changes its method of computing depreciation under § 168(g) of the Code for such property to comply with § 202 of the TCDTRA. This revenue procedure also modifies Rev. Proc. 2019-08, 2019-03 I.R.B. 347, which provides guidance under § 168(g) of the Code related to certain property held by an electing real property trade or business. Finally, this revenue procedure modifies Rev. Proc. 2019-43, 2019-48 I.R.B. 1107, which provides the list of automatic changes in methods of accounting, to expand the applicability of automatic changes for a change in use of certain depreciable property.

SECTION 2. BACKGROUND

.01 Alternative depreciation system under § 168(g) for residential rental property.

(1) Prior to amendment by §§ 13204 and 13205 of Public Law 115-97, 131 Stat. 2054 (2017), commonly referred to as the Tax Cuts and Jobs Act (TCJA), § 168(g)(1) of the Code provided that the depreciation deduction provided by § 167(a) of the Code is determined under the ADS for: (A) any tangible property that during the taxable year is used predominantly outside the United States; (B) any tax-exempt use property; (C) any tax-exempt bond financed property; (D) any imported property covered by an Executive order under § 168(g)(6) of the Code; and (E) any property to which an election under § 168(g)(7) of the Code applies. Sections 13204(a)(3)(A) and 13205(a) of the TCJA amended § 168(g)(1) of the Code by requiring the depreciation deduction provided by § 167(a) of the Code to be determined under the ADS for the following additional property: nonresidential real property, residential rental property, and qualified improvement property held by an electing real property trade or business as defined in § 163(j)(7)(B) of the Code; and any property with a recovery period of 10 years or more that is held by an electing farming business as defined in § 163(j)(7)(C) of the Code. These amendments apply to taxable years beginning after December

31, 2017, without regard to when the property is or was placed in service. *See* TCJA § 13204(b)(2) and § 13205(b).

(2) Prior to amendment by the TCJA, the table of recovery periods under § 168(g)(2)(C) of the Code provided that the recovery period under the ADS was 40 years for residential rental property. Section 13204(a)(3)(C) of the TCJA amended that table by providing that the ADS recovery period is 30 years for residential rental property. Prior to the enactment of the TCDTRA, this amendment applied only to property placed in service after December 31, 2017. *See* TCJA § 13204(b)(1).

(3) Therefore, although the TCJA added residential rental property held by an electing real property trade or business to the list of property to which the ADS is applicable, the change in recovery period from 40 years to 30 years for all residential rental property applied only to property placed in service after December 31, 2017. *See* TCJA § 13204(b)(1) and (2).

(4) Section 202 of the TCDTRA amended § 13204(b) of the TCJA to add new § 13204(b)(3) of the TCJA. Section 13204(b)(3) of the TCJA provides that in the case of any residential rental property (i) that was placed in service before January 1, 2018, (ii) that is held by an electing real property trade or business, as defined in § 163(j)(7)(B) of the Code (electing real property trade or business), and (iii) for which § 168(g)(1)(A) through (E) of the Code did not apply prior to January 1, 2018, the amendments made by § 13204(a)(3)(C) of the TCJA apply to taxable years beginning after December 31, 2017. Accordingly, such residential rental property has a 30-year recovery period under the ADS for taxable years beginning after December 31, 2017.

(5) Unless otherwise provided, all references hereinafter in this revenue procedure to § 168(g) of the Code are references to § 168(g) of the Code as in effect on December 28, 2020, the day after the enactment date of the TCDTRA.

.02 Rev. Proc. 2019-08.

(1) On January 14, 2019, the Department of Treasury (Treasury Department) and the Internal Revenue Service (IRS) published Rev. Proc. 2019-08 to provide guidance, in part, on the recovery period under the ADS for residential rental prop-

erty placed in service before 2018 and on how taxpayers can change their computation of depreciation to the ADS for certain properties held by electing real property trades or businesses.

(2) Section 4.01(1) of Rev. Proc. 2019-08 provides that the recovery period under the table in § 168(g)(2)(C) of the Code is 30 years for residential rental property placed in service by the taxpayer after December 31, 2017, and 40 years for residential rental property placed in service by the taxpayer before January 1, 2018. To comply with § 202 of the TCDTRA, section 6 of this revenue procedure modifies section 4.01 of Rev. Proc. 2019-08 to provide that the 30-year recovery period also applies to certain residential rental property placed in service before January 1, 2018, and held by an electing real property trade or business for taxable years beginning after December 31, 2017.

(3) Sections 4.02(1) and 4.02(2)(a) of Rev. Proc. 2019-08 provide that for the election year (that is, the first taxable year for which a trade or business makes an election under § 163(j)(7)(B) and the regulations thereunder), the electing real property trade or business must begin depreciating nonresidential real property, residential rental property, and qualified improvement property in accordance with the ADS. This rule applies to such properties placed in service by the electing real property trade or business in the election year and all subsequent taxable years (newly-acquired property), and to such properties placed in service by the electing real property trade or business in taxable years beginning before the election year (existing property). Pursuant to section 4.02(2)(b) of Rev. Proc. 2019-08, a change in use occurs under § 168(i)(5) and § 1.168(i)-4(d) of the Income Tax Regulations for existing property as a result of an election under § 163(j)(7)(B). Therefore, depreciation for such property is determined in accordance with the rules under § 1.168(i)-4(d).

.03 Method of accounting.

(1) Section 446(e) and § 1.446-1(e)(2) require a taxpayer to secure the consent of the Commissioner of Internal Revenue (Commissioner) before changing a method of accounting for Federal income tax purposes. Section 1.446-1(e)(3)(ii) authorizes the Commissioner to prescribe ad-

ministrative procedures setting forth the limitations, terms, and conditions necessary to permit a taxpayer to obtain consent to change a method of accounting.

(2) Section 2.05 of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, 425, provides that a taxpayer may not request, or otherwise make, a retroactive change in method of accounting, unless specifically authorized by the Commissioner or by statute.

(3) Section 1.446-1(e)(2)(ii)(d)(3)(ii) provides that a change in computing depreciation or amortization allowances in the taxable year in which the use of an asset changes in the hands of the same taxpayer is not a change in method of accounting. See also § 1.168(i)-4(f).

(4) Section 1.446-1(e)(2)(ii)(d)(5)(iii) provides that a change from an impermissible method of computing depreciation to a permissible method of computing depreciation for an asset results in a § 481(a) adjustment.

(5) With the enactment of the TC-DTRA, immediate guidance is needed under § 168(g) of the Code for taxpayers who are affected by the retroactive effective date of § 13204(b)(3) of the TCJA. Accordingly, this revenue procedure permits taxpayers to file an amended Federal income tax return or information return, administrative adjustment request under § 6227 of the Code (AAR), or a Form 3115, *Application for Change in Accounting Method*, to change their method of computing depreciation of certain residential rental property held by an electing real property trade or business to use a 30-year ADS recovery period and, if such property is included in a general asset account, to change their general asset account treatment for such property to comply with § 1.168(i)-1(h)(2). See section 4.04 of this revenue procedure for the procedures to change to a 30-year recovery period.

(6) The Treasury Department and the IRS are aware that some taxpayers may have elected to be an electing real property trade or business for their taxable year beginning in 2019 (2019 taxable year), and thereby changed to a 40-year ADS recovery period for residential rental property placed in service before 2018 under the change in use rules for the 2019 taxable year. The Treasury Department and the IRS also are aware that some of those taxpayers may not have made the adjust-

ments to general asset accounts under the change in use rules in § 1.168(i)-1(h)(2) for the 2019 taxable year. To the extent those taxpayers have not yet filed their Federal income tax return or Form 1065, *U.S. Return of Partnership Income*, for the taxable year beginning in 2020, the change to the 30-year recovery period for residential rental property to comply with the TC-DTRA or to the method of accounting provided in § 1.168(i)-1(h)(2) would be made on an amended Federal income tax return or information return, or an AAR, as applicable. See Rev. Rul. 90-38, 1990-1 C.B. 57 (a taxpayer adopts an impermissible method of accounting for a material item by treating the item in the same way in determining the gross income or deductions in two or more consecutively filed Federal income tax returns). However, consistent with section 4 of Rev. Proc. 2007-16, 2007-1 C.B. 358, this revenue procedure provides these taxpayers with the option of changing to a 30-year recovery period or to the method of accounting provided in § 1.168(i)-1(h)(2) by filing a Form 3115 in lieu of an amended Federal income tax return or information return, or an AAR. See sections 4.01(2) and 4.04(2) of this revenue procedure for the procedures to change to a 30-year recovery period by filing a Form 3115. See sections 4.02(3) and 4.04(2) of this revenue procedure for the procedures to change to the method of accounting provided in § 1.168(i)-1(h)(2).

.04 *Earnings and profits.* In the case of tangible property to which § 168 applies, § 312(k)(3)(A) provides that the adjustment to earnings and profits for depreciation for any taxable year generally is determined under the ADS within the meaning of § 168(g)(2). If a change in use occurs for such property under § 168(i)(5) and § 1.168(i)-4 for Federal income tax purposes, the adjustment to earnings and profits for depreciation under § 312(k)(3)(A) for such property beginning for the year of change, as defined in § 1.168(i)-4(a), is determined under the ADS in accordance with § 1.168(i)-4. However, if the depreciation method and recovery period for such property under the ADS are the same before and after the change in use for § 312(k)(3)(A), the adjustment to earnings and profits for depreciation under § 312(k)(3)(A) is not affected by the change in use.

SECTION 3. SCOPE

.01 *In general.* This revenue procedure applies to residential rental property:

(1) that was placed in service by (a) the taxpayer before January 1, 2018, or (b) the transferor of the residential rental property before January 1, 2018, if the acquisition of such property by the transferee-taxpayer is subject to § 168(i)(7) as provided in section 3.03 of this revenue procedure;

(2) that is held by an electing real property trade or business; and

(3) that was not subject to § 168(g)(1)(A), (B), (C), (D), or (E) prior to January 1, 2018, in the hands of (a) the taxpayer or (b) the transferor if the acquisition of such property by the transferee-taxpayer is subject to § 168(i)(7) as provided in section 3.03 of this revenue procedure.

.02 *Exclusions.* This revenue procedure does not apply to:

(1) A taxpayer that makes an election under § 163(j)(7)(B) and the regulations thereunder on its Federal income tax return or information return for a taxable year ending after December 27, 2020. See section 4.02(2) of Rev. Proc. 2019-08 for the method of changing depreciation for residential rental property or other depreciable property for the election year and for subsequent taxable years;

(2) A taxpayer that makes a late election under § 163(j)(7)(B) on an amended Federal income tax return, amended Form 1065, or an AAR, as applicable, filed after December 27, 2020, pursuant to section 4 of Rev. Proc. 2020-22, 2020-18 I.R.B. 745. See sections 4.02 and 4.03 of Rev. Proc. 2020-22 for the method of changing depreciation for residential rental property or other depreciable property; or

(3) A taxpayer that withdraws the election under § 163(j)(7)(B) pursuant to section 5 of Rev. Proc. 2020-22. See section 5.02 of Rev. Proc. 2020-22 for the method of changing depreciation for residential rental property or other depreciable property.

.03 *Transferor in a § 168(i)(7)(B) transaction.*

(1) Section 168(i)(7)(A) provides that, in the case of any property transferred in a transaction described in § 168(i)(7)(B), the transferee is treated as the transferor for purposes of computing the depreciation deduction determined under § 168

with respect to so much of the basis in the hands of the transferee as does not exceed the adjusted basis in the hands of the transferor. As a result, where the transferee-taxpayer acquires residential rental property in a transaction described in § 168(i)(7)(B) (for example, §§ 351 and 721) and such residential rental property was placed in service by the transferor, the transferee-taxpayer is treated as placing in service the residential rental property on the same date as the transferor, but only for the portion of the transferee-taxpayer's basis in such property that does not exceed the transferor's adjusted depreciable basis (as defined in § 1.168(b)-1(a)(4)) in such property. Similarly, where the transferee-taxpayer acquires residential rental property in a transaction described in § 168(i)(7)(B) and such residential rental property was placed in service by the transferor and was subject to § 168(g)(1)(A), (B), (C), (D), or (E) before January 1, 2018, in the hands of the transferor, the property is treated as being subject to § 168(g)(1)(A), (B), (C), (D), or (E) before January 1, 2018, in the hands of the transferee-taxpayer, but only for the portion of the transferee-taxpayer's basis in such property that does not exceed the transferor's adjusted depreciable basis in such property. Therefore, where the transferee-taxpayer acquires residential rental property in a transaction described in § 168(i)(7)(B), the determination under sections 3.01(1) and (3) of this revenue procedure must be made by taking into account the transferee-taxpayer, the transferor, or both as described above, but only for the portion of the transferee-taxpayer's basis in such property that does not exceed the transferor's adjusted depreciable basis of this property.

.04 *Examples.* The following examples illustrate section 3 of this revenue procedure.

(1) *Example 1.* In January 2016, B purchased and placed in service a residential rental property at a cost of \$1,000,000. B depreciates the residential rental property under the general depreciation system of § 168(a) (GDS) by using the straight-line method, a 27.5-year recovery period, and the mid-month convention. In January 2018, B and D form an equal partnership, BD. D contributes cash to BD, and B contributes the residential rental property to BD. The contribution of the residential rental property by B to BD is a transaction described in § 721. At the time of the contribution, B's adjusted basis in the residential rental property was \$928,790. Pursuant to

§ 723, BD's basis in the residential rental property contributed by B is \$928,790. On its Form 1065 for the 2019 taxable year, BD makes an election under § 163(j)(7)(B) and the regulations thereunder to be an electing real property trade or business. Because the contribution of the residential rental property by B to BD is a transaction described in § 168(i)(7)(B), § 168(i)(7)(A) and section 3.03 of this revenue procedure apply. To the extent of BD's basis of \$928,790 in the residential rental property, BD is treated as placing in service such property in January 2016 and as depreciating such property under the GDS before January 1, 2018. Accordingly, this residential rental property is within the scope of section 3.01 of this revenue procedure and is subject to the 30-year recovery period under the ADS beginning in the 2019 taxable year, which is the election year.

(2) *Example 2.* The facts are the same as in *Example 1*, except B made an election under § 168(g)(7) on its timely filed 2016 Federal income tax return to depreciate the residential rental property under the ADS by using the straight-line method, a 40-year recovery period, and the mid-month convention. As a result, B's adjusted basis in the residential rental property was \$951,040 at the time of the contribution and BD's basis in the residential rental property contributed by B is \$951,040. Because the contribution of the residential rental property by B to BD is a transaction described in § 168(i)(7)(B), § 168(i)(7)(A) and section 3.03 of this revenue procedure apply. To the extent of BD's basis of \$951,040 in the residential rental property, BD is treated as placing in service such property in January 2016 and such property is treated as being subject to § 168(g)(1)(E) in the hands of BD before January 1, 2018. Accordingly, this residential rental property is not within the scope of section 3.01 of this revenue procedure and continues to be subject to the 40-year recovery period under the ADS.

(3) *Example 3.* In January 2016, C purchased and placed in service a residential rental property at a cost of \$1,000,000. C made an election under § 168(g)(7) on its timely filed 2016 Federal income tax return to depreciate the residential rental property under the ADS by using the straight-line method, a 40-year recovery period, and the mid-month convention. In January 2017, C transfers this residential rental property to X Corporation in exchange for 80 percent of its only class of stock, plus cash of \$10,000. The transfer of the residential rental property by C to X Corporation is a transaction described in § 351, and C recognized gain of \$10,000 on such transfer. At the time of the transfer, C's adjusted basis in the residential rental property was \$976,040. Pursuant to § 362(a), X Corporation's basis in the residential rental property transferred by C is \$986,040. For the 2017 taxable year, X Corporation depreciates its excess basis of \$10,000 (\$986,040-\$976,040) in the residential rental property under the GDS by using the straight-line method, a 27.5-year recovery period, and the mid-month convention. On its Federal income tax return for the 2018 taxable year, X Corporation makes an election under § 163(j)(7)(B) and the regulations thereunder to be an electing real property trade or business. Because the transfer of the residential rental property by C to X Corporation is a transaction described in § 168(i)(7)(B), § 168(i)(7)(A) and section 3.03 of this revenue procedure

apply. To the extent of X Corporation's basis of \$976,040 in the residential rental property, X Corporation is treated as placing in service such property in January 2016 and such property is treated as being subject to § 168(g)(1)(E) in the hands of X Corporation before January 1, 2018, and, accordingly, this residential rental property with a basis of \$976,040 is not within the scope of section 3.01 of this revenue procedure and continues to be subject to the 40-year recovery period under the ADS. X Corporation is treated as placing in service its excess basis of \$10,000 (\$986,040-\$976,040) in the residential rental property, in January 2017 and as depreciating such property under the GDS before January 1, 2018. Accordingly, this residential rental property with an excess basis of \$10,000 is within the scope of section 3.01 of this revenue procedure and is subject to the 30-year recovery period under the ADS beginning in the 2018 taxable year, which is the election year.

SECTION 4. CHANGE IN METHOD OF COMPUTING DEPRECIATION FOR RESIDENTIAL RENTAL PROPERTY HELD BY AN ELECTING REAL PROPERTY TRADE OR BUSINESS

.01 *Impermissible method to permissible method of determining depreciation.*

(1) *In general.* Beginning with the election year, an electing real property trade or business within the scope of section 3 of this revenue procedure must depreciate residential rental property within the scope of section 3 of this revenue procedure in accordance with the ADS using a 30-year recovery period. For such property, a change in use occurs under § 168(i)(5) and § 1.168(i)-4(d) for the election year and depreciation for the election year and each subsequent taxable year is determined in accordance with § 1.168(i)-4(d)(4) or § 1.168(i)-4(d)(5)(ii)(B), as applicable. If an electing real property trade or business within the scope of section 3 of this revenue procedure does not depreciate residential rental property within the scope of section 3 of this revenue procedure under the ADS using a 30-year recovery period for the election year and the subsequent taxable year in accordance with § 1.168(i)-4(d)(4) or § 1.168(i)-4(d)(5)(ii)(B), as applicable, then that trade or business has adopted an impermissible method of accounting for depreciation for that residential rental property. As a result, a change from that impermissible method of accounting to a method of accounting for depreciation under which the electing real property trade or business

determines depreciation for the residential rental property in accordance with § 1.168(i)-4(d)(4) or § 1.168(i)-4(d)(5)(ii) (B), as applicable, by using the straight-line method, the 30-year recovery period, and the mid-month convention under the ADS is a change in method of accounting under § 446(e). See § 1.446-1(e)(2)(ii)(d)(2)(i). An electing real property trade or business within the scope of section 3 of this revenue procedure may change from the impermissible method of determining depreciation to the permissible method of determining depreciation for residential rental property within the scope of section 3 of this revenue procedure in accordance with section 4.04 of this revenue procedure.

(2) *Electing real property trade or business has not adopted a method of accounting for the residential rental property.* For residential rental property that is within the scope of section 3 of this revenue procedure and held by a trade or business that is within the scope of section 3 of this revenue procedure and that made the election under § 163(j)(7)(B) and the regulations thereunder for the taxable year immediately preceding the year of change, as defined in section 3.19 of Rev. Proc. 2015-13 (1-year residential rental property), the electing real property trade or business may change from the impermissible method of determining depreciation to the permissible method of determining depreciation for the 1-year residential rental property. This change may be accomplished by filing a Form 3115 in accordance with section 4.04(2) of this revenue procedure, provided the § 481(a) adjustment reported on the Form 3115 includes the amount of any adjustment attributable to all property, including the 1-year residential rental property, subject to the Form 3115. Alternatively, the electing real property trade or business may change its depreciation for the 1-year residential rental property by filing an amended Federal income tax return or information return, or an AAR, as applicable, for the election year provided the amended Federal income tax return or information return, or AAR, as applicable, is filed prior to the date the electing real property trade or business files its Federal income tax return or information return for the taxable year succeeding the election year.

.02 Impermissible method to permissible method of general asset account treatment.

(1) *In general.* If the residential rental property is within the scope of section 3 of this revenue procedure and is included in a general asset account, an electing real property trade or business within the scope of section 3 of this revenue procedure must change to the general asset account treatment for such property provided in § 1.168(i)-1(h)(2) for the election year. If an electing real property trade or business within the scope of section 3 of this revenue procedure does not change to such general asset account treatment for the election year and the subsequent taxable year, then that trade or business has adopted an impermissible method of accounting for general asset account treatment of that residential rental property. As a result, a change from that impermissible method of accounting to the method of accounting provided in § 1.168(i)-1(h)(2) is a change in method of accounting under § 446(e). See § 1.446-1(e)(2)(ii)(d)(2)(vi). An electing real property trade or business within the scope of section 3 of this revenue procedure may make this change in method of accounting for residential rental property within the scope of section 3 of this revenue procedure in accordance with section 4.04 of this revenue procedure.

(2) *Ordering rules.* If, for the same taxable year, an electing real property trade or business within the scope of section 3 of this revenue procedure makes the change in method of accounting described in section 4.01 of this revenue procedure and also makes the change in method of accounting described in this section 4.02 for the same residential rental property, the taxpayer applies the change in method of accounting described in section 4.01 of this revenue procedure first.

(3) *Electing real property trade or business has not adopted a method of accounting for the residential rental property.* For residential rental property that is within the scope of section 3 of this revenue procedure, is included in a general asset account, and is held by a trade or business that is within the scope of section 3 of this revenue procedure and that made the election under § 163(j)(7)(B) and the regulations thereunder in the taxable year immediately preceding the year of

change, as defined in section 3.19 of Rev. Proc. 2015-13 (1-year residential rental property), the electing real property trade or business may change to the method of accounting provided in § 1.168(i)-1(h)(2) for the 1-year residential rental property. This change is accomplished by filing a Form 3115 in accordance with section 4.04(2) of this revenue procedure. Alternatively, the electing real property trade or business may change to the method of accounting provided in § 1.168(i)-1(h)(2) for the 1-year residential rental property by filing an amended Federal income tax return or information return, or an AAR, as applicable, for the election year provided the amended Federal income tax return or information return, or AAR, as applicable, is filed prior to the date the electing real property trade or business files its Federal tax return or information return for the taxable year succeeding the election year.

.03 Retroactive change in method of accounting. The Commissioner allows an electing real property trade or business within the scope of section 3 of this revenue procedure to make the change in methods of accounting described in sections 4.01(1) and 4.02(1) of this revenue procedure retroactively for residential rental property within the scope of section 3 of this revenue procedure under section 4.04(1) of this revenue procedure for a limited period of time, provided the electing real property trade or business files the amended Federal income tax return(s) or information return(s), or AAR(s), as applicable, within the time and manner provided in section 4.04(1) of this revenue procedure. A Form 3115 is not required to be filed with such amended Federal income tax return(s) or information return(s), or AAR(s).

.04 Changing to the permissible method of determining depreciation. The electing real property trade or business within the scope of section 3 of this revenue procedure may change from the impermissible methods of accounting to the permissible methods of accounting described in sections 4.01(1) and 4.02(1) of this revenue procedure for residential rental property within the scope of section 3 of this revenue procedure by filing either:

(1) Except as provided in Rev. Proc. 2021-29, 2021-27 I.R.B. 12, released on www.irs.gov on June 17, 2021, regarding

the time to file amended returns by a partnership subject to the centralized partnership audit regime enacted as part of the Bipartisan Budget Act of 2015 (BBA partnership), an amended Federal income tax return or amended Form 1065 for the election year on or before April 15, 2022, but in no event later than the applicable period of limitations on assessment for the taxable year for which the amended return is being filed. In the case of a BBA partnership that chooses not to file an amended Form 1065 as permitted under Rev. Proc. 2021-29 or that cannot file an amended Form 1065 because the date for doing so has expired under Rev. Proc. 2021-29, the BBA partnership may file an AAR for the election year on or before April 15, 2022, but in no event later than the applicable period of limitations on making adjustments under § 6235 for the reviewed year as defined in § 301.6241-1(a)(8) of the Procedure and Administration Regulations. This amended return or Form 1065, or AAR, must include the adjustment to taxable income for the change in determining depreciation of the residential rental property and any collateral adjustments to taxable income or to tax liability. Such collateral adjustments also must be made on original or amended Federal income tax returns or Forms 1065, or AARs, for any affected succeeding taxable years. If the residential rental property is included in a general asset account, the taxpayer also must make the adjustments in § 1.168(i)-1(h)(2)(ii) and (iii)(B); or

(2) A Form 3115 under the automatic change procedures or non-automatic change procedures, as applicable, in Rev. Proc. 2015-13 (or any successor). If the electing real property trade or business is eligible to make this method change under the automatic change procedures--

(a) The method change described in section 4.01 of this revenue procedure is described in section 6.05 of Rev. Proc. 2019-43, 2019-48 I.R.B. 1107 (or any successor), as modified by section 5.02 of this revenue procedure. The § 481(a) adjustment for such method change as of the first day of the year of change is calculated as though the change in use occurred for the residential rental property in the election year; and

(b) The method change described in section 4.02 of this revenue procedure is

described in section 6.04 of Rev. Proc. 2019-43 (or any successor), as modified by section 5.02 of this revenue procedure. This change is made on a modified cut-off basis, as defined in § 1.446-1(e)(2)(ii)(d)(5)(iii).

SECTION 5. MODIFICATION TO REV. PROC. 2019-43

.01 *In general.* Section 6.04 of Rev. Proc. 2019-43 provides the procedures for obtaining automatic consent to change the method of accounting for general asset account treatment of MACRS property due to a change in the use. Section 6.05 of Rev. Proc. 2019-43 provides the procedures for obtaining automatic consent to change the method of accounting for depreciation due to a change in the use of MACRS property.

.02 *Modifications to existing automatic changes.*

(1) Section 6.01(1)(c)(viii) of Rev. Proc. 2019-43 is modified to read as follows:

(viii) any depreciable property for which the use changes in the hands of the same taxpayer. *See* § 1.446-1(e)(2)(ii)(d)(3)(ii). But see sections 6.04 and 6.05 of this revenue procedure for changing to the methods of accounting provided in § 1.168(i)-1(c)(2)(ii)(I) or § 1.168(i)-1(h)(2), and § 1.168(i)-4, respectively. However, an original Form 3115 for a change in method of accounting described in section 6.04 of this revenue procedure and section 4.02 of Rev. Proc. 2021-28, 2021-27 I.R.B. 5, may be filed under this section 6.01 instead of section 6.04 of this revenue procedure if the original Form 3115 was filed before June 17, 2021, and such change was made on a modified cut-off basis pursuant to section 6.04(3)(a) of this revenue procedure. Also, an original Form 3115 for a change in method of accounting described in section 6.05 of this revenue procedure and section 4.01 of Rev. Proc. 2021-28, 2021-27 I.R.B. 5, may be filed under this section 6.01 instead of section 6.05 of this revenue procedure if the original Form 3115 was filed before June 17, 2021, and the § 481(a) adjustment for such change was determined in accordance with section 6.05(4) of this revenue procedure.

(2) Section 6.04 of Rev. Proc. 2019-43, as modified by section 6.02(2) of Rev. Proc. 2020-25, 2020-19 I.R.B. 785, is modified as follows:

(a) Section 6.04(1)(b) is redesignated as section 6.04(1)(c).

(b) New section 6.04(1)(b) is added to read as follows:

(b) *Taxpayer has not adopted a method of accounting for the item of property.* If a taxpayer does not satisfy section 6.04(1)(a) of this revenue procedure for an item of MACRS property because a change in the use of this item of MACRS property occurred in the taxable year immediately preceding the year of change (1-year change in use property), the taxpayer may change from the impermissible method for general asset account treatment to the permissible method provided in § 1.168(i)-1(c)(2)(ii)(I) or § 1.168(i)-1(h)(2) for the 1-year change in use property by filing a Form 3115. Alternatively, the taxpayer may change from the impermissible method for general asset account treatment to the permissible method provided in § 1.168(i)-1(c)(2)(ii)(I) or § 1.168(i)-1(h)(2) for a 1-year change in use property by filing an amended Federal income tax return or information return, or an administrative adjustment request under § 6227 (AAR), as applicable, for the year of change in the use of such property provided such filing occurs prior to the date the taxpayer files its Federal income tax return or information return for the taxable year succeeding the year of change in the use of such property.

(c) Redesignated section 6.04(1)(c) is modified to read as follows:

(c) *Inapplicability.*

(i) The change described in section 6.04(1)(a) of this revenue procedure does not apply to any property to which section 4.05 of Rev. Proc. 2020-22, 2020-18 I.R.B. 745, applies unless the taxpayer and property are within the scope of Rev. Proc. 2021-28, 2021-27 I.R.B. 5. (See sections 4.02 and 4.03 of Rev. Proc. 2020-22, as applicable, for making such change for such property.); and

(ii) The change described in section 6.04(1)(a) of this revenue procedure does not apply to any property to which section 5.04 of Rev. Proc. 2020-22, 2020-18 I.R.B. 745, applies. (See section 5.02

of Rev. Proc. 2020-22 for making such change for such property.).

(d) Sections 6.04(2) through (5) are redesignated as sections 6.04(3) through (6).

(e) New section 6.04(2) is added to read as follows:

(2) *Certain eligibility rules inapplicable.*

(a) *In general.* The eligibility rule in section 5.01(1)(d) of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, does not apply to a taxpayer making this change.

(b) *Special rule.* The eligibility rule in section 5.01(1)(f) of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, does not apply to a taxpayer within the scope of section 3 of Rev. Proc. 2021-28, 2021-27 I.R.B. 5, making this change for any residential rental property within the scope of section 3 of Rev. Proc. 2021-28, 2021-27 I.R.B. 5, for a taxable year beginning in 2019, 2020, 2021, or 2022.

(f) Redesignated section 6.04(3)(b) is modified to read as follows:

(b) *Reduced filing requirement for qualified small taxpayers.* A qualified small taxpayer, as defined in section 6.01(4)(b) of this revenue procedure, is required to complete only the following information on Form 3115 (Rev. December 2018) to make this change:

(i) The identification section of page 1 (above Part I);

(ii) The signature section at the bottom of page 1;

(iii) Part I;

(iv) Part II, all lines except lines 13, 15b, 16, 17, and 19;

(v) Part IV, line 25; and

(vi) Schedule E, all lines except lines 1, 4c, 5, 6, 7b, and 7c.

(g) Redesignated section 6.04(4) is modified to read as follows:

(4) *Concurrent automatic change.*

(a) A taxpayer making this change for more than one asset for the same year of change should file a single Form 3115 for all such assets.

(b) A taxpayer making this change and a change under section 6.05, section 6.12(3)(b), and/or section 6.15 of this revenue procedure for the same year of change should file a single Form 3115 for all such changes and must enter the designated automatic accounting method change numbers for the changes on the appropriate line on the Form 3115. See

section 6.03(1)(b) of Rev. Proc. 2015-13 for information on making concurrent changes.

(3) Section 6.05 of Rev. Proc. 2019-43, as modified by section 6.02(3) of Rev. Proc. 2020-25, is modified as follows:

(a) Section 6.05(1)(b) is redesignated as section 6.05(1)(c).

(b) New section 6.05(1)(b) is added to read as follows:

(b) *Taxpayer has not adopted a method of accounting for the item of property.* If a taxpayer does not satisfy section 6.05(1)(a)(i) of this revenue procedure for an item of MACRS property because a change in the use of this item of MACRS property occurred in the taxable year immediately preceding the year of change (1-year change in use property), the taxpayer may change from the impermissible method of determining depreciation to the permissible method of determining depreciation provided in § 1.168(i)-4 for the 1-year change in use property by filing a Form 3115 for this change, provided the § 481(a) adjustment reported on the Form 3115 includes the amount of any adjustment that is attributable to all property (including the 1-year change in use property) subject to the Form 3115. Alternatively, the taxpayer may change from the impermissible method of determining depreciation to the permissible method of determining depreciation provided in § 1.168(i)-4 for a 1-year change in use property by filing an amended Federal income tax return or information return, or an administrative adjustment request under § 6227 (AAR), as applicable, for the year of change in the use of such property provided such filing occurs prior to the date the taxpayer files its Federal income tax return or information return for the taxable year succeeding the year of change in the use of such property.

(c) Redesignated section 6.05(1)(c) is modified to read as follows:

(c) *Inapplicability.*

(i) The change described in section 6.05(1)(a)(i) of this revenue procedure does not apply to any property to which section 4.05 of Rev. Proc. 2020-22, 2020-18 I.R.B. 745, applies unless the taxpayer and property are within the scope of Rev. Proc. 2021-28, 2021-27 I.R.B. 5. (See sections 4.02 and 4.03 of Rev. Proc. 2020-22,

as applicable, for making such change for such property.);

(ii) The change described in section 6.05(1)(a)(i) of this revenue procedure does not apply to any property to which section 5.04 of Rev. Proc. 2020-22, 2020-18 I.R.B. 745, applies. (See section 5.02 of Rev. Proc. 2020-22 for making such change for such property.); and

(iii) The change described in this section 6.05 does not apply to any property that is not owned by the taxpayer at the beginning of the year of change.

(d) Sections 6.05(2) through (6) are redesignated as sections 6.05(3) through (7).

(e) New section 6.05(2) is added to read as follows:

(2) *Certain eligibility rules inapplicable.*

(a) *In general.* The eligibility rule in section 5.01(1)(d) of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, does not apply to a taxpayer making this change.

(b) *Special rule.* The eligibility rule in section 5.01(1)(f) of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, does not apply to a taxpayer within the scope of section 3 of Rev. Proc. 2021-28, 2021-27 I.R.B. 5, making this change for any residential rental property within the scope of section 3 of Rev. Proc. 2021-28, 2021-27 I.R.B. 5, for a taxable year beginning in 2019, 2020, 2021, or 2022.

(f) Redesignated section 6.05(3) is modified to read as follows:

(3) *Reduced filing requirement for qualified small taxpayers.* A qualified small taxpayer, as defined in section 6.01(4)(b) of this revenue procedure, is required to complete only the following information on Form 3115 (Rev. December 2018) to make this change:

(a) The identification section of page 1 (above Part I);

(b) The signature section at the bottom of page 1;

(c) Part I;

(d) Part II, all lines except lines 13, 15b, 16, 17, and 19;

(e) Part IV, all lines except line 25; and

(f) Schedule E, all lines except lines 1, 4c, 5, 6, 7b, and 7c.

(g) Redesignated section 6.05(5) is modified to read as follows:

(5) *Concurrent automatic change.*

(a) A taxpayer making this change for more than one asset for the same year of change should file a single Form 3115

for all such assets and provide a single net § 481(a) adjustment for all the changes included in that Form 3115. If one or more of the changes in that single Form 3115 generate a negative § 481(a) adjustment and other changes in that same Form 3115 generate a positive § 481(a) adjustment, the taxpayer may provide a single negative § 481(a) adjustment for all the changes that are included in that Form 3115 generating such adjustment and a single positive § 481(a) adjustment for all the changes that are included in that Form 3115 generating such adjustment.

(b) A taxpayer making this change and a change under section 6.04, section 6.12(3) (b), and/or section 6.15 of this revenue procedure for the same year of change should file a single Form 3115 for all such changes and must enter the designated automatic accounting method change numbers for the changes on the appropriate line on the Form 3115. See section 6.03(1) (b) of Rev. Proc. 2015-13 for information on making concurrent changes.

SECTION 6. MODIFICATION TO REV. PROC. 2019-08

New section 4.01(3) of Rev. Proc. 2019-08 is added to read as follows:

(3) *Residential rental property held by an electing real property trade or business.* Notwithstanding section 4.01(1) of this revenue procedure, the recovery period under the table in § 168(g)(2)(C) for taxable years beginning after December 31, 2017, is 30 years for residential rental property that:

(a) was placed in service by (i) the taxpayer before January 1, 2018, or (ii) the transferor of the residential rental property before January 1, 2018, if the acquisition of such property by the transferee-taxpayer is subject to § 168(i)(7),

(b) is held by an electing real property trade or business as defined in § 163(j)(7) (B) and the regulations thereunder, and

(c) was not subject to § 168(g)(1)(A), (B), (C), (D), or (E) prior to January 1, 2018, in the hands of (i) the taxpayer or (ii) the transferor if the acquisition of such property by the transferee-taxpayer is subject to § 168(i)(7).

See Rev. Proc. 2021-28, 2021-27 I.R.B. 5, for further guidance. In particular, see section 3.03 of Rev. Proc. 2021-28 regarding the rules applicable to acquisi-

tions of residential rental property subject to § 168(i)(7).

SECTION 7. EFFECT ON OTHER DOCUMENTS

.01 Section 4.01 of Rev. Proc. 2019-08 is modified.

.02 Sections 6.01, 6.04, and 6.05 of Rev. Proc. 2019-43 are modified.

SECTION 8. EFFECTIVE DATE

This revenue procedure is effective June 17, 2021.

SECTION 9. DRAFTING INFORMATION

The principal author of this revenue procedure is Jaime C. Park of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure contact Patrick Clinton at (202) 317-4651 (not a toll-free number).

*26 CFR 601.601. Rules and regulations.
(Also Part I, §§ 6031, 6222, 6227.)*

Rev. Proc. 2021-29

SECTION 1. PURPOSE

This revenue procedure allows eligible partnerships to file amended partnership returns for taxable years beginning in 2018, 2019, and 2020 using a Form 1065, U.S. Return of Partnership Income (Form 1065), with the “Amended Return” box checked, and issue an amended Schedule K-1, Partner’s Share of Income, Deductions, Credits, etc. (Schedule K-1), to each of its partners. The option to file amended returns only applies to partnerships satisfying the requirements of section 3 of this revenue procedure.

SECTION 2. BACKGROUND

.01 Section 1101(a) of the Bipartisan Budget Act of 2015 (BBA), P.L. 114-74, Title XI (November 2, 2015), replaced subchapter C of chapter 63 of subtitle F of the Internal Revenue Code (Code) effective for partnership taxable years beginning after

December 31, 2017. Prior to the enactment of the BBA, subchapter C of chapter 63 contained the unified partnership audit and litigation rules enacted by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), P.L. 97-248 (September 3, 1982), that were commonly referred to as the TEFRA partnership procedures. Section 1101(c) of the BBA replaced the TEFRA partnership procedures with a centralized partnership audit regime that, in general, determines, assesses, and collects tax at the partnership level. The centralized partnership audit procedures enacted by the BBA are found at sections 6221 through 6241 of the Code. The centralized partnership audit procedures apply to all partnerships, unless the partnership makes a valid election under section 6221(b) not to have those procedures apply. Partnerships subject to the centralized partnership audit regime are referred to as BBA partnerships.

.02 Section 6031(a) of the Code requires every partnership to file a return for each taxable year stating the items of its gross income and the deductions allowable by subtitle A of the Code and such other information as required by forms and regulations, including information about the partners in the partnership. For a partnership, the return required by section 6031(a) is Form 1065, which includes Schedules K-1. A Schedule K-1 reports a partner’s name, taxpayer identification number, and distributive share of partnership-related items and other information related to the partner’s interest in the partnership. Section 6031(b) requires that a partnership required to file a return under section 6031(a) furnish a copy of the Schedule K-1 to each partner that includes such information as may be required to be shown by regulations. In general, section 6031(b) also prohibits BBA partnerships from amending the information required to be furnished to their partners after the due date of the return, unless specifically provided by the Secretary of the Treasury or her delegate. This revenue procedure exercises that authority to allow a BBA partnership to file an amended partnership return and furnish amended Schedules K-1 under the circumstances described in this revenue procedure.

.03 Section 6222(a) of the Code requires partners in a BBA partnership to treat partnership-related items, as defined

in section 6241 and the corresponding regulations, consistently on the partner's return with how the BBA partnership treated such items on its return. This consistency requirement generally applies to all partners. Consistent treatment with the partnership generally requires that partners in a BBA partnership file their returns consistent with the information reported to them on the Schedule K-1.

.04 Section 202 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTRA) was enacted as part of Title II of Division EE of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182 (December 27, 2020). Section 202 of the TCDTRA retroactively allows a recovery period of 30 years under the alternative depreciation system (ADS) in section 168(g) of the Code for certain residential rental property, as defined in section 168(e)(2)(A) of the Code, placed in service before January 1, 2018, held by an electing real property trade or business as defined in section 163(j)(7)(B) of the Code, and not previously subject to the ADS. This revenue procedure explains how a BBA partnership that wishes to change its recovery period under section 168(g) of the Code for such property in accordance with section 202 of the TCDTRA may do so without filing an administrative adjustment request (AAR) under section 6227 of the Code. This revenue procedure is intended to be implemented in tandem with Revenue Procedure 2021-28, 2021-27 I.R.B. 5, released on June 17, 2021.

.05 This revenue procedure allows BBA partnerships the option to file an amended return instead of an AAR, though it does not prevent a partnership from filing an AAR to obtain the benefits of the TCDTRA or any other tax benefits to which the partnership is entitled. A BBA partnership that files an amended return pursuant to this revenue procedure is still subject to the centralized partnership audit procedures enacted by the BBA.

SECTION 3. AMENDED RETURN OPTION PROVIDED TO ELIGIBLE BBA PARTNERSHIPS FOR THE 2018, 2019, AND 2020 TAXABLE YEARS

.01 *Scope.* The filing and furnishing option provided by section 3.02 of this

revenue procedure applies to BBA partnerships described in section 3.03 of this revenue procedure for the taxable years described in section 3.04 of this revenue procedure.

.02 *Option to file amended return.* BBA partnerships that filed a Form 1065 and furnished all required Schedules K-1 for the taxable years beginning in 2018, 2019, or 2020 and did so prior to the issuance of this revenue procedure may file amended partnership returns and furnish corresponding Schedules K-1 on or before October 15, 2021. The amended returns must take into account tax changes under section 202 of the TCDTRA, but eligible BBA partnerships under section 3.03 of this revenue procedure may make any changes on their amended returns.

.03 Eligible BBA partnerships.

(1) The filing and furnishing option provided in section 3.02 of this revenue procedure is available only to BBA partnerships that filed Forms 1065 and furnished Schedules K-1 for the partnership taxable years beginning in 2018, 2019, or 2020 and did so prior to the issuance of this revenue procedure. The filing and furnishing option in section 3.02 of the revenue procedure is only available to:

(a) BBA partnerships within the scope of section 3 of Rev. Proc. 2021-28 that have residential rental property within the scope of section 3 of Rev. Proc. 2021-28 and that choose to change either or both of their method of depreciation or general asset account treatment for such property by filing an amended Form 1065 in accordance with procedures in sections 4.01(2), 4.02(3), or 4.04(1) of Rev. Proc. 2021-28 as applicable, or

(b) BBA partnerships within the scope of section 3.01(1) of Revenue Procedure 2020-22, 2020-18 I.R.B. 745, that choose to make a late section 163(j)(7) election by filing an amended Form 1065 in accordance with procedures in section 4 of Rev. Proc. 2020-22.

(2) For purposes of section 6222, the amended return replaces any prior return (including any AAR filed by the partnership) for the taxable year for purposes of determining the partnership's treatment of partnership-related items. See section 4.03 of this revenue procedure for a special rule regarding partnerships who have

previously filed AARs for an affected taxable year.

.04 *Eligible taxable years.* The filing and furnishing option provided in this revenue procedure applies only to partnership taxable years that began in 2018, 2019, or 2020.

SECTION 4. PROCEDURE

.01 *Filing requirements.* To take advantage of the option to file an amended return provided by section 3 of this revenue procedure, a BBA partnership must file a Form 1065 (with the "Amended Return" box checked) and furnish corresponding amended Schedules K-1. The BBA partnership must clearly indicate the application of this revenue procedure on the amended return and write "FILED PURSUANT TO REV PROC 2021-29" at the top of the amended return and attach a statement with each Schedule K-1 furnished to its partners with the same notation. The BBA partnership may file electronically or by mail but filing electronically may allow for faster processing of the amended return.

.02 *Special rule for BBA partnerships whose returns are under examination.* If a BBA partnership is currently under examination for a taxable year beginning in 2018, 2019, or 2020 and wishes to take advantage of the option to file an amended return provided by section 3 of this revenue procedure, the partnership may only do so if the partnership sends notice in writing to the revenue agent coordinating the partnership's examination that the partnership seeks to use the amended return option described in this revenue procedure prior to or contemporaneously with filing the amended return as described in section 4.01 of this revenue procedure. The partnership must also provide the revenue agent with a copy of the amended return upon filing.

.03 *Special rule for BBA partnerships who have previously filed an AAR.* If a BBA partnership has previously filed an AAR and wishes to file an amended return pursuant to this revenue procedure for the same taxable year, the partnership should use the items as adjusted in the AAR, where applicable, in lieu of any reporting from the originally filed partnership return.

.04 *Coordination with Notice 2019-46*. If, under Notice 2019-46, 2019-37 I.R.B. 695, a partnership has applied the rules of the proposed GILTI regulations under proposed §1.951A-5 of the Income Tax Regulations for its taxable years ending before June 22, 2019 (Form 1065, Form 8992, U.S. Shareholder Calculation of Global Intangible Low-Taxed Income (GILTI), and Schedules K-1), the partnership may continue to apply the rules of proposed §1.951A-5 for purposes of filing an amended Form 1065 for taxable years to which Notice 2019-

46 applies under this revenue procedure if the partnership furnishes amended Schedules K-1 consistent with those proposed regulations and provides appropriate notifications to its partners under the principles of section 5.01 of Notice 2019-46 within the period described in section 3.02 of this revenue procedure. Nothing in this revenue procedure changes a partnership's obligation to provide information described in section 5.02 of Notice 2019-46. If a partnership applies the final GILTI regulations under §1.951A-1(e), any amended Schedules

K-1 issued under this revenue procedure must be consistent with those final regulations.

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Joy E. Gerdy Zogby of the Office of the Associate Chief Counsel (Procedure and Administration). For further information, please contact 202-317-4927 (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.
FR—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 2021–27 through 2021–52 is in Internal Revenue Bulletin 2021–52, dated December 27, 2021.

Finding List of Current Actions on Previously Published Items¹

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2021–27 through 2021–52 is in Internal Revenue Bulletin 2021–52, dated December 27, 2021.

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