

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

Announcement 2026-7, page 540.

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions imposed on attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers. The OPR also announces when certain unenrolled, unlicensed tax return preparers (individuals who are not enrolled to practice before the Internal Revenue Service (IRS)) and are not licensed as attorneys or certified public accountants) have been disciplined. Licensed or enrolled practitioners are subject to the regulations governing practice before the IRS, which are set out in Title 31, Code of Federal Regulations (C.F.R.), Subtitle A, Part 10, and which are released as Treasury Department Circular No. 230. The regulations prescribe the duties and restrictions relating to such practice and prescribe the disciplinary sanctions for violating the regulations. Unenrolled/unlicensed return preparers who choose to participate in the IRS's voluntary Annual Filing Season Program (AFSP) are subject to the guidance in Revenue Procedure 2014-42, which governs a preparer's eligibility to represent taxpayers before the IRS in examinations of tax returns the preparer both prepared for the taxpayer and signed as the preparer. Additionally, unenrolled/unlicensed return preparers who participate in the AFSP agree to be subject to the duties and restrictions in Circular

230, including the restrictions on incompetence or disreputable conduct.

Rev. Proc. 2026-12, page 535.

This revenue procedure specifies when information shown on a return in accordance with the applicable forms and instructions will be an adequate disclosure for purposes of reducing an understatement of income tax under section 6662(d) and for purposes of avoiding the section 6694(a) preparer penalty. This revenue procedure updates Rev. Proc. 2024-44, 2024-52 I.R.B. 1438, and applies to any income tax return filed on 2025 tax forms for a taxable year beginning in 2025, and to any income tax return filed in 2026 on 2025 tax forms for short taxable years beginning in 2026.

EMPLOYEE PLANS

Notice 2026-9, page 534.

This notice provides guidance relating to amendments under section 501 of the SECURE 2.0 Act of 2022 for individual retirement arrangements and annuities (IRAs) under section 408(a), (b), or (h), an employer's SEP arrangement under section 408(k), and an employer's SIMPLE IRA plan under section 408(p). This notice provides that the Treasury Department and the IRS have extended the deadline to make certain amendments for IRAs, SEP arrangements, and SIMPLE IRA plans to December 31, 2027.

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.

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Part III

Extension of SECURE 2.0 Act Amendment Deadline for IRAs

Notice 2026-9

I. PURPOSE

This notice provides guidance relating to amendments under section 501 of Division T of the Consolidated Appropriations Act, 2023, Pub. L. 117-328, 136 Stat. 4459 (2022), known as the SECURE 2.0 Act of 2022 (SECURE 2.0 Act) for an individual retirement arrangement (IRA) under section 408(a), (b), or (h) of the Internal Revenue Code (the Code),¹ an employer's SEP arrangement under section 408(k), and an employer's SIMPLE IRA plan under section 408(p). This notice provides that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) have extended the deadline to make certain amendments for IRAs, SEP arrangements, and SIMPLE IRA plans to December 31, 2027.

II. GENERAL OVERVIEW

Section 501 of the SECURE 2.0 Act provides, in relevant part, that a retirement plan or annuity contract will be treated as being operated in accordance with the terms of the plan during a specified period by reason of a plan amendment made pursuant to any amendment made by the SECURE 2.0 Act or pursuant to any regulation issued by the Secretary of the Treasury under the SECURE 2.0 Act, provided that:

(1) the amendment is adopted no later than the last day of the first plan year beginning on or after January 1, 2025, or such later date as the Secretary may prescribe (the section 501 date);

(2) the amendment applies retroactively to the effective date of the SECURE 2.0 Act provision or the regulations thereunder (or, in the case of an amendment not required by a provision of the SECURE 2.0 Act or the regulations thereunder, the effective date specified by the plan); and

(3) the plan or contract is operated as if the amendment were in effect during the period beginning on the effective date of the SECURE 2.0 Act provision or the regulations thereunder (or, in the case of an amendment not required by a provision of the SECURE 2.0 Act or the regulations thereunder, the effective date specified by the plan or contract) and ending on the section 501 date or, if earlier, the date the amendment is adopted.

Section 501(c) of the SECURE 2.0 Act modifies section 601(b)(1) of the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act),² sections 2202(c)(2)(A) and 2203(c)(2)(B)(i) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act),³ and section 302(d)(2)(A) of Title III of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act)⁴ to extend plan amendment deadlines with respect to these sections to coordinate with the plan amendment deadlines under section 501 of the SECURE 2.0 Act, as applicable.

Notice 2024-2, 2024-2 IRB 316, Q&A J-1, provides, in relevant part, the deadlines by which a retirement plan must be amended to reflect the provisions of the SECURE Act, section 2202 or 2203 of the CARES Act, section 302 of the Relief Act, and the SECURE 2.0 Act (the Acts) and the regulations thereunder. Notice 2024-2, Q&A J-1, in relevant part, extended the deadline to amend the trust governing an IRA that is an individual retirement account under Code section 408(a) or the contract issued by an insurance company

with respect to an IRA that is an individual retirement annuity under section 408(b) to December 31, 2026, or such later date as the Secretary prescribes in guidance.

In comments that have been submitted to the Treasury Department and the IRS, stakeholders stated that IRA custodians and providers require additional time, in the absence of model language from the Treasury Department and the IRS, to amend IRAs, SEP arrangements, and SIMPLE IRA plans for compliance with the Acts.

III. DISCUSSION

Because the Treasury Department and the IRS are still developing model language that may be used by IRA trustees, custodians, and issuers to amend an IRA for compliance with the Acts, the deadline to amend for the applicable provisions of the Acts or any regulations thereunder is extended to December 31, 2027, or such later date as the Secretary prescribes in guidance for the following documents: (1) the written governing instrument for an IRA that is an individual retirement account under section 408(a) or (h) of the Code, (2) the contract issued by an insurance company with respect to an IRA that is an individual retirement annuity under section 408(b), (3) an employer's SEP arrangement under section 408(k), or (4) an employer's SIMPLE IRA plan under section 408(p).

IV. DRAFTING INFORMATION

The principal author of this notice is the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice, please contact (202) 317-4148 (not a toll-free number).

¹For purposes of this notice, the term "IRA" includes both an individual retirement account described in section 408(a) or (h) and an individual retirement annuity described in section 408(b).

²Division O of the Further Consolidated Appropriations Act, 2020, Pub. L. 116-94, 133 Stat. 2534 (2019).

³Pub. L. 116-136, 134 Stat. 281 (2020).

⁴Division EE of the Consolidated Appropriations Act, 2021, Pub. L. 116-260, 134 Stat. 1182 (2020).

Rev. Proc. 2026-12

SECTION 1. PURPOSE

This revenue procedure updates Rev. Proc. 2024-44, 2024-52 I.R.B. 1438, and identifies circumstances under which the disclosure on a taxpayer's income tax return with respect to an item or position is adequate for the purpose of reducing the understatement of income tax under section 6662(d) of the Internal Revenue Code (relating to the substantial understatement aspect of the accuracy-related penalty), and for the purpose of avoiding the tax return preparer penalty under section 6694(a) (relating to understatements due to unreasonable positions) with respect to income tax returns. This revenue procedure does not apply with respect to any other penalty provisions (including but not limited to the disregard provisions of the section 6662(b)(1) accuracy-related penalty, the section 6662(i) increased accuracy-related penalty in the case of nondisclosed non-economic substance transactions, and the section 6662(b)(7) and (j) increased accuracy-related penalty in the case of undisclosed foreign financial asset understatements). If this revenue procedure does not include an item or position, disclosure is adequate with respect to that item or position only if made on a properly completed Form 8275 or 8275-R, as appropriate, attached to the return for the year or to a qualified amended return. *See* Treas. Reg. § 1.6664-2(c) for information about qualified amended returns.

This revenue procedure applies to any income tax return filed on 2025 tax forms for a taxable year beginning in 2025, and to any income tax return filed in 2026 on 2025 tax forms for short taxable years beginning in 2026.

SECTION 2. CHANGES FROM REV. PROC. 2024-44

Changes have been made in order to update the taxable years to which this revenue procedure applies. In addition, minor

changes have been made to incorporate section 6662(m), as added to the Internal Revenue Code by section 70512 of Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA), which provides a special rule for determining whether a substantial understatement of income tax exists due to disallowance of applicable energy credits. No additional substantive changes have been made.

SECTION 3. BACKGROUND

.01 If section 6662 applies to any portion of an underpayment of tax required to be shown on a return, an amount generally equal to 20 percent of the portion of the underpayment is added to the tax. Under section 6662(b)(2), the penalty applies to the portion of any underpayment of tax that is attributable to a substantial understatement of income tax. The penalty rate increases to 40 percent in the case of gross valuation misstatements under section 6662(h), nondisclosed noneconomic substance transactions under section 6662(i), or undisclosed foreign financial asset understatements under section 6662(j).

.02 Generally, there is a substantial understatement of income tax if the amount of the understatement exceeds the greater of (i) 10 percent of the amount of tax required to be shown on the return for the taxable year or (ii) \$5,000. Section 6662(d)(1). Section 6662(d)(1)(C) provides a special rule for taxpayers claiming a section 199A deduction. In the case of any taxpayer who claims any deduction allowed under section 199A for the taxable year, there is a substantial understatement of income tax if the amount of the understatement exceeds the greater of (i) 5 percent of the amount of tax required to be shown on the return for the taxable year or (ii) \$5,000. Section 6662(d)(1)(B) provides a special rule for corporations. A corporation (other than an S corporation or a personal holding company) has a substantial understatement of income tax if the amount of the understatement exceeds the lesser of (i) 10 percent of the tax required to be shown on the return for a taxable year (or, if greater, \$10,000) or (ii) \$10,000,000. For taxable years beginning after July 4, 2025, section 6662(m) provides a special rule for a substantial

understatement of income tax due to a disallowance of applicable energy credits, as defined in section 6662(m)(2). In the case of a taxpayer for which there is such a disallowance of an applicable energy credit, a substantial understatement of income tax for the taxable year is determined (i) by substituting "1 percent" for "10 percent" in sections 6662(d)(1)(A) and (B), and (ii) without regard to section 6662(d)(1)(C). Generally, an understatement is the excess of the amount of tax required to be shown on the return for the taxable year over the amount of the tax that is shown on the return reduced by any rebate, where the excess is determined without regard to items to which the reportable transaction understatement penalty under section 6662A applies. Section 6662(d)(2)(A). For purposes of determining whether an understatement is substantial, the understatement determined under the general rule is increased by the aggregate amount of any reportable transaction understatements relating to the return. Section 6662A(e)(1)(A).

.03 In the case of an item not attributable to a tax shelter, if the taxpayer has a reasonable basis for the tax treatment of the item, the amount of the understatement is reduced by the portion of the understatement attributable to the item with respect to which the relevant facts affecting the item's tax treatment are adequately disclosed in the return or in a statement attached to the return. Section 6662(d)(2)(B)(ii).

.04 Section 6694(a) imposes a penalty on a tax return preparer who prepares a return or claim for refund reflecting an understatement of liability due to an "unreasonable position" if the tax return preparer knew (or reasonably should have known) of the position. A position (other than a position with respect to a tax shelter or a reportable transaction to which section 6662A applies) is generally treated as unreasonable unless (i) there is or was substantial authority for the position, or (ii) the position was properly disclosed in accordance with section 6662(d)(2)(B)(ii)(I) and had a reasonable basis. If the position is with respect to a tax shelter (as defined in section 6662(d)(2)(C)(ii)) or a reportable transaction to which section 6662A applies, the position is treated as unreasonable unless it is reasonable

to believe that the position would more likely than not be sustained on the merits. *See Notice 2009-5, 2009-3 I.R.B. 309*, for interim penalty compliance rules for tax shelter transactions.

.05 In general, this revenue procedure provides guidance for determining when disclosure by return is adequate for purposes of section 6662(d)(2)(B)(ii) and section 6694(a)(2)(B). For purposes of this revenue procedure, the taxpayer must furnish all required information in accordance with the applicable forms and instructions, and the money amounts entered on these forms must be verifiable.

.06 This revenue procedure may apply to a return for a fiscal tax year that begins in 2025 and ends in 2026. This revenue procedure may also apply to a short year return for a period beginning in 2026 if the return is to be filed before the 2026 forms are available. (Note that individuals are generally not put in this position.) The most frequent situation in which a short year arises is when filing a decedent's final return for a fractional part of a year. In that situation, the 2026 form will be available because the final return is due the fifteenth day of the fourth month following the close of the 12-month period that began with the first day of such fractional part of the year (meaning the due date is not accelerated). *See Treas. Reg. § 1.6072-1(b)*. In the case of fiscal year and short year returns, the taxpayer must take into account any tax law changes that are effective for tax years beginning after December 31, 2025, even though these changes are not reflected on the form or instructions.

.07 This document does not take into account the effect of tax law changes effective for tax years beginning after December 31, 2025. If a line referenced in this revenue procedure is affected by such a change and requires additional reporting, a taxpayer may have to file Form 8275, *Disclosure Statement*, or Form 8275-R, *Regulation Disclosure Statement*, until the Service prescribes criteria for complying with the requirement.

.08 A complete and accurate disclosure of a tax position on the appropriate year's Schedule UTP, *Uncertain Tax Position Statement*, will be treated as if the corporation filed a Form 8275 or Form 8275-R regarding the tax position. The filing of

a Form 8275 or Form 8275-R, however, will not be treated as if the corporation filed a Schedule UTP.

SECTION 4. PROCEDURE

.01 General

(1) Additional disclosure of facts relevant to, or positions taken with respect to, issues involving any of the items set forth below is unnecessary for purposes of reducing any understatement of income tax under section 6662(d) (except as otherwise provided in section 4.02(3) concerning Schedules M-1 and M-3), provided that the forms and attachments are completed in a clear manner and in accordance with their instructions.

(2) The money amounts entered on the forms must be verifiable, and the information on the return must be disclosed in the manner described below. For purposes of this revenue procedure, a number is verifiable if, on audit, the taxpayer can prove the origin of the amount (even if that number is not ultimately accepted by the Service) and the taxpayer can show good faith in entering that number on the applicable form.

(3) The disclosure of an amount as provided in section 4.02 below is not adequate when the understatement arises from a transaction between parties who are related within the meaning of section 267(b). If an entry may present a legal issue or controversy because of a related-party transaction, then that transaction and the relationship must be disclosed on a Form 8275 or Form 8275-R.

(4) When the amount of an item is shown on a line that does not have a pre-printed description identifying that item (such as on an unnamed line under an "Other Expense" category), the taxpayer must clearly identify the item by including the description on that line. For example, to disclose a bad debt for a sole proprietorship, the words "bad debt" must be written or typed on the line of Schedule C (Form 1040 or 1040-SR) that shows the amount of the bad debt. Also, for Schedule M-3 (Form 1120), Part II, line 25, Other income (loss) items with differences, or Part III, line 38, Other expense/deduction items with differences, the entry must provide descriptive language; for example, "Cost of non-compete agreement deductible not

capitalizable," and the description must be provided on an attachment. Similarly, for other forms, if space limitations on a form do not allow for an adequate description, the description must be continued on an attachment.

(5) Although a taxpayer may literally meet the disclosure requirements of this revenue procedure, the disclosure will have no effect for purposes of the section 6662 accuracy-related penalty if the item or position on the return (1) does not have a reasonable basis as defined in Treas. Reg. § 1.6662-3(b)(3); (2) is attributable to a tax shelter item as defined in section 6662(d)(2)(C)(ii); or (3) is not properly substantiated or the taxpayer failed to keep adequate books and records with respect to the item or position.

(6) Disclosure also will have no effect for purposes of the section 6694(a) penalty as applicable to tax return preparers if the position is with respect to a tax shelter (as defined in section 6662(d)(2)(C)(ii)) or a reportable transaction to which section 6662A applies.

.02 Items

(1) Form 1040, Schedule A, *Itemized Deductions*:

(a) Medical and Dental Expenses: Complete lines 1 through 4, supplying all required information.

(b) Taxes: Complete lines 5 through 7, supplying all required information. Line 6 must list each type of tax and the amount paid.

(c) Interest Expenses: Complete lines 8 through 10, supplying all required information. This section 4.02(1)(c) does not apply to (i) amounts disallowed under section 163(d) unless Form 4952, *Investment Interest Expense Deduction*, is completed, or (ii) amounts disallowed under section 265.

(d) Charitable Contributions: Complete lines 11 through 14, supplying all required information and attaching all related forms required pursuant to statute or regulation.

(e) Casualty and Theft Losses: Complete Form 4684, *Casualties and Thefts*, and attach to the return. Each item or article for which a casualty or theft loss is claimed must be listed on Form 4684.

(2) Certain Trade or Business Expenses (including, for purposes of this section, the following six expenses as they relate to the rental of property):

(a) Casualty and Theft Losses: The procedure outlined in section 4.02(1)(e) must be followed.

(b) Legal Expenses: The amount claimed must be stated. This section does not apply, however, to amounts properly characterized as capital expenditures, personal expenses, or non-deductible lobbying or political expenditures, including amounts that are required to be (or that are) amortized over a period of years.

(c) Specific Bad Debt Charge-off: The amount written off must be stated.

(d) Officers' Compensation: Complete Form 1125-E, *Compensation of Officers*, when its instructions require completion. You must express the "percent of time devoted to business" as a numerical percentage, rather than as a non-numerical description such as "part" or "as needed." This section does not apply to "excess parachute payments," as defined in section 280G. This section does not apply to the extent that remuneration paid or incurred exceeds an applicable employee-remuneration deduction limitation under section 162(m).

(e) Repair Expenses: The amount claimed must be stated. This section does not apply, however, to any amount prop-

erly characterized as capital expenditures or personal expenses.

(f) Taxes (other than foreign taxes): The amount claimed must be stated.

(3) Differences in book and income tax reporting:

For Schedule M-1 and all Schedules M-3, including those listed in (a)-(f) below, the information provided must reasonably apprise the Service of the potential controversy concerning the tax treatment of the item. If the information provided does not so apprise the Service, a Form 8275 or Form 8275-R must be used to adequately disclose the item (see Part II of the instructions for those forms).

Note: An item reported on a line with a pre-printed description, shown on an attached schedule or "itemized" on Schedule M-1, may represent the aggregate amount of several transactions producing that item (i.e., a group of similar items, such as amounts paid or incurred for supplies by a taxpayer engaged in business). In some instances, a potentially controversial item may involve a portion of the aggregate amount disclosed on the schedule. The Service will not be

reasonably apprised of a potential controversy by the aggregate amount disclosed. In these instances, the taxpayer must use Form 8275 or Form 8275-R regarding that portion of the item.

Combining unlike items, whether on Schedule M-1 or Schedule M-3 (or on an attachment when directed by the instructions), will not constitute an adequate disclosure.

Additionally, taxpayers that file the Schedule M-3 (Form 1120), *Net Income (Loss) Reconciliation for Corporations With Total Assets of \$10 Million or More*, may be required to complete Schedule B (Form 1120), *Additional Information for Schedule M-3 Filers*. For further information, see Who Must File in the General Instructions for Schedule B (Form 1120). Taxpayers that file the Schedule M-3 (Form 1065), *Net Income (Loss) Reconciliation for Certain Partnerships*, may be required to complete Schedule C (Form 1065), *Additional Information for Schedule M-3 Filers*. For further information, see Who Must File in the General Instructions for Schedule C (Form 1065). When required, these schedules are necessary to constitute adequate disclosure:

(a) Form 1065. Schedule M-3 (Form 1065), *Net Income (Loss) Reconciliation for Certain Partnerships*:

Part II (reconciliation of income (loss) items)	Column (a), <i>Income (Loss) per Income Statement</i> ; Column (b), <i>Temporary Difference</i> ; Column (c), <i>Permanent Difference</i> ; and Column (d), <i>Income (Loss) per Tax Return</i>
Part III (reconciliation of expense/deduction items)	Column (a), <i>Expense per Income Statement</i> ; Column (b), <i>Temporary Difference</i> ; Column (c), <i>Permanent Difference</i> ; and Column (d), <i>Deduction per Tax Return</i>

(b) Form 1120. (i) Schedule M-1, *Reconciliation of Income (Loss) per Books With Income per Return*.

(ii) Schedule M-3 (Form 1120), *Net Income (Loss) Reconciliation for Corporations With Total Assets of \$10 Million or More*:

Part II (reconciliation of income (loss) items)	Column (a), <i>Income (Loss) per Income Statement</i> ; Column (b), <i>Temporary Difference</i> ; Column (c), <i>Permanent Difference</i> ; and Column (d), <i>Income (Loss) per Tax Return</i>
Part III (reconciliation of expense/deduction items)	Column (a), <i>Expense per Income Statement</i> ; Column (b), <i>Temporary Difference</i> ; Column (c), <i>Permanent Difference</i> ; and Column (d), <i>Deduction per Tax Return</i>

(c) Form 1120-L. Schedule M-3 (Form 1120-L), *Net Income (Loss) Reconciliation for U.S. Life Insurance Companies With Total Assets of \$10 Million or More*:

Part II (reconciliation of income (loss) items)	Column (a), <i>Income (Loss) per Income Statement</i> ; Column (b), <i>Temporary Difference</i> ; Column (c), <i>Permanent Difference</i> ; and Column (d), <i>Income (Loss) per Tax Return</i>
Part III (reconciliation of expense/deduction items)	Column (a), <i>Expense per Income Statement</i> ; Column (b), <i>Temporary Difference</i> ; Column (c), <i>Permanent Difference</i> ; and Column (d), <i>Deduction per Tax Return</i>

(d) Form 1120-PC. Schedule M-3 (Form 1120-PC), *Net Income (Loss) Reconciliation for U.S. Property and Casualty Insurance Companies With Total Assets of \$10 Million or More*:

Part II (reconciliation of income (loss) items)	Column (a), <i>Income (Loss) per Income Statement</i> ; Column (b), <i>Temporary Difference</i> ; Column (c), <i>Permanent Difference</i> ; and Column (d), <i>Income (Loss) per Tax Return</i>
Part III (reconciliation of expense/deduction items)	Column (a), <i>Expense per Income Statement</i> ; Column (b), <i>Temporary Difference</i> ; Column (c), <i>Permanent Difference</i> ; and Column (d), <i>Deduction per Tax Return</i>

(e) Form 1120-S. Schedule M-3 (Form 1120-S), *Net Income (Loss) Reconciliation for S Corporations With Total Assets of \$10 Million or More*:

Part II (reconciliation of income (loss) items)	Column (a), <i>Income (Loss) per Income Statement</i> ; Column (b), <i>Temporary Difference</i> ; Column (c), <i>Permanent Difference</i> ; and Column (d), <i>Income (Loss) per Tax Return</i>
Part III (reconciliation of expense/deduction items)	Column (a), <i>Expense per Income Statement</i> ; Column (b), <i>Temporary Difference</i> ; Column (c), <i>Permanent Difference</i> ; and Column (d), <i>Deduction per Tax Return</i>

(f) Form 1120-F. Schedule M-3 (Form 1120-F), *Net Income (Loss) Reconciliation for Foreign Corporations With Reportable Assets of \$10 Million or More*:

Part II (reconciliation of income (loss) items)	Column (b), <i>Temporary Differences</i> ; Column (c), <i>Permanent Differences</i> ; and Column (d), <i>Other Permanent Differences for Allocations to Non-ECI and ECI</i>
Part III (reconciliation of expense/deduction items)	Column (b), <i>Temporary Differences</i> ; Column (c), <i>Permanent Differences</i> ; and Column (d), <i>Other Permanent Differences for Allocations to Non-ECI and ECI</i>

(4) Foreign Tax Items:

(a) International Boycott Transactions: Transactions disclosed on Form 5713, *International Boycott Report*; Schedule A, *International Boycott Factor (Section 999(c)(1))*; Schedule B, *Specifically Attributable Taxes and Income (Section 999(c)(2))*; and Schedule C, *Tax Effect*

of the International Boycott Provisions, must be completed when required by their instructions.

(b) Treaty-Based Return Position: Transactions and amounts under section 6114 or section 7701(b) as disclosed on Form 8833, *Treaty-Based Return Position Disclosure Under Section 6114*

or 7701(b), must be completed when required by its instructions.

(5) Other:

(a) Moving Expenses: Complete Form 3903, *Moving Expenses*, and attach to the return.

(b) Employee Business Expenses: Complete Form 2106, *Employee Business*

Expenses (for use only by Armed Forces reservists, qualified performing artists, fee-basis state or local government officials, and employees with impairment-related work expenses), and attach to the return. This section does not apply to club dues or to travel expenses for any non-employee accompanying the taxpayer on the trip.

(c) Fuels Credit: Complete Form 4136, *Credit for Federal Tax Paid on Fuels*, and attach to the return.

(d) Investment Credit: Complete Form 3468, *Investment Credit*, and attach to the return.

SECTION 5. EFFECTIVE DATE

This revenue procedure applies to any income tax return filed on a 2025 tax form for a taxable year beginning in 2025 and to any income tax return filed on a 2025 tax form in 2026 for a short taxable year beginning in 2026.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is the Office of Associate Chief Counsel (Procedure and Administration). For further information regarding this revenue procedure contact the office at (202) 317-3400 (not a toll free number).

Part IV

Announcement of Disciplinary Sanctions from the Office of Professional Responsibility

Announcement 2026-5

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions imposed on attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers. The OPR also announces when certain unenrolled, unlicensed tax return preparers (individuals who are not enrolled to practice before the Internal Revenue Service (IRS)) and are not licensed as attorneys or certified public accountants) have been disciplined. Licensed or enrolled practitioners are subject to the regulations governing practice before the IRS, which are set out in Title 31, Code of Federal Regulations (C.F.R.), Subtitle A, Part 10, and which are released as Treasury Department Circular No. 230. The regulations prescribe the duties and restrictions relating to such practice and prescribe the disciplinary sanctions for violating the regulations. Unenrolled/unlicensed return preparers who choose to participate in the IRS's voluntary Annual Filing Season Program (AFSP) are subject to the guidance in Revenue Procedure 2014-42, which governs a preparer's eligibility to represent taxpayers before the IRS in examinations of tax returns the preparer both prepared for the taxpayer and signed as the preparer. Additionally, unenrolled/unlicensed return preparers who participate in the AFSP agree to be subject to the duties and restrictions in Circular 230, including the restrictions on incompetence or disreputable conduct.

The disciplinary sanctions imposed for violation of the applicable standards are:

Disbarred from practice before the IRS—An individual who is disbarred is not eligible to practice before the IRS as defined at 31 C.F.R. (Circular 230) § 10.2(a)(4) for a minimum period of five (5) years and until reinstated to practice.

Suspended from practice before the IRS—An individual who is suspended is not eligible to practice before the IRS as defined at 31 C.F.R. (Circular 230) § 10.2(a)(4) during the term of the suspension and until reinstated to practice.

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

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

Disqualification of appraiser—An appraiser who is disqualified is barred from presenting evidence or testimony in any administrative proceeding before the Department of the Treasury or the IRS. Additionally, any appraisal made by the disqualified appraiser after the effective date of disqualification will not have any probative effect in any administrative proceeding before the Treasury Department or the IRS.

Ineligible for limited practice—An unenrolled/unlicensed tax return preparer who participates in the AFSP and who fails to comply with Circular 230 as required by Revenue Procedure 2014-42 may have their AFSP credential revoked and may be determined ineligible to engage in future limited practice under the program as a representative of a taxpayer.

Under the regulations, individuals subject to Circular 230 may not assist, or accept assistance from, suspended or disbarred individuals with respect to matters constituting practice (*i.e.*, representation) before the IRS, and they may not aid or abet suspended or disbarred individuals to practice before the IRS.

Disciplinary sanctions announced below are described in these terms:

Disbarred by decision, Suspended by decision, Censured by decision, Mone-

tary penalty imposed by decision, and Disqualified by decision (including after a hearing)—An administrative law judge (ALJ), upon the OPR's complaint alleging violation of the regulations, issued a decision imposing one of these sanctions after the ALJ either (1) granted the OPR's motion for summary adjudication or (2) after conducting an evidentiary hearing. After 30 days from the issuance of the decision, in the absence of an appeal, the ALJ's decision becomes the final agency decision.

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

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

Disbarred by consent, Suspended by consent, Censured by consent, Monetary penalty imposed by consent, and Disqualified by consent—In lieu of a disciplinary proceeding being instituted or continued, an individual offered their consent to one of these sanctions (or a firm or other entity offered to consent to a monetary penalty) and the OPR accepted the offer and the parties entered into a consent agreement. Typically, an offer of consent will provide for: suspension for an indefinite term; conditions that the individual must observe during the suspension; and the individual's opportunity, after a stated number of months, to file with the OPR a petition for reinstatement affirming compliance with the terms of the consent agreement and affirming current fitness

and eligibility to practice (*i.e.*, an active professional license or active enrollment status, with no intervening violations of the regulations).

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

Determined ineligible for limited practice—There has been a final determination under Revenue Procedure 2014-42 that an unenrolled/unlicensed tax return preparer is not eligible for continued limited representation of taxpayers because the preparer violated standards of conduct prescribed in Circular 230 or failed to comply with any of the requirements described in the revenue procedure.

A practitioner who has been disbarred or suspended under 31 C.F.R. Part 10's (Circular 230's) § 10.60, ("Initiation of proceeding" (before an ALJ)) or suspended under § 10.82 ("Expedited suspension"), or a disqualified appraiser may

petition for reinstatement before the IRS after the expiration of 5 years following such disbarment, suspension, or disqualification (or immediately following the expiration of the suspension or disqualification period if shorter than 5 years). Reinstatement will not be granted unless the IRS is satisfied that the petitioner is not likely to engage thereafter in conduct contrary to Circular 230, and that granting such reinstatement would not be contrary to the public interest.

Reinstatement decisions are published at the individual's request, and described in these terms:

Reinstated to practice before the IRS—The OPR granted the individual's petition for reinstatement. The individual is eligible to practice before the IRS, or in the case of an appraiser, the individual is no longer disqualified.

Reinstated to engage in limited practice before the IRS—The OPR granted the individual's petition for reinstatement. The individual is eligible to engage in limited practice before the IRS as an unenrolled/unlicensed return preparer through participation in the AFSP.

The OPR has authority to disclose the grounds for disciplinary sanctions in these situations: (1) an ALJ or the Secretary's delegate on appeal has issued a final decision imposing a sanction; (2) the individual has settled a disciplinary case by signing the OPR's consent-to-sanction agreement admitting to one or more violations of the regulations and consenting to the disclosure of the admitted violations (for example, willful failure to file Federal income tax returns, lack of due diligence, conflict of interest, etc.); (3) the OPR has issued a decision in an expedited proceeding for indefinite suspension; or (4) upon a final determination (including any decision on appeal) that an unenrolled/unlicensed return preparer is no longer eligible to represent taxpayers before the IRS as an AFSP participant under Revenue Procedure .

Announcements of disciplinary sanctions appear in the Internal Revenue Bulletin at the earliest practicable date. The sanctions announced below are alphabetized first by state and second by the last names of the sanctioned individuals (or firms).

City & State	Name	Professional Designation	Disciplinary Sanction	Effective Date(s)
California				
Encino	Kohanzad, Bijan	Enrolled Agent	Suspended by consent for admitted violations of 31 C.F.R. § 10.51(a)(2)	Indefinite from December 15, 2025
Maryland				
Bowie	Ababio, Bennett A.	Enrolled Agent	Suspended by consent for admitted violations of 31 C.F.R. § 10.51(a)(2)	Indefinite from October 22, 2025
New York				
Valley Stream	Hoffman, Roy	CPA	Suspended by consent for admitted violations of 31 C.F.R. § 10.51(a)(10)	Indefinite from December 3, 2025

Definition of Terms

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

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

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

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

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the

new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

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

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

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the

new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

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

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

Abbreviations

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

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.

ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel’s Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.

PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

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¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2025-27 through 2025-52 is in Internal Revenue Bulletin 2024-52, dated December 22, 2024.

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2025–27 through 2025–52 is in Internal Revenue Bulletin 2024–52, dated December 22, 2024.

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