

Administrative, Procedural, and Miscellaneous

26 CFR 601.601: Rules and regulations.  
(Also Part I, § 61.)

## Application of the General Welfare Exclusion to Indian Tribal Government Programs That Provide Benefits to Tribal Members

Rev. Proc. 2014-35

### SECTION 1. PURPOSE

This revenue procedure describes principles of the general welfare exclusion and provides safe harbors under which the Internal Revenue Service (Service) will conclusively presume that the individual need requirement of the general welfare exclusion is met for benefits provided under Indian tribal governmental programs described in sections 5.02 or 5.03 of this revenue procedure, and will not assert that benefits provided under programs described in section 5.03 of this revenue procedure represent compensation for services. Consequently, under this revenue procedure, the Service will not assert that members of an Indian tribe, as defined in section 4.03 of this revenue procedure, or qualified nonmembers, as defined in section 4.05 of this revenue procedure, must include the value of their benefits described in section 5.02 or 5.03 of this revenue procedure in gross income under § 61 of the Internal Revenue Code (Code) or that the benefits are subject to the information reporting requirements of § 6041.

This revenue procedure provides certainty that the value of the benefits described will be excluded from gross income under the general welfare exclusion. However, this revenue procedure does not limit the applicability to Indian tribes of any existing or future guidance holding that benefits are excluded from gross income under the general welfare exclusion.

## SECTION 2. BACKGROUND

.01 *Gross income.* Under § 61(a), except as otherwise provided in subtitle A, gross income means all income from whatever source derived. Under § 61, Congress intends to tax all gains or undeniable accessions to wealth, clearly realized, over which taxpayers have complete dominion. *Commissioner v. Glenshaw Glass Co.*, 348 U.S. 426 (1955), 1955-1 C.B. 207.

Section 1.61-1(a) of the Income Tax Regulations provides that gross income includes income realized in any form, whether in money, property, or services. Income may be realized, therefore, in the form of services, meals, accommodations, or other property or in-kind benefits, as well as in cash. Indians are citizens subject to the payment of income taxes. *Squire v. Capoeman*, 351 U.S. 1, 6 (1956), 1956-1 C.B. 605, 607.

.02 *General welfare exclusion.* Payments made to or on behalf of individuals or other persons under governmental programs are included within the broad definition of gross income under § 61 unless an exclusion applies. See Notice 2003-18, 2003-1 C.B. 699; Rev. Rul. 79-356, 1979-2 C.B. 28. The Service has consistently concluded, however, that certain payments made to or on behalf of individuals by governmental units under governmentally provided social benefit

programs for the promotion of the general welfare are not included in a recipient's gross income (general welfare exclusion). See, for example, Rev. Rul. 98-19, 1998-1 C.B. 840 (relocation payment authorized by the Housing and Community Development Act and made by a local jurisdiction to an individual moving from a flood-damaged residence to another residence is not includible in the individual's gross income); Rev. Rul. 74-205, 1974-1 C.B. 20 (replacement housing payments to aid individuals displaced from their homes in acquiring decent, safe, and sanitary dwellings of modest standards are not includible in gross income).

To qualify under the general welfare exclusion, the payments must (1) be made pursuant to a governmental program, (2) be for the promotion of the general welfare (that is, based on need), and (3) not represent compensation for services. Rev. Rul. 2005-46, 2005-2 C.B. 120; Rev. Rul. 82-106, 1982-1 C.B. 16; Rev. Rul. 75-246, 1975-1 C.B. 24. Thus, the general welfare exclusion applies if "the grant [is] received under a program requiring the individual recipient to establish need. Grants received under social welfare programs that [do] not require recipients to establish individual need" do not qualify under the general welfare exclusion. *Bailey v. Commissioner*, 88 T.C. 1293, 1300 (1987), *acq.*, 1989-2 C.B. 1 (internal citations omitted).

To substantiate that a payment qualifies for the general welfare exclusion, governmental payors and payment recipients must maintain accurate books or records. These payors and recipients must keep these books or records at all times available for inspection by authorized internal revenue agents or

employees, and must maintain them as long as their contents are material in the administration of any internal revenue law. See § 1.6001-1.

Whether a payment qualifies under the general welfare exclusion is determined under the federal income tax laws (including provisions not in the Code), not under the laws of state, local, sovereign tribal, or foreign governments, or other federal laws. Thus, an incentive payment that a United States citizen received from the City of Berlin, Germany under a program to encourage spending and consumption was not excludable from the recipient's gross income simply because it was paid pursuant to a program of a sovereign government when the program did not meet the requirements of the general welfare exclusion under U.S. tax law. *Foley v. Commissioner*, 87 T.C. 605 (1986).

If the activity engaged in is basically the performance of services, the payments are compensation for services rendered and are includible in the gross income of the recipient. Rev. Rul. 75-246. Thus, Rev. Rul. 74-413, 1974-2 C.B. 333, concludes that payments to participants in a state program that provided short-term employment in disaster relief activities for unemployed individuals, but no training or retraining to help the participants obtain better employment opportunities, are compensation includible in gross income under § 61.

In the context of job training programs, however, the Service has held that payments that primarily provide job-training skills to unemployed and underemployed individuals to enhance their employability are not compensation for services and, therefore, are excluded from the gross income of recipients

under the general welfare exclusion. For example, Rev. Rul. 68-38, 1968-1 C.B. 446, concludes that payments to participants in a program sponsored by an Indian tribal council to train underemployed and unemployed residents of an Indian reservation in construction skills to enhance employability are excluded from the participants' gross income under the general welfare exclusion because the basic purpose of the program is training.

Payments under training programs that include reasonable and limited allowances for meals, travel, transportation, subsistence, emergency, and other purposes also are excluded from gross income under the general welfare exclusion. Rev. Rul. 75-246 (*Situation 1*). Allowances on the basis of need to cover certain expenses incident to the training (such as payments for auto insurance or to make the trainee's presence possible, or expenditures for work clothing, without which the trainee could not engage in the work training experience) also are excluded from gross income under the general welfare exclusion. Rev. Rul. 75-246 (*Situation 3*).

Benefits qualify under the general welfare exclusion only if they are not lavish or extravagant. Whether a benefit is lavish or extravagant depends on the facts and circumstances. For example, replacement housing payments to help displaced individuals and families acquire dwellings of modest standards qualify for exclusion from gross income under the general welfare exclusion. Rev. Rul. 74-205. Assistance to help disaster victims meet necessary expenses or serious needs in the categories of medical or dental, housing, personal property, transportation, and funeral expenses qualifies for exclusion from gross income

under the general welfare exclusion, but assistance for nonessential, luxurious, or decorative items does not qualify. Rev. Rul. 76-144, 1976-1 C.B. 17.

Payments to compensate individuals for unreimbursed reasonable and necessary personal, living, and family expenses they incur due to a disaster or emergency situation also are excluded from gross income under the general welfare exclusion. Notice 2002-76, 2002-2 C.B. 917 (Q&As 1 and 2).

In general, payments to businesses do not qualify under the general welfare exclusion because the payments are not based on individual or family need. See Rev. Rul. 2005-46; Notice 2003-18. Rev. Rul. 77-77, 1977-1 C.B. 11, however, provides that nonreimbursable grants made under the Indian Financing Act of 1974 to Indians to expand profit-making Indian-owned economic enterprises on or near reservations are excludable from gross income under the general welfare exclusion.

*.03 Application of the general welfare exclusion to programs of Indian tribal governments.* Indian tribal governments have a unique legal status. They have inherent sovereignty and a government-to-government relationship with the United States. Indian tribes have developed a broad range of programs to address their unique social, cultural, and economic issues. In developing these programs, Indian tribes give significant consideration to individual need as well as the needs of the entire community.

The general welfare exclusion applies to payments by Indian tribal governments no less favorably than it applies to payments by federal, state, local, or foreign governments. Payments by Indian tribal governments qualify for

the general welfare exclusion if the payments are (1) made pursuant to a governmental program of the tribe; (2) for the promotion of general welfare (that is, based on individual or family need); and (3) not compensation for services. Rev. Rul. 2005-46; Notice 2003-18; Rev. Rul. 75-246; Rev. Rul. 82-106. In addition, programs of Indian tribal governments to help establish Indian-owned economic enterprises on or near a reservation and based on need qualify under the general welfare exclusion regardless of whether the programs receive any federal funding. *Compare* Rev. Rul. 77-77.

Payments under Indian tribal governmental programs meeting these requirements qualify for the general welfare exclusion whether the revenues that the Indian tribal government uses to fund the programs derive from levies, taxes, service fees, revenues from tribally-owned businesses, or other sources. For example, general welfare programs may be funded from casino revenues. However, per capita payments to tribal members of tribal gaming revenues that are subject to the Indian Gaming Regulatory Act are gross income under § 61, are subject to the information reporting and withholding requirements of §§ 6041 and 3402(r), and are not excludable from gross income under the general welfare exclusion or this revenue procedure. See 25 U.S.C. §§ 2701-2721 and 25 C.F.R. Part 290.

Because and in recognition of the unique circumstances of Indian tribes and tribal governments described above, this revenue procedure conclusively presumes that the individual need criterion of the general welfare exclusion is met for payments made under certain programs of such governments, as set

forth in section 5 of this revenue procedure, and the Service will not assert that benefits provided under programs described in section 5.03 of this revenue procedure represent compensation for services.

.04 *Benefits that are not addressed by this revenue procedure.* This revenue procedure does not address benefits under Indian tribal governmental programs that do not fall within the definition of gross income under § 61. For example, an Indian tribal government may provide benefits in the form of public libraries or recreational facilities that are available for the general public use of members of the tribe. Like other taxpayers, members of Indian tribes do not include the value of these benefits in income regardless of whether the requirements of the general welfare exclusion are met because these benefits are not gross income under § 61.

In addition, this revenue procedure does not address certain benefits that members of an Indian tribe may exclude from income under a specific provision of the Code or other federal statute. For example, § 139D provides that gross income does not include the value of medical care (as used in § 213) an Indian tribe (as defined in § 45A(c)(6)) provides to a member of the tribe or the member's spouse or dependents. Thus, a payment that an Indian tribe makes to an Indian medicine man to use traditional practices for the purpose of treating a tribal member's disease may be excludable from the tribal member's gross income under § 139D. *See Tso v. Commissioner*, T.C. Memo 1980-399. Similarly, this revenue procedure does not address how § 108(f), which provides an exclusion from income for the discharge of certain student loan indebtedness,

applies to members of an Indian tribe.

*.05 Procedural history.* Representatives of the Service and Treasury Department consulted with tribal leaders and members of Indian tribes concerning the application of the general welfare exclusion to programs of Indian tribal governments. In Notice 2011-94, 2011-49 I.R.B. 834, the Service invited comments concerning the application of the general welfare exclusion to Indian tribal government programs that provide benefits to tribal members. The Service received over 85 comments from Indian tribal governments and other individuals and groups describing various Indian tribal government programs for tribal members and how the general welfare exclusion should apply to those programs. In response to those comments, the Service issued Notice 2012-75, 2012-51 I.R.B. 715, which proposed a revenue procedure that would provide safe harbors under which the Service would conclusively presume that (i) the individual need requirement of the general welfare exclusion would be met for specific benefits provided under described Indian tribal governmental programs, and (ii) certain benefits an Indian tribal government provides under other described programs are not compensation for services. In response to Notice 2012-75, the Service received over 40 comments from Indian tribal governments and other individuals and groups. The more than 120 comments and consultations were very helpful in preparing this revenue procedure.

*.06 Changes from Notice 2012-75.* In response to comments from Indian tribal governments and other individuals and groups, this revenue procedure makes the following changes from the revenue procedure proposed in Notice 2012-75:

(1) Section 3 expands the scope of the revenue procedure from members of Indian tribes, their spouses, and dependents to members of Indian tribes and qualified nonmembers, as well as Indian tribal governments.

(2) Section 4.04 clarifies that for purposes of this revenue procedure the term “pay” means “pay or reimburse in whole or in part.” Conforming changes are made throughout this revenue procedure.

(3) Section 4.05 adds and defines the term “qualified nonmember” to expand the scope of individuals in section 3 who may qualify to receive benefits described in this revenue procedure.

(4) Sections 4.07 and 4.08 add and define the terms “service area” and “service unit area” to expand the geographic areas for transportation programs described in section 5.02(2)(d)(i).

(5) Section 5.01(1) clarifies that a tribal government may provide a benefit described in this revenue procedure directly or indirectly, by payment or reimbursement, and in cash or property.

(6) Section 5.02(1)(c) clarifies that a benefit will be considered available to any tribal member or qualified nonmember who satisfies the program guidelines even if the program guidelines limit the benefit to an identified group of these individuals (for example, veterans) and although as a practical matter the benefit is not available to all tribal members, qualified nonmembers, or an identified group because of budgetary restraints.

(7) Section 5.02(1)(f) clarifies that the determination of whether a benefit is not lavish or extravagant depends on the facts and circumstances.

(8) Section 5.02(2) clarifies that the benefits listed in the parenthetical language in section 5.02(2) are illustrative only rather than an exhaustive list, and that a benefit that meets all other requirements may qualify for exclusion from gross income under this revenue procedure even though the benefit is not expressly described in the parenthetical language. Several sections clarify that the exclusion is not limited to the benefits described: 5.02(2)(a)(iii), 5.02(2)(b)(i), 5.02(2)(b)(ii), 5.02(2)(b)(iv)(A) and (C), 5.02(2)(c)(iv), 5.02(2)(d)(iii), 5.02(2)(d)(iv), 5.02(2)(e)(iii), and 5.03.

(9) Section 5.02(2)(a) adds that housing programs relating to principal residences also may relate to ancillary structures that are not used in any trade or business or for investment purposes.

(10) Section 5.02(2)(a)(i) adds housing programs that pay down payments, clarifies that rent payments include security deposits, and deletes the reference to “on or near a reservation.”

(11) Section 5.02(2)(a)(ii) clarifies that habitability of housing includes safety issues (including but not limited to mold remediation).

(12) Section 5.02(2)(a)(iv) clarifies that utility bills include basic communications services, such as phone, internet, and cable.

(13) Section 5.02(2)(b)(i) clarifies that the benefits may be used in both school activities and extracurricular activities.

(14) Section 5.02(2)(b)(ii) expands tuition payments to include payments to attend a school (including a preschool or online school), removes the requirement that a college or university must be accredited and clarifies that

room and board may be off campus and that the housing allowances may be provided to a domestic partner.

(15) Redesignated section 5.02(2)(b)(iii) adds programs for the care of children away from their homes to help their parents or other relatives responsible for their care to be gainfully employed or to pursue education.

(16) Redesignated section 5.02(2)(b)(iv)(C) changes “necessary clothing” to “appropriate clothing.”

(17) Section 5.02(2)(c) clarifies that the term disabled individuals means individuals who are physically or mentally disabled as defined under applicable law, including tribal government disability codes.

(18) Section 5.02(2)(c)(i) clarifies that meals for elder and disabled individuals may be provided at a community center or similar facility.

(19) Former section 5.02(2)(c)(iv) is deleted because travel expenses for doctor appointments or other medical care are excluded from income under § 139D.

(20) Former section 5.02(2)(c)(v) is deleted because expenses for educational, social, or cultural programs are covered in new section 5.02(2)(e)(v).

(21) Section 5.02(2)(d)(i) expands transportation programs to include transportation costs such as rental cars, substantiated mileage (see, for example, procedures described in Rev. Proc. 2010-51, 2010- 51 I.R.B. 883), and fares for bus, taxi, and public transportation; and to include transportation to or from a service area or service unit area as well as to or from an Indian reservation. In addition, the section clarifies that the facilities are those that provide essential

services to the public (such as grocery stores or medical facilities).

(22) Section 5.02(2)(d)(ii) replaces “spouse or dependent” with “qualified nonmember.”

(23) Section 5.02(2)(d)(v) clarifies that the assistance is for transportation emergencies, expands the assistance to all transportation costs, removes the limitation that the individual must be stranded off the Indian reservation, and adds the example of being stranded away from home as a situation to which this transportation assistance program might apply.

(24) Section 5.02(2)(d)(vi) adds that programs to provide or reimburse the cost of nonprescription drugs include traditional Indian tribal medicines.

(25) Section 5.02(2)(e)(i) expands the benefits to include payment for all expenses (including admission fees, transportation, food, and lodging) for individuals participating in as well as attending certain tribal activities, and clarifies that the activities include religious activities.

(26) Section 5.02(2)(e)(ii) expands the benefit to all expenses (including admission fees, transportation, food, and lodging) to visit sites, including other Indian reservations, that are culturally or historically significant for the tribe.

(27) Section 5.02(2)(e)(iv) adds other bereavement events and subsequent honoring events.

(28) New section 5.02(2)(e)(v) adds programs that pay transportation costs and admission fees to attend educational, social, and cultural programs supported by the tribe or another tribe, thus extending this benefit, which had been limited under the proposed revenue procedure to tribal elders and disabled

individuals, to all tribal members and qualified nonmembers.

(29) Section 5.03 clarifies the following: (i) the items of cultural significance must not be lavish or extravagant under the facts and circumstances; (ii) nominal cash honoraria may be provided to religious or spiritual leaders as well as religious or spiritual officials; (iii) the cultural, religious, and social events include but are not limited to the listed events and subsequent honoring events; and (iv) the conclusive presumption that individual need is met also applies to religious or spiritual leaders receiving these benefits.

### SECTION 3. SCOPE

This revenue procedure applies to Indian tribal governments, members of Indian tribes, and qualified nonmembers.

### SECTION 4. DEFINITIONS

The following definitions apply for purposes of this revenue procedure.

.01 *Indian tribal government*. The term “Indian tribal government” has the same meaning as in § 7701(a)(40) but for purposes of this revenue procedure includes agencies or instrumentalities of the Indian tribal government.

.02 *Indian tribe*. The term “Indian tribe” has the same meaning as in § 45A(c)(6).

.03 *Member of an Indian tribe*. The term “member of an Indian tribe” has the same meaning as in 25 C.F.R. § 290.2.

.04 *Pay*. The term “pay” means pay or reimburse in whole or in part.

.05 *Qualified nonmember*. The term “qualified nonmember” means a spouse, former spouse, legally recognized domestic partner or former domestic partner,

ancestor, descendant, or dependent of a member of an Indian tribe.

.06 *Reservation*. The term “reservation” or “Indian reservation” has the same meaning as in § 168(j).

.07 *Service area*. The term “service area” has the same meaning as in 25 C.F.R. § 20.100.

.08 *Service unit area*. The term “service unit area” means an area designated for purposes of administration of Indian Health Service programs under 42 C.F.R. § 136.21(l).

## SECTION 5. APPLICATION

.01 *Application of general welfare exclusion to Indian tribal government programs*. If section 5.01(1) or 5.01(2) of this revenue procedure applies, the Service will not assert that members of an Indian tribe or qualified nonmembers must include the value of the applicable benefits in gross income under § 61 or that the benefits are subject to the information reporting requirements of § 6041.

(1) If an Indian tribal government provides a benefit (directly or indirectly, by payment or reimbursement, or in cash or in property) meeting the criteria specified in section 5.02(1) of this revenue procedure and described in section 5.02(2) of this revenue procedure, the Service will conclusively presume that individual need is met for each tribal member or qualified nonmember receiving the benefit.

(2) If an Indian tribal government provides a benefit meeting the criteria specified in section 5.03, the Service will conclusively presume that individual need is met for each tribal member or qualified nonmember receiving the benefit

and that the benefit does not represent compensation for services.

*.02 Benefits provided by a tribe for which individual need is presumed.*

Section 5.01(1) of this revenue procedure applies to benefits meeting the general criteria of section 5.02(1) of this revenue procedure and described in section 5.02(2) of this revenue procedure.

(1) *General criteria.* To qualify for exclusion under this revenue procedure, a benefit described in section 5.02(2) of this revenue procedure must meet the following requirements--

(a) The benefit is provided pursuant to a specific Indian tribal government program;

(b) The program has written guidelines specifying how individuals may qualify for the benefit;

(c) The benefit is available to any tribal member, qualified nonmember, or identified group of tribal members or qualified nonmembers (for example, veterans) who satisfy the program guidelines, subject to budgetary restraints;

(d) The distribution of benefits from the program does not discriminate in favor of members of the governing body of the tribe;

(e) The benefit is not compensation for services; and

(f) The benefit is not lavish or extravagant under the facts and circumstances.

(2) *Specific benefits.* Benefits provided under the following programs are benefits described in this section 5.02(2). The benefits listed in the parenthetical language in section 5.02(2) are illustrative only rather than an exhaustive list.

Thus, a benefit may qualify for exclusion from gross income under this revenue procedure even though the benefit is not expressly described in the parenthetical language in this section 5.02(2), provided that it meets all other requirements of this revenue procedure.

(a) *Housing programs.* Programs relating to principal residences and ancillary structures that are not used in any trade or business, or for investment purposes that--

(i) Pay mortgage payments, down payments, or rent payments (including but not limited to security deposits) for principal residences;

(ii) Enhance habitability of housing, such as by remedying water, sewage, sanitation service, safety (including but not limited to mold remediation), or heating or cooling issues;

(iii) Provide basic housing repairs or rehabilitation (including but not limited to roof repair and replacement); and

(iv) Pay utility bills and charges (including but not limited to water, electricity, gas, and basic communications services such as phone, internet, and cable).

(b) *Educational programs.* Programs to--

(i) Provide students (including but not limited to post-secondary students) transportation to and from school, tutors, and supplies (including but not limited to clothing, backpacks, laptop computers, musical instruments, and sports equipment) for use in school activities and extracurricular activities;

(ii) Provide tuition payments for students (including but not limited to

allowances for room and board on or off campus for the student, spouse, domestic partner, and dependents) to attend preschool, school, college or university, online school, educational seminars, vocational education, technical education, adult education, continuing education, or alternative education;

(iii) Provide for the care of children away from their homes to help their parents or other relatives responsible for their care to be gainfully employed or to pursue education; and

(iv) Provide job counseling and programs for which the primary objective is job placement or training, including but not limited to allowances for--

(A) Expenses for interviewing or training away from home (including but not limited to travel, auto expenses, lodging, and food);

(B) Tutoring; and

(C) Appropriate clothing for a job interview or training (including but not limited to an interview suit or a uniform required during a period of training).

(c) *Elder and disabled programs.* Programs for individuals who have attained age 55 or are mentally or physically disabled (as defined under applicable law, including but not limited to tribal government disability codes) that provide--

(i) Meals through home-delivered meals programs or at a community center or similar facility;

(ii) Home care such as assistance with preparing meals or doing chores, or day care outside the home;

(iii) Local transportation assistance;

(iv) Improvements to adapt housing to special needs (including but not limited to grab bars and ramps).

(d) *Other qualifying assistance programs.* Programs to--

(i) Pay transportation costs such as rental cars, substantiated mileage, and fares for bus, taxi, and public transportation between an Indian reservation, service area, or service unit area and facilities that provide essential services to the public (such as medical facilities and grocery stores);

(ii) Pay for the cost of transportation, temporary meals, and lodging of a tribal member or qualified nonmember while the individual is receiving medical care away from home;

(iii) Provide assistance to individuals in exigent circumstances (including but not limited to victims of abuse), including but not limited to the costs of food, clothing, shelter, transportation, auto repair bills, and similar expenses;

(iv) Pay costs for temporary relocation and shelter for individuals involuntarily displaced from their homes (including but not limited to situations in which a home is destroyed by a fire or natural disaster);

(v) Provide assistance for transportation emergencies (for example, when stranded away from home) in the form of transportation costs, a hotel room, and meals; and

(vi) Pay the cost of nonprescription drugs (including but not limited to traditional Indian tribal medicines).

(e) *Cultural and religious programs.* Programs to--

(i) Pay expenses (including but not limited to admission fees, transportation, food, and lodging) to attend or participate in an Indian tribe's cultural, social, religious, or community activities, such as pow-wows, ceremonies, and traditional dances;

(ii) Pay expenses (including but not limited to admission fees, transportation, food, and lodging) to visit sites that are culturally or historically significant for the tribe, including but not limited to other Indian reservations;

(iii) Pay the costs of receiving instruction about an Indian tribe's culture, history, and traditions (including but not limited to traditional language, music, and dances);

(iv) Pay funeral and burial expenses and expenses of hosting or attending wakes, funerals, burials, other bereavement events, and subsequent honoring events; and

(v) Pay transportation costs and admission fees to attend educational, social, or cultural programs offered or supported by the tribe or another tribe.

*.03 Benefits provided by a tribe that are presumed not to be compensation for services.* Except as provided in this section 5.03, section 5.01 of this revenue procedure does not apply to benefits that are compensation for services. However, section 5.01(2) of this revenue procedure applies to benefits provided under an Indian tribal governmental program that are items of cultural significance that are not lavish or extravagant under the facts and circumstances,

or nominal cash honoraria provided to religious or spiritual officials or leaders (including but not limited to medicine men, medicine women, and shamans) to recognize their participation in cultural, religious, and social events (including but not limited to pow-wows, rite of passage ceremonies, funerals, wakes, burials, other bereavement events, and subsequent honoring events). The Service will conclusively presume that individual need is met for the religious or spiritual officials or leaders receiving these benefits and that the benefits do not represent compensation for services.

#### SECTION 6. EFFECTIVE DATE

This revenue procedure is effective for benefits provided on or after December 6, 2012. Taxpayers may apply this revenue procedure in taxable years for which the period of limitation on refund or credit under § 6511 has not expired.

#### DRAFTING INFORMATION

The principal author of this notice is Sheldon Iskow of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue procedure, please contact Mr. Iskow at (202) 317-4718 (not a toll-free call).