

INTERNAL REVENUE BULLETIN



HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2017-35
August 28, 2017

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.

ESTATE TAX

Rev. Rul. 2017-16, page 215

The 2017 interest rates to be used in computing the special use value of farm real property for which an election is made under section 2032A of the Code are listed for estate of decedents.

INCOME TAX

Rev. Proc. 2017-44, page 216

Revenue Procedure 2017-44 provides domestic asset/liability percentages and domestic investment yields needed by foreign life insurance companies and foreign property and liability insurance companies to compute their minimum effectively connected net investment income under section 842(b) of the Internal Revenue Code for taxable years beginning after December 31, 2015.

Rev. Proc. 2017-45, page 216

This revenue procedure provides permanent guidance regarding the application of section 305 to a stock distribution by a publicly offered regulated investment company ("RIC") or real estate investment trust ("REIT"). Where a publicly offered RIC or REIT permits its shareholders to elect to receive a portion of a distribution in cash or common stock, then any stock received under the election will be treated as a distribution of property to which section 301 applies by reason of section 305, so long as the amount of cash to be distributed in the aggregate to all shareholders under the election is not less than 20 percent of the aggregate declared distribution.

ADMINISTRATIVE

Announcement 2017-09, page 219

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions involving attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers. These individuals are subject to the regulations governing practice before the Internal Revenue Service (IRS), which are set out in Title 31, Code of Federal Regulations, Part 10, and which are published in pamphlet form 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.

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

Section 2032A.—Valuation of Certain Farm, Etc., Real Property

26 CFR 20.2032A-4: Method of valuing farm real property.

Revenue Ruling 2017-16

This revenue ruling contains a list of the average annual effective interest rates on new loans under the Farm Credit System. This revenue ruling also contains a list of the states within each Farm Credit System Bank Territory.

Under § 2032A(e)(7)(A)(ii) of the Internal Revenue Code, rates on new Farm Credit System Bank loans are used in

computing the special use value of real property used as a farm for which an election is made under § 2032A. The rates in Table 1 of this revenue ruling may be used by estates that value farmland under § 2032A as of a date in 2017.

Average annual effective interest rates, calculated in accordance with § 2032A(e)(7)(A) and § 20.2032A-4(e) of the Estate Tax Regulations, to be used under § 2032A(e)(7)(A)(ii), are set forth in the accompanying Table of Interest Rates (Table 1). The states within each Farm Credit System Bank Territory are set forth in the accompanying Table of Farm Credit System Bank Territories (Table 2).

Rev. Rul. 81-170, 1981-1 C.B. 454, contains an illustrative computation of an

average annual effective interest rate. The rates applicable for valuation in 2016 are in Rev. Rul. 2016-19, 2016-35 I.R.B. 273. For rate information for years prior to 2016, see Rev. Rul. 2015-18, 2015-34 I.R.B. 209, and other revenue rulings that are referenced therein.

DRAFTING INFORMATION

The principal author of this revenue ruling is Lane Damazo of the Office of the Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling, contact Lane Damazo at (202) 317-4628 (not a toll-free number).

REV. RUL. 2017-16 TABLE 1

TABLE OF INTEREST RATES
(Year of Valuation 2017)

Farm Credit System Bank Servicing State in Which Property is Located	Rate
AgFirst, FCB	5.08
AgriBank, FCB	4.34
CoBank, ACB	4.00
Texas, FCB	4.67

REV. RUL. 2017-16 TABLE 2
TABLE OF FARM CREDIT SYSTEM BANK TERRITORIES

Farm Credit System Bank	Location of Property
AgFirst, FCB.....	Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Virginia, West Virginia.
AgriBank, FCB.....	Arkansas, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Tennessee, Wisconsin, Wyoming.
CoBank, ACB.....	Alaska, Arizona, California, Colorado, Connecticut, Hawaii, Idaho, Kansas, Maine, Massachusetts, Montana, New Hampshire, New Jersey, New Mexico, New York, Nevada, Oklahoma, Oregon, Rhode Island, Utah, Vermont, Washington.
Texas, FCB.....	Alabama, Louisiana, Mississippi, Texas.

Part III. Administrative, Procedural, and Miscellaneous

601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability. (Also: 842(b))

Rev. Proc. 2017-44

SECTION 1. PURPOSE

This revenue procedure provides the domestic asset/liability percentages and domestic investment yields needed by foreign life insurance companies and foreign property and liability insurance companies to compute their minimum effectively connected net investment income under section 842(b) of the Internal Revenue Code for taxable years beginning after December 31, 2015. Instructions are provided for computing foreign insurance companies' liabilities for the estimated tax and installment payments of estimated tax for taxable years beginning after December 31, 2015. For more specific guidance regarding the computation of the amount of net investment income to be included by a foreign insurance company on its U.S. income tax return, see Notice 89-96, 1989-2 C.B. 417. For the domestic asset/liability percentage and domestic investment yield, as well as instructions for computing foreign insurance companies' liabilities for estimated tax and installment payments of estimated tax for taxable years beginning after December 31, 2014, see Rev. Proc. 2016-46, 2016-37 I.R.B. 345.

SECTION 2. PERCENTAGES AND YIELDS

.01 DOMESTIC ASSET/LIABILITY PERCENTAGES FOR 2016. The Secretary determines the domestic asset/liability percentage separately for life insurance companies and property and liability insurance companies. For the first taxable year beginning after December 31, 2015, the relevant domestic asset/liability percentages are:

[122.1] percent for foreign life insurance companies, and

[197.1] percent for foreign property and liability insurance companies.

.02 DOMESTIC INVESTMENT YIELDS FOR 2016. The Secretary is required to prescribe separate domestic investment yields for foreign life insur-

ance companies and for foreign property and liability insurance companies. For the first taxable year beginning after December 31, 2015, the relevant domestic investment yields are:

[4.6] percent for foreign life insurance companies, and

[3.6] percent for foreign property and liability insurance companies.

.03 SOURCE OF DATA FOR 2016. The section 842(b) percentages to be used for the 2016 tax year are based on tax return data following the same methodology used for the 2015 year.

SECTION 3. APPLICATION-ESTIMATED TAXES

To compute estimated tax and the installment payments of estimated tax due for taxable years beginning after December 31, 2015, a foreign insurance company must compute its estimated tax payments by adding to its income other than net investment income the greater of (i) its net investment income as determined under section 842(b)(5), that is actually effectively connected with the conduct of a trade or business within the United States for the relevant period, or (ii) the minimum effectively connected net investment income under section 842(b) that would result from using the most recently available domestic asset/liability percentage and domestic investment yield. Thus, for installment payments due after the publication of this revenue procedure, the domestic asset/liability percentages and the domestic investment yields provided in this revenue procedure must be used to compute the minimum effectively connected net investment income. However, if the due date of an installment is less than 20 days after the date this revenue procedure is published in the Internal Revenue Bulletin, the asset/liability percentages and domestic investment yields provided in Rev. Proc. 2016-46 may be used to compute the minimum effectively connected net investment income for such installment. For further guidance in computing estimated tax, see Notice 89-96.

SECTION 4. EFFECTIVE DATE

This revenue procedure is effective for taxable years beginning after December 31, 2015.

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Sheila Ramaswamy of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure contact Sheila Ramaswamy at (202) 317-6938 (not a toll-free number).

26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.
(Also: Part I, §§ 301, 305, 852, 857; 1.305-1, 1.305-2)

Rev. Proc. 2017-45

SECTION 1. PURPOSE

This revenue procedure provides guidance regarding certain stock distributions by real estate investment trusts (REITs) and regulated investment companies (RICs). Specifically, pursuant to section 4 of this revenue procedure, if a Publicly Offered REIT or Publicly Offered RIC (each as defined in section 3 of this revenue procedure) distributes stock in a transaction meeting the requirements of section 5 of this revenue procedure, the Internal Revenue Service (IRS) will treat the distribution of stock as a distribution of property to which § 301 of the Internal Revenue Code (Code) applies by reason of § 305(b).

SECTION 2. BACKGROUND

.01 Section 301(a) provides that, except as otherwise provided in Chapter 1 of the Code, a distribution of property (defined in § 317(a)) made by a corporation to a shareholder with respect to its stock is treated in the manner provided in § 301(c).

.02 Section 301(c) provides that the portion of a distribution which is a dividend (as defined in § 316) is included in gross income, and that the remaining por-

tion of the distribution is applied first against the adjusted basis of the stock and then is treated as gain from the sale or exchange of property.

.03 Section 305(a) provides that, except as otherwise provided in § 305, gross income does not include the amount of any distribution of the stock of a corporation made by such corporation to its shareholders with respect to its stock.

.04 Section 305(b)(1) provides that § 305(a) does not apply to a distribution by a corporation of its stock, and the distribution is treated as a distribution of property to which § 301 applies, if the distribution is, at the election of any of the shareholders (whether exercised before or after the declaration thereof), payable either in its stock or in property.

.05 Section 305(b)(2) provides that § 305(a) does not apply to a distribution by a corporation of its stock, and the distribution is treated as a distribution of property to which § 301 applies, if the distribution (or a series of distributions of which such distribution is one) has the result of the receipt of property by some shareholders, and an increase in the proportionate interests of other shareholders in the assets or earnings and profits of the corporation.

.06 Section 1.305-2(a) of the Income Tax Regulations provides that, under § 305(b)(1), if any shareholder has the right to an election or option with respect to whether a distribution is to be made either in cash or any other property, or in stock or rights to acquire stock of the distributing corporation, then, with respect to all shareholders, the distribution of stock or rights to acquire stock is treated as a distribution of property to which § 301 applies regardless of—

(1) Whether the distribution is actually made in whole or in part in stock or in stock rights;

(2) Whether the election or option is exercised or exercisable before or after the declaration of the distribution;

(3) Whether the declaration of the distribution provides that the distribution will be made in one medium unless the shareholder specifically requests payment in the other;

(4) Whether the election governing the nature of the distribution is provided in the declaration of the distribution or in the

corporate charter or arises from the circumstances of the distribution; or

(5) Whether all or part of the shareholders have the election.

.07 Section 1.305-1(b)(2) provides that, if a corporation that regularly distributes its earnings and profits, such as a RIC, declares a dividend pursuant to which the shareholders may elect to receive either cash or stock of the distributing corporation of equivalent value, the amount of the distribution of the stock received by any shareholder electing to receive stock will be considered to equal the amount of the cash which could have been received instead.

.08 Section 852(a) provides, in part, that, except for § 852(c), the provisions of Part I of Subchapter M of Chapter 1 of the Code generally do not apply to a RIC for a taxable year unless the deduction for dividends paid (as defined in § 561 with certain modifications) with respect to the taxable year equals or exceeds a calculated minimum amount.

.09 Section 857(a) provides, in part, that, except for §§ 857(d) and 856(g), the provisions of Part II of Subchapter M of Chapter 1 of the Code generally do not apply to a REIT for a taxable year unless the deduction for dividends paid during the taxable year (as defined in § 561 with certain modifications) equals or exceeds a specified amount.

.10 Section 561(a) provides generally that the deduction for dividends paid is the sum of the dividends paid during the taxable year, including dividends treated or considered as paid during the taxable year.

.11 Section 561(b) provides that, in determining the deduction for dividends paid, the rules provided in § 562 (relating to rules applicable in determining dividends eligible for the dividends paid deduction) and § 563 (relating to dividends paid after the close of the taxable year) apply.

.12 Section 562(c)(1) provides that, except in the case of a publicly offered RIC (as defined in § 67(c)(2)(B)) or a publicly offered REIT (as defined in § 562(c)(2)), the amount of any distribution is not considered as a dividend for purposes of computing the dividends paid deduction under § 561, unless such distribution is pro rata, with no preference to any share of stock as compared with other shares of the same

class, and with no preference to one class of stock as compared with another class except to the extent that the former is entitled (without reference to waivers of their rights by shareholders) to such preference.

.13 Section 67(c)(2)(B)(i) generally defines a publicly offered RIC as a RIC the shares of which are continuously offered pursuant to a public offering (within the meaning of section 4 of the Securities Act of 1933, as amended (15 U.S.C. §§ 77a to 77aa)), regularly traded on an established securities market, or held by or for no fewer than 500 persons at all times during the taxable year. Section 67(c)(2)(B)(ii) authorizes the Secretary of the Treasury to issue regulations that reduce the 500-shareholder requirement in certain situations.

.14 Section 562(c)(2) defines a publicly offered REIT as a REIT which is required to file annual and periodic reports with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (15 U.S.C. §§ 78a et seq.).

SECTION 3. DEFINITIONS

For purposes of this revenue procedure, the following definitions apply in the context of a Publicly Offered REIT's or a Publicly Offered RIC's distribution with respect to its stock as to which each shareholder has a Cash-or-Stock Election (as defined in this section 3).

.01 The *All-Cash-Distribution Amount* is the amount of cash that would be distributed if every shareholder's Elected Cash Amount were 100 percent of that Shareholder's Entire Affected Distribution, and every shareholder had received that shareholder's Elected Cash Amount in cash. (The All-Cash-Distribution Amount cannot be computed until the number of shares outstanding on the record date is determined.)

.02 *Available Cash* means—

(1) Any excess of—

(a) The Cash Limitation Amount, over—

(b) The Basic Cash Distribution, or

(2) If there is no excess, zero.

.03 The *Basic Cash Distribution* is the sum of—

(1) The aggregate Elected Cash Amounts of all shareholders that are not Excess Cash Claimants, and

(2) An amount equal to the product of—

(a) The Cash Limitation Percentage, and

(b) The aggregate Entire Affected Distributions for all Excess Cash Claimants.

.04 The *Cash Limitation Amount* is the maximum aggregate amount of cash to be distributed to all shareholders as limited by the declaration of the distribution. (If the declaration expresses the limitation in terms of a maximum percentage of the total distribution that may be made in cash, the Cash Limitation Amount will not be known until the number of shares outstanding on the record date is determined.)

.05 The *Cash Limitation Percentage* is the ratio, expressed as a percentage, of—

- (1) The Cash Limitation Amount, to
- (2) The All-Cash-Distribution Amount.

.06 A *Cash-or-Stock Election* is an election each shareholder may make to receive up to all of the shareholder's Entire Affected Distribution either—

(1) In cash, or

(2) In stock of the distributing corporation of equivalent value as determined under section 5.07 of this revenue procedure.

.07 The *Elected Cash Amount* is the amount, if any, of each shareholder's Entire Affected Distribution that the shareholder elects to receive in cash, without regard to any limitation that the declaration of the distribution imposes on the maximum aggregate amount of cash to be distributed to all shareholders.

.08 A shareholder's *Elected Cash Percentage* is the ratio, expressed as a percentage, of—

(1) The shareholder's Elected Cash Amount, to

(2) The shareholder's Entire Affected Distribution.

.09 The *Entire Affected Distribution* is a shareholder's entire entitlement under the declaration of the distribution to the extent that the entitlement is subject to a Cash-or-Stock Election.

.10 An *Excess Cash Claimant* is any shareholder whose Elected Cash Percentage exceeds the Cash Limitation Percentage.

.11 An *Excess Cash Claim* is the excess of—

(1) The Elected Cash Amount of an Excess Cash Claimant, over

(2) The product of—

(a) The Entire Affected Distribution of the Excess Cash Claimant, and

(b) The Cash Limitation Percentage.

.12 *Publicly Offered REIT* has the meaning provided in § 562(c)(2).

.13 *Publicly Offered RIC* has the meaning provided in § 67(c)(2)(B).

SECTION 4. APPLICATION

If a Publicly Offered REIT or a Publicly Offered RIC makes a distribution of stock in a transaction that is described in section 5 of this revenue procedure, then the IRS will treat the distribution of stock as a distribution of property to which § 301 applies by reason of § 305(b). The value of the stock received by any shareholder in lieu of cash will be considered to be equal to the amount of cash for which the stock is substituted, as described in section 5.07 of this revenue procedure. For purposes of this revenue procedure, if a shareholder participates in a dividend reinvestment plan, the stock received by that shareholder pursuant to the dividend reinvestment plan is treated as received in exchange for cash received in the distribution.

This APPLICATION section does not apply to situations that are not described in the SCOPE section of this revenue procedure, and, except as explicitly provided in this APPLICATION section, all otherwise applicable provisions of law continue to apply to transactions that are so described.

SECTION 5. SCOPE

A transaction is described in this section 5 if it satisfies all of the requirements in sections 5.01–5.07 of this revenue procedure.

.01 A Publicly Offered REIT or a Publicly Offered RIC makes a distribution to its shareholders with respect to its stock.

.02 Pursuant to the declaration of the distribution, each shareholder has a Cash-or-Stock Election with respect to part or all of the distribution. The existence of a Cash-or-Stock Election does not affect the federal income tax treatment of the portion, if any, of the declared dividend that is not subject to the election.

.03 The Cash Limitation Percentage is not less than 20 percent.

.04 Every shareholder that is not an Excess Cash Claimant receives cash equal to the shareholder's Elected Cash Amount.

.05 If the aggregate of all shareholders' Elected Cash Amounts does not exceed the Cash Limitation Amount, then every Excess Cash Claimant receives cash equal to that shareholder's Elected Cash Amount.

.06 If the aggregate of all shareholders' Elected Cash Amounts exceeds the Cash Limitation Amount, then each Excess Cash Claimant receives an amount of cash that is as close in amount as practicable to the sum of—

(1) The product of the Cash Limitation Percentage and that shareholder's Entire Affected Distribution; and

(2) The product of the Available Cash and the ratio of—

(a) That shareholder's Excess Cash Claim to

(b) The aggregate of the Excess Cash Claims of all Excess Cash Claimants.

.07 The calculation of the number of shares to be received by a shareholder is determined based upon a formula that—

(1) Utilizes the market price of the shares;

(2) Is designed so that the value of the number of shares to be received in lieu of cash with respect to a share corresponds as closely as practicable to the amount of cash to be received under the declaration with respect to that share; and

(3) Uses data from a period of no more than two weeks ending as close as practicable to the payment date.

SECTION 6. EFFECTIVE DATE

This revenue procedure is effective with respect to distributions declared on or after August 11, 2017.

SECTION 7. DRAFTING INFORMATION

The principal author of this revenue procedure is Justin O. Kellar of the Office of Associate Chief Counsel (Corporate). For further information regarding this revenue procedure contact Justin O. Kellar on (202) 317-6847 (not a toll-free number).

Part IV. Items of General Interest

Announcement of Disciplinary Sanctions From the Office of Professional Responsibility

Announcement 2017-09

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions involving attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, appraisers, and unenrolled/unlicensed return preparers (individuals who are not enrolled to practice and are not licensed as attorneys or certified public accountants). Licensed or enrolled practitioners are subject to the regulations governing practice before the Internal Revenue Service (IRS), which are set out in Title 31, Code of Federal Regulations, 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 are subject to Revenue Procedure 81-38 and superseding guidance in Revenue Procedure 2014-42, which govern 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 voluntarily participate in the Annual Filing Season Program under Revenue Procedure 2014-42 agree to be subject to the duties and restrictions in Circular 230, including the restrictions on incompetent or disreputable conduct.

The disciplinary sanctions to be 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. § 10.2(a)(4) for a minimum period of five (5) years.

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. § 10.2(a)(4) during the term of the suspension.

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

Monetary penalty—A monetary penalty may be imposed on an individual who engages in conduct subject to sanction, or on an employer, firm, or 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.

Ineligible for limited practice—An unenrolled/unlicensed return preparer who fails to comply with the requirements in Revenue Procedure 81-38 or to comply with Circular 230 as required by Revenue Procedure 2014-42 may be determined ineligible to engage in limited practice as a representative of any taxpayer. Under the regulations, individuals subject to Circular 230 may not assist, or accept assistance from, individuals who are suspended or disbarred 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 are described in these terms:

Disbarred by decision, Suspended by decision, Censured by decision, Monetary penalty imposed by decision, and Disqualified after hearing—An administrative law judge (ALJ) issued a decision imposing one of these sanctions after the ALJ either (1) granted the government's summary judgment motion or (2) conducted an evidentiary hearing upon OPR's complaint alleging violation of the regulations. 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 OPR's complaint was filed, granted OPR's motion for a default judgment and issued a decision imposing one of these sanctions.

Disbarment 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 appeal authority, acting as the delegate of the Secretary of the Treasury, and the appeal 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 a consent to one of these sanctions and OPR accepted the offer. 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 OPR a petition for reinstatement affirming compliance with the terms of the consent 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, Suspended by consent in expedited proceeding—OPR instituted an expedited proceeding for suspension (based on certain limited grounds, including loss of a professional license for cause, and criminal convictions).

Determined ineligible for limited practice—There has been a final determination that an unenrolled/unlicensed return preparer is not eligible for limited representation of any taxpayer because the preparer violated standards of conduct or

failed to comply with any of the requirements to act as a representative.

A practitioner who has been disbarred or suspended under 31 C.F.R. § 10.60, or suspended under § 10.82, 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 individual's petition for reinstatement has been granted. The individual is an attorney, certified public accountant, enrolled agent, enrolled actuary, or an enrolled retirement plan agent, and 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 individual's petition for reinstatement has been granted. The individual is an unenrolled/unlicensed return preparer and eligible to engage in limited practice before the IRS.

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; (2) the individual has settled a dis-

ciplinary case by signing 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, failure to file Federal income tax returns, lack of due diligence, conflict of interest, etc.); (3) OPR has issued a decision in an expedited proceeding for indefinite suspension; or (4) OPR has made a final determination (including any decision on appeal) that an unenrolled/unlicensed return preparer is ineligible to represent any taxpayer before the IRS.

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.

City & State	Name	Professional Designation	Disciplinary Sanction	Effective Date(s)
California				
Carlsbad	Comstock, James M.	CPA, Enrolled Agent	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from May 3, 2017
Redlands	Herring, Ann E.	Attorney	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from June 7, 2017
	Stadtmueller, Roger A., see Oregon			
Colorado				
	Stadtmueller, Roger A., see Oregon			
Georgia				
Atlanta	Ziff, Thomas D.	CPA	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from June 7, 2017
Indiana				
Huntington	Faley, Matthew M.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from June 22, 2017

City & State	Name	Professional Designation	Disciplinary Sanction	Effective Date(s)
New York				
	Lynch, Steven J., see Pennsylvania			
Ohio				
Dayton	Couchot, Larry E.	CPA		Reinstated to practice before the IRS, effective May 9, 2017
North Royalton	Cummings, Gene T.	CPA	Suspended by consent for admitted violation of § 10.51(a)(6)	Indefinite from June 14, 2017
Oregon				
Sheridan	Stadtmueller, Roger A.	CPA	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from April 28, 2017
Pennsylvania				
Pittsburgh	Lynch, Steven J.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from June 20, 2017
Washington				
Bellevue	Leonard, Patrick M.	Enrolled Agent	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from May 31, 2017
Wisconsin				
Hales Corners	Neal, Jon C.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b)	Indefinite from April 28, 2017

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 sub-

stance 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 2017–01 through 2017–26 is in Internal Revenue Bulletin 2017–26, dated June 27, 2017.

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