

Update to Announcement 2012-25 - Extension of Time for Businesses to Comply with Rev. Rul. 2012-18 Regarding the Proper Treatment of Service Charges

Announcement 2012-50

This announcement extends the time for businesses to comply with the rules regarding proper treatment of service charges specified in Q&A 1 of Rev. Rul. 2012-18, 2012-26 I.R.B. 1032. This extension is provided in order to allow businesses not currently in compliance additional time to modify their business practices and make needed system changes.

In a previously issued interim guidance memorandum (IGM), included as an attachment to Announcement 2012-25, 2012-26 I.R.B. 1054, the Internal Revenue Service (Service) provides administrative guidelines to examiners concerning Rev. Rul. 2012-18. Specifically, the IGM instructs examiners to apply Q&A 1 of Rev. Rul. 2012-18, in limited circumstances, prospectively to amounts paid on or after January 1, 2013. In Announcement 2012-25, the Service sought public comments regarding whether additional time was needed to ensure that systems are compliant. Based on the comments received, the Service has determined that an extension to January 1, 2014, is appropriate. An updated IGM will be issued to examiners informing them of the extension of time to January 1, 2014, with the extension to apply in the limited circumstances set forth in the IGM.

EFFECT ON OTHER DOCUMENTS

Announcement 2012-25 is amplified.

DRAFTING INFORMATION

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