

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.
(Also Part I, § 4941.)

Rev. Proc. 2021-40

SECTION 1. PURPOSE

This revenue procedure amplifies Rev. Proc. 2021-3, 2021-1 IRB 140, which sets forth areas of the Internal Revenue Code (Code) relating to issues on which the Internal Revenue Service (Service) will not issue letter rulings or determination letters. This revenue procedure announces that the Service will not issue letter rulings on whether certain transactions are self-dealing within the meaning of section 4941(d) of the Code.

SECTION 2. BACKGROUND

In the interest of sound tax administration, the Service answers inquiries from individuals and organizations regarding their status for tax purposes and the tax effects of their acts or transactions. See Rev. Proc. 2021-1, 2021-1 IRB 1. There are, however, areas in which the Service will not issue letter rulings or determination letters. The Service incorporates these no-rule areas annually into the third revenue procedure of the year, currently Rev. Proc. 2021-3. Section 3 of Rev. Proc. 2021-3 sets forth a list

of those areas in which rulings or determination letters will not be issued. See Section 2.01 of Rev. Proc. 2021-3.

The Service is currently reviewing its prior ruling position on transactions described in section 3 of this revenue procedure. The Service has determined that it is in the interest of sound tax administration not to issue rulings on such transactions while it reviews their proper tax treatment.

SECTION 3. APPLICATION

The Service will not issue rulings on whether an act of self-dealing occurs when a private foundation (or other entity subject to § 4941) owns or receives an interest in a limited liability company or other entity that owns a promissory note issued by a disqualified person.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2021-3 is amplified.

SECTION 5. EFFECTIVE DATE

This revenue procedure applies to all ruling requests pending in or received by the Service on or after September 3, 2021. Any ruling request pending with the Service on September 3, 2021, requesting a ruling on the issue described in section 3 of this revenue procedure will be closed and the user fee will be returned in full.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Nathanael DeJonge of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations and Employment Taxes). For further information regarding this revenue procedure, contact Mr. DeJonge at (202) 317-4551 (not a toll-free call).