

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.

INCOME TAX

Rev. Rul. 2001-47, page 293.

Interest rates; underpayments and overpayments. The rate of interest determined under section 6621 of the Code for the calendar quarter beginning October 1, 2001, will be 7 percent for overpayments (6 percent in the case of a corporation), 7 percent for underpayments, and 9 percent for large corporate underpayments. The rate of interest paid on the portion of a corporate overpayment exceeding \$10,000 will be 4.5 percent.

Rev. Proc. 2001-49, page 300.

This procedure revokes Rev. Proc. 83-78 (1983-2 C.B. 595) and Rev. Proc. 84-84 (1984-2 C.B. 782) which have governed the procedures to identify and investigate abusive tax shelter promotions. In the future, these procedures will be outlined in the Internal Revenue Manual or other forms of published guidance. Rev. Procs. 83-78 and 84-84 revoked.

EMPLOYEE PLANS

Notice 2001-58, page 299.

Weighted average interest rate update. The weighted average interest rate for September 2001 and the resulting permissible range of interest rates used to calculate current liability for purposes of the full funding limitation of section 412(c)(7) of the Code are set forth.

EXEMPT ORGANIZATIONS

Notice 2001-55, page 299.

This notice provides guidance to section 529 qualified tuition programs and to program participants regarding the restric-

tion on investment direction described in section 529(b)(5) of the Code.

Announcement 2001-94, page 301.

A list is provided of organizations now classified as private foundations.

Announcement 2001-95, page 303.

A list is provided of organizations that no longer qualify as organizations to which contributions are deductible under section 170 of the Code.

EMPLOYMENT TAX

Announcement 2001-92, page 301.

This document announces that the reporting of an employee's income arising from the exercise of nonstatutory stock options on Form W-2 in box 12, using Code V, is optional for 2002 Forms W-2. This announcement also requests comments and suggestions as to alternative methods of collecting the information that employers would report in box 12 using Code V.

ADMINISTRATIVE

Rev. Proc. 2001-49, page 300.

This procedure revokes Rev. Proc. 83-78 (1983-2 C.B. 595) and Rev. Proc. 84-84 (1984-2 C.B. 782) which have governed the procedures to identify and investigate abusive tax shelter promotions. In the future, these procedures will be outlined in the Internal Revenue Manual or other forms of published guidance. Rev. Procs. 83-78 and 84-84 revoked.

Announcement of Declaratory Judgment Proceedings Under Section 7428 begins on page 303.
Finding Lists begin on page ii.



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Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities

and by applying the tax 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 and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

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 proce-

dures 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 first 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 first Bulletin of the succeeding semiannual period, respectively.

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For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

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

Section 6621.— Determination of Interest Rate

26 CFR 301.6621-1: Interest rate.

Interest rates; underpayments and overpayments. The rate of interest determined under section 6621 of the Code for the calendar quarter beginning October 1, 2001, will be 7 percent for overpayments (6 percent in the case of a corporation), 7 percent for underpayments, and 9 percent for large corporate underpayments. The rate of interest paid on the portion of a corporate overpayment exceeding \$10,000 will be 4.5 percent.

Rev. Rul. 2001-47

Section 6621 of the Internal Revenue Code establishes the rates for interest on tax overpayments and tax underpayments. Under § 6621(a)(1), the overpayment rate beginning October 1, 2001, is the sum of the federal short-term rate plus 3 percentage points (2 percentage points in the case of a corporation), except the rate for the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the sum of the federal short-term rate plus 0.5 of a percentage point for interest computations made after December 31, 1994. Under § 6621(a)(2), the underpayment rate is the sum of the federal short-term rate plus 3 percentage points.

Section 6621(c) provides that for purposes of interest payable under § 6601 on any large corporate underpayment, the underpayment rate under § 6621(a)(2) is determined by substituting “5 percentage points” for “3 percentage points.” See § 6621(c) and § 301.6621-3 of the Regulations on Pro-

cedure and Administration for the definition of a large corporate underpayment and for the rules for determining the applicable date. Section 6621(c) and § 301.6621-3 are generally effective for periods after December 31, 1990.

Section 6621(b)(1) provides that the Secretary will determine the federal short-term rate for the first month in each calendar quarter.

Section 6621(b)(2)(A) provides that the federal short-term rate determined under § 6621(b)(1) for any month applies during the first calendar quarter beginning after such month.

Section 6621(b)(3) provides that the federal short-term rate for any month is the federal short-term rate determined during such month by the Secretary in accordance with § 1274(d), rounded to the nearest full percent (or, if a multiple of 1/2 of 1 percent, the rate is increased to the next highest full percent).

Notice 88-59 (1988-1 C.B. 546) announced that, in determining the quarterly interest rates to be used for overpayments and underpayments of tax under § 6621, the Internal Revenue Service will use the federal short-term rate based on daily compounding because that rate is most consistent with § 6621 which, pursuant to § 6622, is subject to daily compounding.

Rounded to the nearest full percent, the federal short-term rate based on daily compounding determined during the month of July 2001 is 4 percent. Accordingly, an overpayment rate of 7 percent (6 percent in the case of a corporation) and an underpayment rate of 7 percent are established for the calendar quarter beginning October 1, 2001. The overpayment rate for the portion of a corporate over-

payment exceeding \$10,000 for the calendar quarter beginning October 1, 2001, is 4.5 percent. The underpayment rate for large corporate underpayments for the calendar quarter beginning October 1, 2001, is 9 percent. These rates apply to amounts bearing interest during that calendar quarter.

Interest factors for daily compound interest for annual rates of 4.5 percent, 6 percent, 7 percent, and 9 percent are published in Tables 14, 17, 19, and 23 of Rev. Proc. 95-17 (1995-1 C.B. 556, 568, 571, 573, and 577).

Annual interest rates to be compounded daily pursuant to § 6622 that apply for prior periods are set forth in the tables accompanying this revenue ruling.

DRAFTING INFORMATION

The principal author of this revenue ruling is Raymond Bailey of the Office of Associate Chief Counsel (Procedure & Administration), Administrative Provisions & Judicial Practice Division. For further information regarding this revenue ruling, contact Mr. Bailey at (202) 622-6226 (not a toll-free call).

TABLE OF INTEREST RATES
PERIODS BEFORE JUL. 1, 1975 - PERIODS ENDING DEC. 31, 1986
OVERPAYMENTS AND UNDERPAYMENTS

| PERIOD | RATE | In 1995-1 C.B. |
|----------------------------|------|-------------------|
| | | DAILY RATE TABLE |
| Before Jul. 1, 1975 | 6% | Table 2, pg. 557 |
| Jul. 1, 1975—Jan. 31, 1976 | 9% | Table 4, pg. 559 |
| Feb. 1, 1976—Jan. 31, 1978 | 7% | Table 3, pg. 558 |
| Feb. 1, 1978—Jan. 31, 1980 | 6% | Table 2, pg. 557 |
| Feb. 1, 1980—Jan. 31, 1982 | 12% | Table 5, pg. 560 |
| Feb. 1, 1982—Dec. 31, 1982 | 20% | Table 6, pg. 560 |
| Jan. 1, 1983—Jun. 30, 1983 | 16% | Table 37, pg. 591 |
| Jul. 1, 1983—Dec. 31, 1983 | 11% | Table 27, pg. 581 |
| Jan. 1, 1984—Jun. 30, 1984 | 11% | Table 75, pg. 629 |
| Jul. 1, 1984—Dec. 31, 1984 | 11% | Table 75, pg. 629 |
| Jan. 1, 1985—Jun. 30, 1985 | 13% | Table 31, pg. 585 |
| Jul. 1, 1985—Dec. 31, 1985 | 11% | Table 27, pg. 581 |
| Jan. 1, 1986—Jun. 30, 1986 | 10% | Table 25, pg. 579 |
| Jul. 1, 1986—Dec. 31, 1986 | 9% | Table 23, pg. 577 |

TABLE OF INTEREST RATES
FROM JAN. 1, 1987 - DEC. 31, 1998

| | OVERPAYMENTS | | | UNDERPAYMENTS | | |
|----------------------------|--------------|-------|-----|---------------|-------|-----|
| | 1995-1 C.B. | | | 1995-1 C.B. | | |
| | RATE | TABLE | PG | RATE | TABLE | PG |
| Jan. 1, 1987—Mar. 31, 1987 | 8% | 21 | 575 | 9% | 23 | 577 |
| Apr. 1, 1987—Jun. 30, 1987 | 8% | 21 | 575 | 9% | 23 | 577 |
| Jul. 1, 1987—Sep. 30, 1987 | 8% | 21 | 575 | 9% | 23 | 577 |
| Oct. 1, 1987—Dec. 31, 1987 | 9% | 23 | 577 | 10% | 25 | 579 |
| Jan. 1, 1988—Mar. 31, 1988 | 10% | 73 | 627 | 11% | 75 | 629 |
| Apr. 1, 1988—Jun. 30, 1988 | 9% | 71 | 625 | 10% | 73 | 627 |
| Jul. 1, 1988—Sep. 30, 1988 | 9% | 71 | 625 | 10% | 73 | 627 |
| Oct. 1, 1988—Dec. 31, 1988 | 10% | 73 | 627 | 11% | 75 | 629 |
| Jan. 1, 1989—Mar. 31, 1989 | 10% | 25 | 579 | 11% | 27 | 581 |
| Apr. 1, 1989—Jun. 30, 1989 | 11% | 27 | 581 | 12% | 29 | 583 |
| Jul. 1, 1989—Sep. 30, 1989 | 11% | 27 | 581 | 12% | 29 | 583 |
| Oct. 1, 1989—Dec. 31, 1989 | 10% | 25 | 579 | 11% | 27 | 581 |
| Jan. 1, 1990—Mar. 31, 1990 | 10% | 25 | 579 | 11% | 27 | 581 |
| Apr. 1, 1990—Jun. 30, 1990 | 10% | 25 | 579 | 11% | 27 | 581 |
| Jul. 1, 1990—Sep. 30, 1990 | 10% | 25 | 579 | 11% | 27 | 581 |
| Oct. 1, 1990—Dec. 31, 1990 | 10% | 25 | 579 | 11% | 27 | 581 |
| Jan. 1, 1991—Mar. 31, 1991 | 10% | 25 | 579 | 11% | 27 | 581 |
| Apr. 1, 1991—Jun. 30, 1991 | 9% | 23 | 577 | 10% | 25 | 579 |
| Jul. 1, 1991—Sep. 30, 1991 | 9% | 23 | 577 | 10% | 25 | 579 |
| Oct. 1, 1991—Dec. 31, 1991 | 9% | 23 | 577 | 10% | 25 | 579 |
| Jan. 1, 1992—Mar. 31, 1992 | 8% | 69 | 623 | 9% | 71 | 625 |
| Apr. 1, 1992—Jun. 30, 1992 | 7% | 67 | 621 | 8% | 69 | 623 |
| Jul. 1, 1992—Sep. 30, 1992 | 7% | 67 | 621 | 8% | 69 | 623 |
| Oct. 1, 1992—Dec. 31, 1992 | 6% | 65 | 619 | 7% | 67 | 621 |
| Jan. 1, 1993—Mar. 31, 1993 | 6% | 17 | 571 | 7% | 19 | 573 |
| Apr. 1, 1993—Jun. 30, 1993 | 6% | 17 | 571 | 7% | 19 | 573 |
| Jul. 1, 1993—Sep. 30, 1993 | 6% | 17 | 571 | 7% | 19 | 573 |
| Oct. 1, 1993—Dec. 31, 1993 | 6% | 17 | 571 | 7% | 19 | 573 |

TABLE OF INTEREST RATES
FROM JAN. 1, 1987 - DEC. 31, 1998—Continued

| | OVERPAYMENTS | | | UNDERPAYMENTS | | |
|----------------------------|--------------|-------|-----|---------------|-------|-----|
| | 1995-1 C.B. | | | 1995-1 C.B. | | |
| | RATE | TABLE | PG | RATE | TABLE | PG |
| Jan. 1, 1994—Mar. 31, 1994 | 6% | 17 | 571 | 7% | 19 | 573 |
| Apr. 1, 1994—Jun. 30, 1994 | 6% | 17 | 571 | 7% | 19 | 573 |
| Jul. 1, 1994—Sep. 30, 1994 | 7% | 19 | 573 | 8% | 21 | 575 |
| Oct. 1, 1994—Dec. 31, 1994 | 8% | 21 | 575 | 9% | 23 | 577 |
| Jan. 1, 1995—Mar. 31, 1995 | 8% | 21 | 575 | 9% | 23 | 577 |
| Apr. 1, 1995—Jun. 30, 1995 | 9% | 23 | 577 | 10% | 25 | 579 |
| Jul. 1, 1995—Sep. 30, 1995 | 8% | 21 | 575 | 9% | 23 | 577 |
| Oct. 1, 1995—Dec. 31, 1995 | 8% | 21 | 575 | 9% | 23 | 577 |
| Jan. 1, 1996—Mar. 31, 1996 | 8% | 69 | 623 | 9% | 71 | 625 |
| Apr. 1, 1996—Jun. 30, 1996 | 7% | 67 | 621 | 8% | 69 | 623 |
| Jul. 1, 1996—Sep. 30, 1996 | 8% | 69 | 623 | 9% | 71 | 625 |
| Oct. 1, 1996—Dec. 31, 1996 | 8% | 69 | 623 | 9% | 71 | 625 |
| Jan. 1, 1997—Mar. 31, 1997 | 8% | 21 | 575 | 9% | 23 | 577 |
| Apr. 1, 1997—Jun. 30, 1997 | 8% | 21 | 575 | 9% | 23 | 577 |
| Jul. 1, 1997—Sep. 30, 1997 | 8% | 21 | 575 | 9% | 23 | 577 |
| Oct. 1, 1997—Dec. 31, 1997 | 8% | 21 | 575 | 9% | 23 | 577 |
| Jan. 1, 1998—Mar. 31, 1998 | 8% | 21 | 575 | 9% | 23 | 577 |
| Apr. 1, 1998—Jun. 30, 1998 | 7% | 19 | 573 | 8% | 21 | 575 |
| Jul. 1, 1998—Sep. 30, 1998 | 7% | 19 | 573 | 8% | 21 | 575 |
| Oct. 1, 1998—Dec. 31, 1998 | 7% | 19 | 573 | 8% | 21 | 575 |

TABLE OF INTEREST RATES
FROM JANUARY 1, 1999 - PRESENT
NONCORPORATE OVERPAYMENTS AND UNDERPAYMENTS

| | RATE | 1995-1 C.B. TABLE | PAGE |
|----------------------------|------|----------------------|------|
| Jan. 1, 1999—Mar. 31, 1999 | 7% | 19 | 573 |
| Apr. 1, 1999—Jun. 30, 1999 | 8% | 21 | 575 |
| Jul. 1, 1999—Sep. 30, 1999 | 8% | 21 | 575 |
| Oct. 1, 1999—Dec. 31, 1999 | 8% | 21 | 575 |
| Jan. 1, 2000—Mar. 31, 2000 | 8% | 69 | 623 |
| Apr. 1, 2000—Jun. 30, 2000 | 9% | 71 | 625 |
| Jul. 1, 2000—Sep. 30, 2000 | 9% | 71 | 625 |
| Oct. 1, 2000—Dec. 31, 2000 | 9% | 71 | 625 |
| Jan. 1, 2001—Mar. 31, 2001 | 9% | 23 | 577 |
| Apr. 1, 2001—Jun. 30, 2001 | 8% | 21 | 575 |
| Jul. 1, 2001—Sep. 30, 2001 | 7% | 19 | 573 |
| Oct. 1, 2001—Dec. 31, 2001 | 7% | 19 | 573 |

TABLE OF INTEREST RATES
FROM JANUARY 1, 1999 - PRESENT
CORPORATE OVERPAYMENTS AND UNDERPAYMENTS

| | OVERPAYMENTS | | | UNDERPAYMENTS | | |
|----------------------------|--------------|----------------------|-----|---------------|----------------------|-----|
| | RATE | 1995-1 C.B. TABLE | PG | RATE | 1995-1 C.B. TABLE | PG |
| Jan. 1, 1999—Mar. 31, 1999 | 6% | 17 | 571 | 7% | 19 | 573 |
| Apr. 1, 1999—Jun. 30, 1999 | 7% | 19 | 573 | 8% | 21 | 575 |
| Jul. 1, 1999—Sep. 30, 1999 | 7% | 19 | 573 | 8% | 21 | 575 |
| Oct. 1, 1999—Dec. 31, 1999 | 7% | 19 | 573 | 8% | 21 | 575 |
| Jan. 1, 2000—Mar. 31, 2000 | 7% | 67 | 621 | 8% | 69 | 623 |
| Apr. 1, 2000—Jun. 30, 2000 | 8% | 69 | 623 | 9% | 71 | 625 |
| Jul. 1, 2000—Sep. 30, 2000 | 8% | 69 | 623 | 9% | 71 | 625 |
| Oct. 1, 2000—Dec. 31, 2000 | 8% | 69 | 623 | 9% | 71 | 625 |
| Jan. 1, 2001—Mar. 31, 2001 | 8% | 21 | 575 | 9% | 23 | 577 |
| Apr. 1, 2001—Jun. 30, 2001 | 7% | 19 | 573 | 8% | 21 | 575 |
| Jul. 1, 2001—Sep. 30, 2001 | 6% | 17 | 571 | 7% | 19 | 573 |
| Oct. 1, 2001—Dec. 31, 2001 | 6% | 17 | 571 | 7% | 19 | 573 |

TABLE OF INTEREST RATES FOR
LARGE CORPORATE UNDERPAYMENTS
FROM JANUARY 1, 1991 - PRESENT

| | RATE | 1995-1 C.B. TABLE | PG |
|----------------------------|------|----------------------|-----|
| Jan. 1, 1991—Mar. 31, 1991 | 13% | 31 | 585 |
| Apr. 1, 1991—Jun. 30, 1991 | 12% | 29 | 583 |
| Jul. 1, 1991—Sep. 30, 1991 | 12% | 29 | 583 |
| Oct. 1, 1991—Dec. 31, 1991 | 12% | 29 | 583 |
| Jan. 1, 1992—Mar. 31, 1992 | 11% | 75 | 629 |
| Apr. 1, 1992—Jun. 30, 1992 | 10% | 73 | 627 |
| Jul. 1, 1992—Sep. 30, 1992 | 10% | 73 | 627 |
| Oct. 1, 1992—Dec. 31, 1992 | 9% | 71 | 625 |
| Jan. 1, 1993—Mar. 31, 1993 | 9% | 23 | 577 |
| Apr. 1, 1993—Jun. 30, 1993 | 9% | 23 | 577 |
| Jul. 1, 1993—Sep. 30, 1993 | 9% | 23 | 577 |
| Oct. 1, 1993—Dec. 31, 1993 | 9% | 23 | 577 |
| Jan. 1, 1994—Mar. 31, 1994 | 9% | 23 | 577 |
| Apr. 1, 1994—Jun. 30, 1994 | 9% | 23 | 577 |
| Jul. 1, 1994—Sep. 30, 1994 | 10% | 25 | 579 |
| Oct. 1, 1994—Dec. 31, 1994 | 11% | 27 | 581 |
| Jan. 1, 1995—Mar. 31, 1995 | 11% | 27 | 581 |
| Apr. 1, 1995—Jun. 30, 1995 | 12% | 29 | 583 |
| Jul. 1, 1995—Sep. 30, 1995 | 11% | 27 | 581 |
| Oct. 1, 1995—Dec. 31, 1995 | 11% | 27 | 581 |
| Jan. 1, 1996—Mar. 31, 1996 | 11% | 75 | 629 |
| Apr. 1, 1996—Jun. 30, 1996 | 10% | 73 | 627 |
| Jul. 1, 1996—Sep. 30, 1996 | 11% | 75 | 629 |
| Oct. 1, 1996—Dec. 31, 1996 | 11% | 75 | 629 |
| Jan. 1, 1997—Mar. 31, 1997 | 11% | 27 | 581 |
| Apr. 1, 1997—Jun. 30, 1997 | 11% | 27 | 581 |
| Jul. 1, 1997—Sep. 30, 1997 | 11% | 27 | 581 |
| Oct. 1, 1997—Dec. 31, 1997 | 11% | 27 | 581 |

TABLE OF INTEREST RATES FOR
LARGE CORPORATE UNDERPAYMENTS
FROM JANUARY 1, 1991 - PRESENT—Continued

| | RATE | 1995-1 C.B. TABLE | PG |
|----------------------------|------|----------------------|-----|
| Jan. 1, 1998—Mar. 31, 1998 | 11% | 27 | 581 |
| Apr. 1, 1998—Jun. 30, 1998 | 10% | 25 | 579 |
| Jul. 1, 1998—Sep. 30, 1998 | 10% | 25 | 579 |
| Oct. 1, 1998—Dec. 31, 1998 | 10% | 25 | 579 |
| Jan. 1, 1999—Mar. 31, 1999 | 9% | 23 | 577 |
| Apr. 1, 1999—Jun. 30, 1999 | 10% | 25 | 579 |
| Jul. 1, 1999—Sep. 30, 1999 | 10% | 25 | 579 |
| Oct. 1, 1999—Dec. 31, 1999 | 10% | 25 | 579 |
| Jan. 1, 2000—Mar. 31, 2000 | 10% | 73 | 627 |
| Apr. 1, 2000—Jun. 30, 2000 | 11% | 75 | 629 |
| Jul. 1, 2000—Sep. 30, 2000 | 11% | 75 | 629 |
| Oct. 1, 2000—Dec. 31, 2000 | 11% | 75 | 629 |
| Jan. 1, 2001—Mar. 31, 2001 | 11% | 27 | 581 |
| Apr. 1, 2001—Jun. 30, 2001 | 10% | 25 | 579 |
| Jul. 1, 2001—Sep. 30, 2001 | 9% | 23 | 577 |
| Oct. 1, 2001—Dec. 31, 2001 | 9% | 23 | 577 |

TABLE OF INTEREST RATES FOR CORPORATE
OVERPAYMENTS EXCEEDING \$10,000
FROM JANUARY 1, 1995 - PRESENT

| | RATE | 1995-1 C.B. TABLE | PG |
|----------------------------|------|----------------------|-----|
| Jan. 1, 1995—Mar. 31, 1995 | 6.5% | 18 | 572 |
| Apr. 1, 1995—Jun. 30, 1995 | 7.5% | 20 | 574 |
| Jul. 1, 1995—Sep. 30, 1995 | 6.5% | 18 | 572 |
| Oct. 1, 1995—Dec. 31, 1995 | 6.5% | 18 | 572 |
| Jan. 1, 1996—Mar. 31, 1996 | 6.5% | 66 | 620 |
| Apr. 1, 1996—Jun. 30, 1996 | 5.5% | 64 | 618 |
| Jul. 1, 1996—Sep. 30, 1996 | 6.5% | 66 | 620 |
| Oct. 1, 1996—Dec. 31, 1996 | 6.5% | 66 | 620 |
| Jan. 1, 1997—Mar. 31, 1997 | 6.5% | 18 | 572 |
| Apr. 1, 1997—Jun. 30, 1997 | 6.5% | 18 | 572 |
| Jul. 1, 1997—Sep. 30, 1997 | 6.5% | 18 | 572 |
| Oct. 1, 1997—Dec. 31, 1997 | 6.5% | 18 | 572 |
| Jan. 1, 1998—Mar. 31, 1998 | 6.5% | 18 | 572 |
| Apr. 1, 1998—Jun. 30, 1998 | 5.5% | 16 | 570 |
| Jul. 1, 1998—Sep. 30, 1998 | 5.5% | 16 | 570 |
| Oct. 1, 1998—Dec. 31, 1998 | 5.5% | 16 | 570 |
| Jan. 1, 1999—Mar. 31, 1999 | 4.5% | 14 | 568 |
| Apr. 1, 1999—Jun. 30, 1999 | 5.5% | 16 | 570 |
| Jul. 1, 1999—Sep. 30, 1999 | 5.5% | 16 | 570 |
| Oct. 1, 1999—Dec. 31, 1999 | 5.5% | 16 | 570 |
| Jan. 1, 2000—Mar. 31, 2000 | 5.5% | 64 | 618 |
| Apr. 1, 2000—Jun. 30, 2000 | 6.5% | 66 | 620 |
| Jul. 1, 2000—Sep. 30, 2000 | 6.5% | 66 | 620 |
| Oct. 1, 2000—Dec. 31, 2000 | 6.5% | 66 | 620 |
| Jan. 1, 2001—Mar. 31, 2001 | 6.5% | 18 | 572 |

TABLE OF INTEREST RATES FOR CORPORATE
OVERPAYMENTS EXCEEDING \$10,000
FROM JANUARY 1, 1995 - PRESENT—Continued

| | RATE | 1995-1 C.B. TABLE | PG |
|----------------------------|------|----------------------|-----|
| Apr. 1, 2001—Jun. 30, 2001 | 5.5% | 16 | 570 |
| Jul. 1, 2001—Sep. 30, 2001 | 4.5% | 14 | 568 |
| Oct. 1, 2001—Dec. 31, 2001 | 4.5% | 14 | 568 |

Part III. Administrative, Procedural, and Miscellaneous

Section 529—Programs

Notice 2001-55

This notice provides guidance to qualified tuition programs described in § 529 of the Internal Revenue Code and participants in § 529 programs regarding the restriction on investment direction described in § 529(b)(5). This notice sets forth a special rule under which a program may permit investments in a § 529 account to be changed annually, and upon a change in the designated beneficiary of the account.

Section 529(b)(5) states that a program shall not be treated as a § 529 program unless it provides that any contributor to, or designated beneficiary under, such program may not directly or indirectly direct the investment of any contributions to the program (or any earnings thereon). The proposed regulations under § 529, which were published in the Federal Register on August 24, 1998 (63 F.R. 45019), provide that a program does not violate this requirement if it permits a person who establishes a § 529 account to select among different investment strategies designed exclusively by the program, only at the time when the initial contribution is made establishing the account. Prop. Treas. Reg. § 1.529-2(g).

Several commenters on the proposed regulations suggested that permitting a participant in a § 529 program to select among various broad-based investment strategies offered by a program, both at the time that contributions are made, and at certain other times, would be consistent with § 529(b)(5). For example, these commenters suggested that it would be appropriate to allow a change in the investment strategy selected for an account where there has been a significant change in market circumstances since the account was initially established, where there is a change in the designated beneficiary of an account (as permitted under § 529(c)(3)(C)) and the new beneficiary has a differ-

ent expected matriculation date, or where the program establishes new investment options.

The Internal Revenue Service and the Treasury Department recognize that there are a number of situations that might warrant a change in the investment strategy with respect to a § 529 account. Accordingly, the Internal Revenue Service and the Treasury Department expect that the final regulations under § 529 will provide that a program does not violate § 529(b)(5) if it permits a change in the investment strategy selected for a § 529 account once per calendar year, and upon a change in the designated beneficiary of the account. It is expected that the final regulations will also provide that, to qualify under this special rule, a program must (1) allow participants to select only from among broad-based investment strategies designed exclusively by the program; and (2) establish procedures and maintain appropriate records to prevent a change in investment options from occurring more frequently than once per calendar year or upon a change in the designated beneficiary of the account. The Internal Revenue Service and the Treasury Department believe that permitting a change in investment options once per calendar year, and upon a change in designated beneficiary should provide sufficient flexibility to address concerns raised by commenters.

Section 529 programs and their participants may rely on this notice pending the issuance of final regulations under § 529.

The Internal Revenue Service invites comments on the matter described in this notice and any other comments relating to § 529, including the amendments made by the Economic Growth and Tax Relief Reconciliation Act of 2001 (Pub. L. No. 107-16, 115 Stat. 38). Please send written comments by December 24, 2001, to: CC:ITA:RU (Notice 2001-55), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington

DC 20044. Submission may be hand-delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to CC:ITA:RU (Notice 2001-55), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at http://www.irs.gov/prod/tax_regs/regslst.html. Comments will be available for public inspection.

DRAFTING INFORMATION

The principal author of this notice is Monice Rosenbaum of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice contact Ms. Rosenbaum at (202) 622-6070 (not a toll-free number).

Weighted Average Interest Rate Update

Notice 2001-58

Notice 88-73 provides guidelines for determining the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of § 412(c)(7) of the Internal Revenue Code as amended by the Omnibus Budget Reconciliation Act of 1987 and as further amended by the Uruguay Round Agreements Act, Pub. L. 103-465 (GATT).

The average yield on the 30-year Treasury Constant Maturities for August 2001 is 5.48 percent.

The following rates were determined for the plan years beginning in the month shown below.

| Month | Year | Weighted Average | 90% to 105% Permissible Range | 90% to 110% Permissible Range |
|-----------|------|------------------|-------------------------------|-------------------------------|
| September | 2001 | 5.77 | 5.20 to 6.06 | 5.20 to 6.35 |

Drafting Information

The principal author of this notice is Todd Newman of the Employee Plans, Tax Exempt and Government Entities Division. For further information regarding this notice, please call Mr. Newman at (202) 283-9702 (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, Sections 6700, 6701, 7408).

Rev. Proc. 2001-49

SECTION 1. PURPOSE

This revenue procedure revokes Rev. Proc. 83-78 (1983-2 C.B. 595) and Rev. Proc. 84-84 (1984-2 C.B. 782) which describe procedures which had been used by the Internal Revenue Service to identify and investigate abusive tax shelter promotions. The procedures being revoked are inconsistent with the Service's current practices and new organizational structure. In the future, the Service's procedures for the identification and investigation of abusive tax shelter promotions will be set forth in the Internal Revenue Manual or other forms of published guidance.

SECTION 2. BACKGROUND

.01 Section 7408 of the Internal Revenue Code authorizes the United States, at the request of the Secretary, to seek an injunction to enjoin any person from further

engaging in conduct subject to a penalty under section 6700 or section 6701.

.02 Section 6700 of the Code imposes monetary penalties on promoters of abusive tax shelters and other tax avoidance schemes. These penalties are in addition to all other penalties provided by law. Persons subject to the penalties include any person who organizes, assists in the organization of, or participates in the sale of, any interest in an entity, plan or arrangement, and who makes or furnishes a statement with respect to any material tax matter either that the person knows or has reason to know is a false statement or that is a gross valuation overstatement.

.03 Section 6701 imposes a penalty on any person who aids, assists, procures, or advises with respect to, the preparation or presentation of any portion of a return, affidavit, claim, or other document, provided that such person knows (or has reason to believe) that such portion will be used in connection with any material matter arising under the internal revenue laws and also provided that such person knows that such portion (if so used) would result in an understatement of the liability for tax of another person. The penalty imposed by section 6701 is in addition to all other penalties provided by law.

.04 Rev. Proc. 83-78 (1983-2 C.B. 595) provided procedures for the identification and investigation of abusive tax shelter promotions which might be subject to penalties under section 6700 or injunction under section 7408. Rev. Proc. 84-84 (1984-2 C.B. 782) modified Rev.

Proc. 83-78 and described additional measures the Service was taking to address abusive tax shelters. Those revenue procedures set forth duties for organizational units of the Service that no longer exist because of a reorganization of the Service under the requirements of the Internal Revenue Service Restructuring and Reform Act of 1998.

.05 The IRS is establishing new procedures for identifying and investigating abusive tax shelter promotions. These new procedures will be set forth in the Internal Revenue Manual or in other forms of published guidance that will be issued in the future.

SECTION 3. EFFECT ON OTHER DOCUMENTS

.01 Rev. Proc. 83-78 is revoked.

.02 Rev. Proc. 84-84 is revoked.

SECTION 4. DRAFTING INFORMATION

The principal author of this revenue procedure is Brinton T. Warren of the Office of Associate Chief Counsel, Procedure and Administration (Administrative Provisions and Judicial Practice Division). For further information regarding this revenue procedure, contact Brinton T. Warren at (202) 622-4940 (not a toll-free call).

Part IV. Items of General Interest

Separate Reporting of Nonstatutory Stock Option Income in Box 12 of the Form W-2, Using Code V, Optional for Year 2002

Announcement 2001-92

I. PURPOSE

This announcement extends through year 2002, the relief from mandatory reporting of compensation resulting from employer-provided nonstatutory stock options in box 12 of the Form W-2, using Code V. In particular, this announcement provides that, with respect to Forms W-2 issued for the year 2002, the use of Code V is optional.

The announcement also invites public comment and suggestions regarding potential methods that would enable more efficient and cost effective means of collecting the information that would be reported using Code V. Specifically, this announcement requests proposals for better and less burdensome methods of collecting the information about employee income that arises from the exercise of nonstatutory stock options, including information about the presence and amount of nonstatutory stock option income on an employee (or former employee) basis.

II. BACKGROUND

When an employee (or former employee) exercises nonstatutory stock options, employers are required to report the excess of the fair market value of the stock received upon exercise of the option over the amount paid for that stock. That amount is reported on Form W-2 in boxes 1, 3 (up to the social security wage base), and 5.¹

Announcement 2000-97 (2000-48 I.R.B. 557) advised employers that, beginning for 2001 Forms W-2, income from the exercise of nonstatutory stock options would also be required to be reported in box 12 and identified by a new

¹ For purposes of the special rule under § 1.83-6(a)(2) that provides that an employee or former employee is deemed to have included the amount in gross income, an employer's inclusion of the nonstatutory stock option income in Box 1 of the Form W-2 will be sufficient.

code, Code V – Income from the exercise of nonstatutory stock options.

In response to employer concerns, Announcement 2001-7 (2001-3 I.R.B. 357) provided that the use of Code V would be optional for the 2001 Forms W-2.

III. EXTENSION OF RELIEF

The separate reporting of the amount of any compensation relating to the exercise of a nonstatutory stock option in box 12, using Code V, is optional for the 2002 Forms W-2.

Treasury and the Service will consider replacing the separate reporting of this compensation in Box 12, using Code V, now mandatory for 2003 Forms W-2, with other cost effective alternatives that would allow for collection of the information regarding the presence and amount of income from the exercise of nonstatutory stock options that employers would otherwise be required to report under Code V. However, if the comment process outlined in Section IV, below, does not result in the development of cost effective alternatives, the new Code V reporting requirement will be mandatory for the 2003 Forms W-2. Therefore, absent future guidance modifying or eliminating this reporting requirement, beginning with year 2003 Forms W-2, any amounts of compensation relating to the exercise of a nonstatutory stock option included in boxes 1, 3 (if applicable), and 5 of the Form W-2 must also be shown separately in box 12, using Code V.

IV. REQUEST FOR COMMENTS

This announcement requests comments and suggestions proposing cost effective alternatives that would allow the collection of information regarding the presence and amount of income from the exercise of nonstatutory stock options that employers will be required to report under Code V beginning with 2003 Forms W-2. The information to be collected refers not only to the aggregate amount of nonstatutory stock option income, but also information about the presence and amount of nonstatutory stock option income on an employee (or former employee) basis.

Comments must be submitted by December 14, 2001. Treasury and the Ser-

vice will carefully consider all of the comments received, although Treasury and the Service will not be able to respond to each comment. Comments should reference Announcement 2001-92, and be addressed to:

Internal Revenue Service
Tax Forms and Publications Division
W:CAR:MP:FP:F:R—GPF
1111 Constitution Ave., NW
Washington, DC 20224

V. Drafting Information

The principal author of this announcement is Stephen Tackney of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this announcement contact Stephen Tackney at (202) 622-6040 or Gerald Fournier at (202) 622-3186 (not toll-free calls).

Foundations Status of Certain Organizations

Announcement 2001-94

The following organizations have failed to establish or have been unable to maintain their status as public charities or as operating foundations. Accordingly, grantors and contributors may not, after this date, rely on previous rulings or designations in the Cumulative List of Organizations (Publication 78), or on the presumption arising from the filing of notices under section 508(b) of the Code. This listing does *not* indicate that the organizations have lost their status as organizations described in section 501(c)(3), eligible to receive deductible contributions.

Former Public Charities. The following organizations (which have been treated as organizations that are not private foundations described in section 509(a) of the Code) are now classified as private foundations:

A Better Way Community Development Corporation, Miami, FL
Abundant Harvest Ministries, Dania, FL
Academy of Business and Commerce, Inc., Ft. Lauderdale, FL
Adonis Family Farms, Inc., Fort Myers, FL

Agape Communications Institute, Inc.,
 Fort Lauderdale, FL
 Aqua Trek Marine Education Center,
 Inc., Ft. Myers, FL
 Art for Humanity, Inc., Tamarac, FL
 Awareness America, Inc.,
 Boca Raton, FL
 Berean Benevolent Fund, Inc.,
 Albany, LA
 Big Brothers Big Sisters Association of
 Florida, Inc., Ft. Lauderdale, FL
 Birmingham Music Club Endowment,
 Birmingham, AL
 Branches of Love, Inc., Miami, FL
 Broward Center for Living, Inc.,
 Fort Lauderdale, FL
 Canton Community Development
 Corporation, Canton, MS
 Caribbean Agricultural Research
 Institute, Inc., Miami, FL
 Caribbean Aid, Inc., Johnstown, PA
 Caribbean Development Research
 Institute, Inc., Miami, FL
 Center for African Cultural Studies, Inc.,
 Miami, FL
 Childrens & Survivors Fun, Inc.,
 Miami, FL
 Coalition for Mississippi's Children,
 Jackson, MS
 Community Alliance for Economic
 Development, Miami, FL
 Community Development & Housing
 Alliance, Ridgeland, MS
 Community of People, Inc., Jackson, MS
 Cortez Community Center, Inc.,
 Bradenton, FL
 Creating Jobs for Life Worldwide, Inc.,
 Coral Gables, FL
 Cultura Italiana, Inc., Coral Gables, FL
 Dennis Dreams Ministries, Inc.,
 West Palm Beach, FL
 Diabetic Foundation of America, Inc.,
 West Palm Beach, FL
 Dothan-Houston County Rotary
 Foundation, Inc., Dothan, AL
 E-Comb, Inc., Miami Beach, FL
 Eudrama Ministries, Inc., Clinton, MS
 Ekdikeyo Rising, Inc., Coral Springs, FL
 Emmanuel Haitian Christian Community
 Center, Inc., Miami, FL
 Equal Housing Fund of Florida Corp.,
 Miami, FL
 Faith House International, Inc.,
 Boca Raton, FL
 Family Approach to Child Enrichment,
 Inc., Miami, FL
 Family Life Matters Institute, Inc.,
 Riverdale, GA
 Family Resource Connection, Inc.,
 Venice, FL
 Feeding the Mind Foundation, Inc.,
 Miami, FL
 Female and Safe, Inc., New York, NY
 Flames Youth Basketball,
 Riviera Beach, FL
 Fort Lauderdale Community
 Development Corporation, Inc.,
 Ft. Lauderdale, FL
 Friends of Sandoway House Nature
 Center, Inc., Boca Raton, FL
 Friends of the West Palm Beach Public
 Library, Inc., W. Palm Beach, FL
 Future Champs, Inc., Hialeah, FL
 Gamma Theta Educational Foundation,
 Inc., Starkville, MS
 Glades Jim Wilson Real Life Crusade,
 Inc., Belle Glade, FL
 Gods Rest Ministries, Inc.,
 Okeechobee, FL
 Gold Coast DMDA, Inc., Coral Gable, FL
 Golden Wattle Refuge, Inc.,
 Vero Beach, FL
 Good Ole Boys Club, Inc., Parrish, FL
 Grand Prix Foundation, Inc.,
 Homestead, FL
 Greater Mt. Calvary - Calvary Care
 (Community Vision Development
 Agency, Inc.), Jackson, MS
 Guatemalan-American Childrens
 Foundation, Inc., Coral Gables, FL
 Heart Acts to Follow, Inc., Miami, FL
 Heartland Safety Clowns, Inc.,
 Sebring, FL
 Hialeah Athletic Association, Inc.,
 Hialeah, FL
 Historical Foundation of Palm Beach
 County, Inc., West Palm Beach, FL
 Historical Knights Building, Inc.,
 Pt. Charlotte, FL
 Holy Redeemer Independent Episcopal
 Church, Inc., Ft. Lauderdale, FL
 Hope House of Jackson, Jackson, MS
 Hope Springs, Inc., Boca Raton, FL
 House of Refuge, Inc., Latana, FL
 Iglesia Biblica Buenos Nuevas, Inc.,
 Palm Beach Gardens, FL
 Jazz Hall Friends, Birmingham, AL
 Key West Aids Memorial, Inc.,
 Keywest, FL
 Kids Prep. Child & Train Ctr.,
 Grenada, MS
 La Hora Bautista, Miami, FL
 Latin American Communications
 Network, Inc., Miami, FL
 Lees Tae Kwan Do Charity, Inc.,
 N. Palm Beach, FL
 Light Up Miami, Inc., Miami, FL
 Look Organization-Literacy of Our Kids,
 McComb, MS
 Loving Family Foundation, Inc.,
 West Palm Beach, FL
 Marine Mammal Conservancy, Inc.,
 Key Largo, FL
 Medical Foundation of Southwest
 Florida, Inc., Ft. Myers, FL
 Miami Affordable Housing, Inc.,
 Miami, FL
 Miami Wildcats, Inc., Miami, FL
 Mission Possible Ministries, Inc.,
 Naples, FL
 Mississippi Confederated Child Care
 Nutrition, Inc., Tunica, MS
 Mississippi Criminal Justice Assoc.,
 Jackson, MS
 Mount-Horeb Community Action
 Agency, Inc., Hollandale, MS
 Mr. B's Learning Center, Inc., Pearl, MS
 Narrow Gate Publications, Inc., Dania, FL
 National Retinoblastoma Research &
 Support Foundation, Inc., Miami, FL
 Opportunities and Enrichment Services,
 Inc., Miami, FL
 Opportunities, Inc., Milford, CT
 Palm Beach County Childrens Cultural
 Community Center, Inc., West Palm
 Beach, FL
 Patton Lane Community Civic Center,
 Enid, MS
 Peterbos Outreach, Belzoni, MS
 Phlex Diversified Service, Inc.,
 Jackson, MS
 Pike County United Way, Inc.,
 (Association of Pike County Charities,
 Inc.), Troy, AL
 Project Debby, Inc., Hypoluxo, FL
 Protecting Our Loved Ones-Polo-
 International, Miami, FL
 PWA Nourishment Organization, Inc.,
 Margate, FL
 Quality Housing Foundation, Inc.,
 Miami, FL
 Recovery Haven, Inc., North Miami, FL
 Redland Tropical Gardens Botanical
 Foundation, Inc., Homestead, FL
 Rescue Autistic Society Corp.,
 Miami Beach, FL
 Sarasota Youth Baseball Club, Inc.,
 Sarasota, FL
 Seabreeze Elementary-PTO,
 Brandenton, FL
 Second Home Daycare Center, Inc.,
 Ellisville, MS
 Set Free Ministries, Richland, MS
 Sheridan Foundation, Inc., Miami, FL

South Florida Storm, Inc., Miami, FL
 South Florida Super Bowl Host
 Committee Foundation, Inc.,
 Miami, FL
 South Florida Veterans Foundation, Inc.,
 Miami, FL
 South Florida Youth Scholarship
 Foundation, Inc., Boca Raton, FL
 St. Columbia Interfaith Schools, Inc.,
 Utica, MS
 St. Francis Village, Inc.,
 Coral Springs, FL
 St. Thomas Community Services, Inc.,
 Hollywood, FL
 Strong Families, Inc., Hattiesburg, MS
 Sunlight Ministries, Inc.,
 Brookhaven, MS
 Temple Finance, Inc., Louin, MS
 Tender Loving Care Complex, Inc.,
 Cape Coral, FL
 Tomorrows Leaders, Inc., Avon Park, FL
 Trinity Parents League, Natches, MS
 Trumpeter Foundation, Inc., Miami, FL
 Tuscaloosa Voices of Tomorrow, Inc.,
 Tuscaloosa, AL
 USA Police Athletic League, Inc.,
 Palm Beach Gardens, FL
 Visionaries Incorporated, Lauderhill, FL
 Vulcan Charity Golf Foundation, Inc.,
 Birmingham, AL
 W. H. Roberts Foundation, Inc.,
 Coconut Grove, FL
 Walthal County Animal Shelter,
 Tylertown, MS
 Wayne Johnsons Pre-School, Inc.,
 Oxford, MS
 Wesley Youth Foundation, Inc.,
 Jackson, MS
 Wiregrass STEP Foundation, Dothan, AL
 Witnesses for the Eucharistic Jesus
 Foundation, Jackson, MS
 Women Fighters for Democracy Corp.,
 Miami, FL
 Womens Coalition for the Disadvantaged,
 Inc., Plantation, FL
 Womens Institute for Creativity, Inc.,
 Miami, FL
 Wonder Education, Inc., Miami, FL
 World Nature Preserve, Inc., Miami, FL
 Youth Philharmonic Orchestra, Inc.,
 Miami, FL

If an organization listed above submits information that warrants the renewal of its classification as a public charity or as a private operating foundation, the Internal Revenue Service will issue a ruling or determination letter

with the revised classification as to foundation status. Grantors and contributors may thereafter rely upon such ruling or determination letter as provided in section 1.509(a)-7 of the Income Tax Regulations. It is not the practice of the Service to announce such revised classification of foundation status in the Internal Revenue Bulletin.

Deletions From Cumulative List of Organizations Contributions to Which are Deductible Under Section 170 of the Code

Announcement 2001-95

The name of an organization that no longer qualifies as an organization described in section 170(c)(2) of the Internal Revenue Code of 1986 is listed below.

Generally, the Service will not disallow deductions for contributions made to a listed organization on or before the date of announcement in the Internal Revenue Bulletin that an organization no longer qualifies. However, the Service is not precluded from disallowing a deduction for any contributions made after an organization ceases to qualify under section 170(c)(2) if the organization has not timely filed a suit for declaratory judgment under section 7428 and if the contributor (1) had knowledge of the revocation of the ruling or determination letter, (2) was aware that such revocation was imminent, or (3) was in part responsible for or was aware of the activities or omissions of the organization that brought about this revocation.

If on the other hand a suit for declaratory judgment has been timely filed, contributions from individuals and organizations described in section 170(c)(2) that are otherwise allowable will continue to be deductible. Protection under section 7428(c) would begin on September 24, 2001, and would end on the date the court first determines that the organization is not described in section 170(c)(2) as more particularly set forth in section 7428(c)(1). For individual contributors, the maximum deduction protected is \$1,000, with a husband and wife treated as one contributor. This benefit is not extended to any individual, in whole or in part, for the acts or omissions of the

organization that were the basis for revocation.

San Diego World Heritage Foundation,
 Inc., San Diego, CA

Section 7428(c) Validation of Certain Contributions Made During Pendency of Declaratory Judgment Proceedings

This announcement serves notice to potential donors that the organization listed below has recently filed timely declaratory judgment suit under section 7428 of the Code, challenging revocation of its status as an eligible donee under section 170(c)(2).

Protection under section 7428(c) of the Code begins on the date that the notice of revocation is published in the Internal Revenue Bulletin and ends on the date on which a court first determines that an organization is not described in section 170(c)(2), as more particularly set forth in section 7428(c)(1). In the case of individual contributors, the maximum amount of contributions protected during this period is limited to \$1,000.00, with a husband and wife being treated as one contributor. This protection is not extended to any individual who was responsible, in whole or in part, for the acts or omissions of the organization that were the basis for the revocation. This protection also applies (but without limitation as to amount) to organizations described in section 170(c)(2) which are exempt from tax under section 501(a). If the organization ultimately prevails in its declaratory judgment suit, deductibility of contributions would be subject to the normal limitations set forth under section 170.

San Diego World Heritage Foundation,
 Inc., San Diego, CA

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 ap-

plies 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 law 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 the 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.—Statements 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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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2001–1 through 2001–26 is in Internal Revenue Bulletin 2001–27, dated July 2, 2001.

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