

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. 2004-44, page 885.

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for May 2004.

T.D. 9120, page 881.

REG-129447-01, page 894.

Final, temporary, and proposed regulations under section 861 of the Code provide an alternative method for valuing assets for purposes of apportioning interest expense under the tax book value method contained in temporary regulations section 1.861-9T(g). For that limited purpose, the alternative method allows taxpayers to determine the adjusted basis of all tangible property under the alternative depreciation system of section 168(g). The regulations also provide guidance on electing the alternative method. The alternative method provides taxpayers with the option of determining the adjusted bases of both foreign and domestic assets under one consistent depreciation regime for temporary regulations section 1.861-9T(g) apportionment purposes and helps reduce the basis disparity between foreign and domestic assets which can occur under the current regulations. A public hearing on the proposed regulations is scheduled for July 19, 2004.

T.D. 9122, page 886.

Final regulations under section 1502 of the Code relate to the determination of the basis of the stock of the common parent of a consolidated group when such stock is acquired in a transaction that qualifies as a group structure change. These regulations amend current regulations section 1.1502-31 modifying the application of the net asset basis rule in group structure changes.

EXEMPT ORGANIZATIONS

Notice 2004-35, page 889.

Net investment income of private foundation. This notice announces that the Treasury Department and the Service intend to propose regulations modifying regulations section 53.4940-1(d)(2) to provide that a private foundation's net investment income for purposes of section 4940 of the Code does not include distributions from trusts and estates and that until further guidance is promulgated, income distributions from trusts and estates will not retain their character in the hands of a distributee private foundation for purposes of determining the foundation's net investment income under section 4940(c). This notice also provides instructions on how a private foundation should fill out its applicable returns and how to claim refunds.

Notice 2004-36, page 889.

Distributable amount of a private foundation. This notice states that the Treasury Department and the Service intend to propose regulations modifying regulations under section 4942 of the Code in a manner consistent with the holding of the Tax Court and the Ninth Circuit in *Ann Jackson Family Foundation*. It also states that until further guidance is promulgated, private foundations should compute the distributable amount under section 4942(d) without regard to regulations section 53.4942(a)-2(b)(2). Accordingly, income distributions received from section 4947(a)(2) trusts are not included in a private foundation's distributable amount for purposes of section 4942. The notice also includes instructions for filling out the private foundation's applicable information and excise tax returns and how to claim a refund pursuant to this notice.

(Continued on the next page)

Finding Lists begin on page ii.



Announcement 2004-34, page 895.

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

ADMINISTRATIVE

Rev. Proc. 2004-26, page 890.

This procedure provides guidance for representatives of certain military or civilian employees of the United States who die as a result of injuries incurred in a terrorist or military action. It provides guidance for having tax forgiven or for claiming refunds of tax under section 692(c) of the Code, as amended by the Victims of Terrorism Tax Relief Act of 2001, Pub. L. No. 107-134. It also provides procedures by which the Secretary will determine whether a terrorist or military action has occurred. Rev. Proc. 85-35 obsoleted.

The IRS Mission

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 compiled 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 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 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 467.—Certain Payments for the Use of Property or Services

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 861.—Income From Sources Within the United States

26 CFR 1.861-9: Allocation and apportionment of interest expense.

T.D. 9120

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

Allocation and Apportionment of Expenses; Alternative Method for Determining Tax Book Value of Assets

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulation.

SUMMARY: This document contains temporary regulations providing an alternative

method of valuing assets for purposes of apportioning expenses under the tax book value method of §1.861-9T. The alternative tax book value method, which is elective, allows taxpayers to determine, for purposes of apportioning expenses, the tax book value of all tangible property that is subject to a depreciation deduction under section 168 by using the straight line method, conventions, and recovery periods of the alternative depreciation system under section 168(g)(2). The alternative method provided in the temporary regulations is intended to minimize basis disparities between foreign and domestic assets of taxpayers that may arise when taxpayers use adjusted tax basis to value assets under the tax book value method of expense apportionment. The text of these temporary regulations also serves as the text of the proposed regulations (REG-129447-01) set forth in this issue of the Bulletin.

DATES: Effective Date: These regulations are effective on March 26, 2004.

Applicability Date: For dates of applicability, see §§1.861-9(h)(5)(iii) and 1.861-9T(i)(3).

FOR FURTHER INFORMATION CONTACT: Margaret A. Hogan, (202) 622-3850 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to regulations under section 864(e) of the Internal Revenue Code (Code). Section 864(e) was enacted by the Tax Reform Act of 1986 (Public Law 99-514, 100 Stat. 2121) to address concerns regarding the allocation and apportionment of interest expense. On September 14, 1988, the IRS published temporary regulations (T.D. 8228, 1988-2 C.B. 136 [53 FR 35467]) under §1.861 implementing section 864(e) of the Code. The temporary regulations contained in this document amend §1.861-9T and make conforming amendments to §§1.861-9 and 1.861-9T(g)(1)(ii).

Section 864(e)(2) of the Code provides that allocations and apportionments

of interest expense shall be made on the basis of assets rather than gross income. For this purpose, the regulations permit a taxpayer to choose to compute the value of its assets under either the tax book value method or the fair market value method. Sections 1.861-8T(c)(2) and 1.861-9T(g)(1)(ii). Taxpayers using the tax book value method may elect to change to the fair market value method at any time. Rev. Proc. 2003-37, 2003-1 C.B. 950 (May 27, 2003). Taxpayers that elect to use the fair market value method must continue to use that method unless expressly authorized by the Commissioner to change methods. Section 1.861-8T(c)(2). Section 1.861-8T(c)(2) also permits taxpayers to apportion certain other expenses based on the comparative value of assets provided that such apportionment is made in accordance with the rules of §1.861-9T(g).

The use of adjusted tax basis for purposes of apportioning expenses under the tax book value method may result in disparities between the bases of domestic and foreign assets of a taxpayer because of the differences in depreciation methods applicable to those assets. For example, the tax book value of tangible property used in the United States generally reflects depreciation of that property pursuant to the modified accelerated cost recovery system (MACRS) under section 168. MACRS generally permits a taxpayer to depreciate tangible property (other than real property) under the 200-percent declining balance method, or the 150-percent declining balance method in the case of certain property. Section 168(b). MACRS also permits taxpayers to depreciate property over shorter recovery periods than a property's class life.

In contrast, tangible property used predominantly outside the United States generally must be depreciated pursuant to the alternative depreciation system (ADS) under section 168(g). Section 168(g)(1)(A). ADS requires a taxpayer to depreciate tangible property using the straight line method of depreciation. Additionally, ADS generally requires taxpayers to use recovery periods equal to the property's class life and therefore longer periods than those used under MACRS.

As a result of accelerated depreciation under MACRS as compared to slower depreciation under ADS, an asset used in the

United States generally will have a lower adjusted tax basis (*i.e.*, tax book value) than if the same asset were used predominantly outside of the United States. The relatively higher tax book value for assets used predominantly outside the United States results in an increased apportionment of interest expense to foreign source income and a corresponding reduction in the taxpayer's foreign tax credit limitation.

A disparity in the apportionment of expenses between domestic and foreign assets also may result when a U.S. corporation owns a 10-percent or greater interest in a foreign subsidiary that holds tangible property. Section 864(e)(4) provides that for purposes of allocating and apportioning expenses on the basis of assets, the tax basis of stock in a nonaffiliated 10-percent owned corporation will be adjusted to reflect the earnings and profits of the corporation that are attributable to the stock held by the taxpayer. See also §1.861-12T(c)(2). Accordingly, the adjusted tax basis of stock in a foreign corporation for purposes of apportioning expenses generally will reflect the foreign corporation's earnings and profits, the computation of which reflects the depreciation of tangible property. Under section 312(k), tangible property generally is depreciated under ADS for purposes of determining earnings and profits. Accordingly, a taxpayer that owns a 10-percent or greater interest in a foreign corporation that holds tangible property may be subject to a disparity similar to the one that arises where the taxpayer holds foreign assets directly.

Explanation of Provisions

The temporary regulations provide an alternative method of determining the tax book value of assets (the "alternative tax book value method"). The alternative tax book value method allows a taxpayer to elect to determine the tax book value of its tangible property that is subject to depreciation under section 168 as though all such property had been depreciated using ADS under section 168(g)(2) during the entire period in which it has been in service. The temporary regulations further provide that tax book value will be determined without regard to the election to expense certain depreciable assets under section 179. Because tax book value will be

computed under ADS, the rules permitting a special allowance for property acquired after September 10, 2001, and before January 1, 2005, will not apply. See section 168(k)(2)(C)(ii). Application of section 168(g)(2) as prescribed by these temporary regulations applies solely for determining an asset's tax book value for purposes of apportioning expenses (including the calculation of the alternative minimum tax foreign tax credit pursuant to section 59(a)) under the asset method described in §1.861-9T(g). Application of section 168(g)(2) pursuant to these regulations does not otherwise affect the result under other provisions of the Code, including the amount of any deduction claimed under sections 167, 168, 169, 263(a), 617, or any other capital cost recovery provision.

The elective alternative to the existing tax book valuation method provides taxpayers with the option of determining the adjusted bases of both foreign and domestic assets under one consistent depreciation method for purposes of apportioning expenses under the asset method described in §1.861-9T(g). A uniform depreciation methodology will help reduce the basis disparity between foreign and domestic assets that can occur under the existing tax book value method.

The temporary regulations generally provide that, for a taxpayer that elects the alternative tax book value method, the tax book value of tangible property that is depreciated under section 168 is determined as though such property were subject to the alternative depreciation system under section 168(g) for the entire period that such property has been in service. Thus, if a taxpayer elects the alternative tax book value method effective for the 2005 taxable year, the tax book value of tangible property placed in service in 2006 is determined each year using the rules of section 168(g) that apply to property placed in service in 2006. However, in the case of tangible property placed in service in a taxable year prior to the first taxable year to which the election to use the alternative method applies, the tax book value of such property is determined using the alternative depreciation system rules that apply to property placed in service in the taxable year to which the election first applies. Thus, if a taxpayer elects the alternative tax book value method effective for the

2005 taxable year, the tax book value of tangible property placed in service in 2004 and prior years is determined each year using the rules of section 168(g) that apply to property placed in service in 2005. A special rule also applies in determining tax book value in cases where a taxpayer makes an election to use the alternative tax book value method after recently (within three years) revoking a prior election to use that method.

The temporary regulations do not modify the rules for determining when property is placed in service for purposes of section 168. If a taxpayer acquires property with a carryover or substituted basis, the determination of the tax book value of that property using the alternative tax book value method will reflect that carryover or substituted basis, determined using the general rule for property placed in service during or after the year of election and using the special rule for property placed in service before the year of election. The Treasury Department and the IRS recognize that acquisitions, mergers, and similar transactions involving taxpayers that use different methods of interest expense apportionment may raise particular issues in applying these rules. The Treasury Department and the IRS request comments regarding the use of the alternative tax book value method with respect to tangible property acquired pursuant to an acquisition, merger, or similar transaction and placed in service in a taxable year prior to such transaction.

The temporary regulations set forth rules for electing the alternative tax book value method. Generally, taxpayers may elect to value their assets using the alternative tax book value method with respect to any taxable year beginning on or after March 26, 2004. Once made, the election applies to all members of an affiliated group of corporations (as defined in §§1.861-11(d) and 1.861-11T(d)). Taxpayers electing the alternative tax book value method may change from that method to the fair market value method at any time for any open year. However, taxpayers using the fair market value method must obtain the consent of the Commissioner to change methods, including a change to the alternative tax book value method.

In conjunction with the issuance of these regulations, the Treasury Department and the IRS intend to issue a revenue procedure to provide temporary rules granting taxpayers automatic consent to change from the fair market value method to the alternative tax book value method. It is anticipated that the revenue procedure will apply to changes in method of apportionment made during a two-year period after March 26, 2004, with the automatic consent applying to taxable years that begin on or after March 26, 2004, and for which the taxpayer has not filed its income tax return. Comments are requested concerning such an automatic consent procedure, including the appropriateness of a two-year period of time for these purposes.

The Treasury Department and the IRS are aware that application of the existing tax book value method may result in other similar disparities between the valuation of domestic and foreign assets. Accordingly, comments are requested regarding whether additional modifications to the tax book value method may be appropriate to address potential disparities arising from other cost recovery provisions, such as the treatment of intangible drilling costs, that distinguish between assets based on place of use.

These temporary regulations are intended to improve the operation of the rules relating to the allocation and apportionment of interest expense. The Treasury Department and the IRS also are considering additional guidance with respect to interest expense allocation and apportionment for purposes of §1.861-9T(h). In particular, to prevent overvaluation of tangible assets under the fair market value method, the Treasury Department and the IRS intend to address situations in which a taxpayer that uses the fair market value method of apportionment takes the position that the value of its tangible assets pursuant to §1.861-9T(h)(1)(ii) exceeds the aggregate value of its assets pursuant to §1.861-9T(h)(1)(i). Comments are requested regarding modifications to the current regulations to address this situation.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order

12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations. For the applicability of the Regulatory Flexibility Act (5 U.S.C. chapter 6), refer to the Special Analyses section of the preamble to the cross-reference notice of proposed rulemaking published in this issue of the Bulletin. Pursuant to section 7805(f) of the Internal Revenue Code, these regulations will be submitted to the Chief Counsel of Advocacy of the Small Business Administration for comment on its impact on small businesses.

Drafting Information

The principal author of these regulations is Margaret A. Hogan, Office of Associate Chief Counsel (International). However, other personnel from the IRS and Treasury Department participated in their development.

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Amendments to the Regulations

Accordingly, 26 CFR Part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for §1.861-9 is amended by adding entries in numerical order to read in part as follows:

Authority: 26 U.S.C. 7805.

Sections 1.861-9 and 1.861-9T also issued under 26 U.S.C. 863(a), 26 U.S.C. 864(e), 26 U.S.C. 865(i), and 26 U.S.C. 7701(f). * * *

Par. 2. Section 1.861-9 is amended by:

1. Revising paragraphs (a) through (g)(1)(i).

2. Adding paragraphs (g)(1)(ii) through (h)(4), (h)(6), (i), and (j).

The revisions and additions read as follows:

§1.861-9 Allocation and apportionment of interest expense.

(a) through (g)(1)(i) [Reserved]. For further guidance, see §1.861-9T(a) through (g)(1)(i).

(g)(1)(ii) [Reserved]. For further guidance, see the second sentence in §1.861-9T(g)(1)(ii).

(g)(1)(iii) through (h)(4) [Reserved]. For further guidance, see §1.861-9T(g)(1)(iii) through (h)(4).

(h)(5) * * *

(h)(6) through (j) [Reserved]. For further guidance, see §1.861-9T(h)(6) through (j).

Par. 3. Section 1.861-9T is amended by:

1. Revising the section heading.

2. Adding a new sentence after the first sentence in paragraph (g)(1)(ii) introductory text.

3. Adding paragraph (i).

The revisions and addition read as follows:

§1.861-9T Allocation and apportionment of interest expense (temporary).

* * * * *

(g) * * * (1) * * * (i) * * *

(ii) * * * For rules concerning the application of an alternative method of valuing assets for purposes of the tax book value method, see paragraph (i) of this section.

* * *

* * * * *

(i) *Alternative tax book value method*—(1) *Alternative value for certain tangible property.* A taxpayer may elect to determine the tax book value of its tangible property that is depreciated under section 168 (section 168 property) using the rules provided in this paragraph (the alternative tax book value method). The alternative tax book value method applies solely for purposes of apportioning expenses (including the calculation of the alternative minimum tax foreign tax credit pursuant to section 59(a)) under the asset method described in paragraph (g) of this section.

(i) The tax book value of section 168 property placed in service during or after the first taxable year to which the election to use the alternative tax book value method applies shall be determined as though such property were subject to the alternative depreciation system under section 168(g) for the entire period that such property has been in service.

(ii) In the case of section 168 property placed in service prior to the first taxable year to which the election to use the alternative tax book value method applies, the

tax book value of such property shall be determined under the depreciation method, convention, and recovery period provided for under section 168(g) for the first taxable year to which the election applies.

(iii) If a taxpayer revokes an election to use the alternative tax book value method (“the prior election”) and later makes another election to use the alternative tax book value method (the “subsequent election”) that is effective for a taxable year that begins within 3 years of the end of the last taxable year to which the prior election applied, the taxpayer shall determine the tax book value of its section 168 property as though the prior election has remained in effect.

(iv) The tax book value of section 168 property shall be determined without regard to the election to expense certain depreciable assets under section 179.

(v) *Examples.* The provisions of this paragraph (i)(1) are illustrated in the following examples:

Example 1. In 2000, a taxpayer purchases and places in service section 168 property used solely in the United States. In 2005, the taxpayer elects to use the alternative tax book value method, effective for the current taxable year. For purposes of determining the tax book value of its section 168 property, the taxpayer’s depreciation deduction is determined by applying the method, convention, and recovery period rules of the alternative depreciation system under section 168(g)(2) as in effect in 2005 to the taxpayer’s original cost basis in such property. In 2006, the taxpayer acquires and places in service in the United States new section 168 property. The tax book value of this section 168 property is determined under the rules of section 168(g)(2) applicable to property placed in service in 2006.

Example 2. Assume the same facts as in *Example 1*, except that the taxpayer revokes the alternative tax book value method election effective for taxable year 2010. Additionally, in 2011, the taxpayer acquires new section 168 property and places it in service in the United States. If the taxpayer elects to use the alternative tax book value method effective for taxable year 2012, the taxpayer must determine the tax book value of its section 168 property as though the prior election still applied. Thus, the tax book value of property placed in service prior to 2005 would be determined by applying the method, convention, and recovery period rules of the alternative depreciation system under section 168(g)(2) applicable to property placed in service in 2005. The tax book value of section 168 property placed in service during any taxable year after 2004 would be determined by applying the method, convention, and recovery period rules of the alternative depreciation system under section 168(g)(2) applicable to property placed in service in such taxable year.

(2) *Timing and scope of election.* (i) Except as provided in this paragraph (i)(2),

a taxpayer may elect to use the alternative tax book value method with respect to any taxable year beginning on or after March 26, 2004. However, pursuant to §1.861-8T(c)(2), a taxpayer that has elected the fair market value method must obtain the consent of the Commissioner prior to electing the alternative tax book value method. Any election made pursuant to this paragraph (i)(2) shall apply to all members of an affiliated group of corporations as defined in §§1.861-11(d) and 1.861-11T(d). Any election made pursuant to this paragraph (i)(2) shall apply to all subsequent taxable years of the taxpayer unless revoked by the taxpayer. Revocation of such an election, other than in conjunction with an election to use the fair market value method, for a taxable year prior to the sixth taxable year for which the election applies requires the consent of the Commissioner.

(ii) *Example.* The provisions of this paragraph (i)(2) are illustrated in the following example:

Example. Corporation X, a calendar year taxpayer, elects on its original, timely filed tax return for the taxable year ending December 31, 2007, to use the alternative tax book value method for its 2007 year. The alternative tax book value method applies to X’s 2007 year and all subsequent taxable years. X may not, without the consent of the Commissioner, revoke its election and determine tax book value using a method other than the alternative tax book value method with respect to any taxable year beginning before January 1, 2012. However, X may automatically elect to change from the alternative tax book value method to the fair market value method for any open year.

(3) *Effective date.* (i) Paragraph (i) of this section applies to taxable years beginning on or after March 26, 2004.

(ii) The applicability of this paragraph (i) expires on or before March 26, 2007.

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Mark E. Matthews,
*Deputy Commissioner for
Services and Enforcement.*

Approved March 16, 2004.

Gregory Jenner,
Assistant Secretary of the Treasury.

(Filed by the Office of the Federal Register on March 25, 2004, 8:45 a.m., and published in the issue of the Federal Register for March 26, 2004, 69 F.R. 15673)

Section 1274.—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also sections 42, 280G, 382, 412, 467, 468, 482, 483, 642, 807, 846, 1288, 7520, 7872.)

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for May 2004.

Rev. Rul. 2004-44

This revenue ruling provides various prescribed rates for federal income tax purposes for May 2004 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes

of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(2) for buildings placed in service during the current month. Finally, Table 5 contains the federal rate for determining the present value of annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	1.50%	1.49%	1.49%	1.49%
110% AFR	1.65%	1.64%	1.64%	1.63%
120% AFR	1.80%	1.79%	1.79%	1.78%
130% AFR	1.95%	1.94%	1.94%	1.93%
<i>Mid-Term</i>				
AFR	3.16%	3.14%	3.13%	3.12%
110% AFR	3.48%	3.45%	3.44%	3.43%
120% AFR	3.81%	3.77%	3.75%	3.74%
130% AFR	4.12%	4.08%	4.06%	4.05%
150% AFR	4.77%	4.71%	4.68%	4.66%
175% AFR	5.58%	5.50%	5.46%	5.44%
<i>Long-Term</i>				
AFR	4.65%	4.60%	4.57%	4.56%
110% AFR	5.12%	5.06%	5.03%	5.01%
120% AFR	5.60%	5.52%	5.48%	5.46%
130% AFR	6.07%	5.98%	5.94%	5.91%

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.28%	1.28%	1.28%	1.28%
Mid-term adjusted AFR	2.52%	2.50%	2.49%	2.49%
Long-term adjusted AFR	4.19%	4.15%	4.13%	4.11%

REV. RUL. 2004-44 TABLE 3

Rates Under Section 382 for May 2004

Adjusted federal long-term rate for the current month	4.19%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	4.19%

REV. RUL. 2004-44 TABLE 4

Appropriate Percentages Under Section 42(b)(2) for May 2004

Appropriate percentage for the 70% present value low-income housing credit	7.91%
Appropriate percentage for the 30% present value low-income housing credit	3.39%

REV. RUL. 2004-44 TABLE 5

Rate Under Section 7520 for May 2004

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	3.8%
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Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 1502.—Regulations

26 CFR 1.1502-31: Stock basis after a group structure change.

T.D. 9122

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

Guidance Under Section 1502; Stock Basis After a Group Structure Change

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulation.

SUMMARY: This document contains final regulations under section 1502 providing

guidance regarding the determination of basis in the stock of the former common parent following a group structure change. These final regulations affect corporations filing consolidated returns.

DATES: These regulations are effective April 26, 2004.

FOR FURTHER INFORMATION CONTACT: Ross Poulsen, (202) 622-7770 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to the Income Tax Regulations (26 CFR part 1) under section 1502 of the Internal Revenue Code of 1986 (Code), specifically §1.1502-31, relating to the determination of the basis of stock in the former common parent after a group structure change. Section 1.1502-31 applies if one corporation (P) succeeds another corporation (T) under the principles of §1.1502-75(d)(2) or (3) as the common parent of a consolidated group in a group structure change. Section 1.1502-31 provides that if a corporation acquires stock of the former common parent in a group structure change, the basis of the members in the former common parent's stock immediately after the group structure change is generally redetermined

to reflect the former common parent's net asset basis.

Because of a concern that the application of the net asset basis rule may produce inappropriate results on the disposition of stock acquired in a transaction in which, under generally applicable rules, the basis of the acquired stock would otherwise be determined by reference to the acquirer's cost, the IRS and Treasury Department issued regulations proposing to except from the application of the net asset basis rule stock acquired in a transaction in which gain or loss was recognized in whole. Those regulations were included in a notice of proposed rulemaking (REG-130262-03, 2003-37 I.R.B. 553 [68 FR 40579]) published in the **Federal Register** [technical correction published in 68 FR 52545] on July 8, 2003.

No public hearing was requested or held regarding the proposed regulations. One written comment, however, was received. That comment urged the expeditious promulgation of the proposed regulations as final regulations.

This Treasury decision adopts the proposed regulations without substantive changes as final regulations. The final regulations apply to group structure changes that occur after April 26, 2004. With respect to group structure changes that occur on or before April 26, 2004, and in a consolidated return year beginning on

or after January 1, 1995, these regulations apply at the election of the group.

Special Analyses

It has been determined that these regulations are not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It is hereby certified that these regulations do not have a significant impact on a substantial number of small entities. This certification is based on the fact that these regulations primarily will affect affiliated groups of corporations, which tend to be larger businesses. Moreover, the number of taxpayers affected is minimal and the regulations will simplify basis determinations. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. Pursuant to section 7805(f) of the Code, the proposed regulations preceding these regulations were submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact.

Drafting Information

The principal author of this regulation is Ross Poulsen, Office of Associate Chief Counsel (Corporate). However, other personnel from the IRS and Treasury Department participated in their development.

* * * * *

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.1502-31 is amended by revising paragraphs (b)(2), (d)(2)(ii), (g), and (h) to read as follows:

§1.1502-31 Stock basis after a group structure change.

* * * * *

(b) * * *

(2) *Stock acquisitions.* If a corporation acquires stock of the former common parent in a group structure change,

the basis of the members in the former common parent's stock immediately after the group structure change (including any stock of the former common parent owned before the group structure change) that is, or would otherwise be, transferred basis property is redetermined in accordance with the results for an asset acquisition described in paragraph (b)(1) of this section. For example, if all of T's stock is contributed to P in a group structure change to which section 351 applies, P's basis in T's stock is T's net asset basis, rather than the amount determined under section 362. Similarly, if S merges into T in a group structure change described in section 368(a)(2)(E) and P acquires all of the T stock, P's basis in T's stock is the basis that P would have in S's stock under paragraph (b)(1) of this section if T had merged into S in a group structure change described in section 368(a)(2)(D).

* * * * *

(d) * * *

(2) * * *

(ii) *Stock acquisitions.* If less than all of the former common parent's stock is subject to the redetermination described in paragraph (b)(2) of this section, the percentage of the former common parent's net asset basis taken into account in the redetermination equals the percentage (by fair market value) of the former common parent's stock subject to the redetermination. For example, if P owns less than all of the former common parent's stock immediately after the group structure change and such stock would otherwise be transferred basis property, only an allocable part of the basis determined under this section is reflected in the shares owned by P (and the amount allocable to shares owned by nonmembers has no effect on the basis of their shares). Alternatively, if P acquired 10 percent of the former common parent's stock in a transaction in which the stock basis was determined by P's cost, and P later acquires the remaining 90 percent of the former common parent's stock in a separate transaction that is described in paragraph (b)(2) of this section, P retains its cost basis in its original stock and the basis of P's newly acquired shares reflects only an allocable part of the former common parent's net asset basis.

* * * * *

(g) *Examples.* For purposes of the examples in this section, unless otherwise stated, all corporations have only one class of stock outstanding, the tax year of all persons is the calendar year, all persons use the accrual method of accounting, the facts set forth the only corporate activity, all transactions are between unrelated persons, and tax liabilities are disregarded. The principles of this section are illustrated by the following examples:

Example 1. Forward triangular merger. (i) *Facts.* P is the common parent of one group and T is the common parent of another. T has assets with an aggregate basis of \$60 and fair market value of \$100 and no liabilities. T's shareholders have an aggregate basis of \$50 in T's stock. In Year 1, pursuant to a plan, P forms S and T merges into S with the T shareholders receiving \$100 of P stock in exchange for their T stock. The transaction is a reorganization described in section 368(a)(2)(D). The transaction is also a reverse acquisition under §1.1502-75(d)(3) because the T shareholders, as a result of owning T's stock, own more than 50% of the value of P's stock immediately after the transaction. Thus, the transaction is a group structure change under §1.1502-33(f)(1), and P's earnings and profits are adjusted to reflect T's earnings and profits immediately before T ceases to be the common parent of the T group.

(ii) *Analysis.* Under paragraph (b)(1) of this section, P's basis in S's stock is adjusted to reflect T's net asset basis. Under paragraph (c) of this section, T's net asset basis is \$60, the basis T would have in the stock of a subsidiary under section 358 if T had transferred all of its assets and liabilities to the subsidiary in a transaction to which section 351 applies. Thus, P has a \$60 basis in S's stock.

(iii) *Pre-existing S.* The facts are the same as in paragraph (i) of this *Example 1*, except that P has owned the stock of S for several years and P has a \$50 basis in the S stock before the merger with T. Under paragraph (b)(1) of this section, P's \$50 basis in S's stock is adjusted to reflect T's net asset basis. Thus, P's basis in S's stock is \$110 (\$50 plus \$60).

(iv) *Excess loss account included in former common parent's net asset basis.* The facts are the same as in paragraph (i) of this *Example 1*, except that T has two assets, an operating asset with an \$80 basis and \$90 fair market value, and stock of a subsidiary with a \$20 excess loss account and \$10 fair market value. Under paragraph (c) of this section, T's net asset basis is \$60 (\$80 minus \$20). See sections 351 and 358, and §1.1502-19. Consequently, P has a \$60 basis in S's stock. Under section 362 and §1.1502-19, S has an \$80 basis in the operating asset and a \$20 excess loss account in the stock of the subsidiary.

(v) *Liabilities in excess of basis.* The facts are the same as in paragraph (i) of this *Example 1*, except that T's assets have a fair market value of \$170 (and \$60 basis) and are subject to \$70 of liabilities. Under paragraph (c) of this section, T's net asset basis is negative \$10 (\$60 minus \$70). See sections 351 and 358, and §§1.1502-19 and 1.1502-80(d). Thus, P has a \$10 excess loss account in S's stock. Under section 362, S has a \$60 basis in its assets (which are subject to \$70 of liabilities). (Under paragraph (a)(2) of this section, because the liabilities are taken into account

in determining net asset basis under paragraph (c) of this section, the liabilities are not also taken into account as consideration not provided by P under paragraph (d)(1) of this section.)

(vi) *Consideration provided by S.* The facts are the same as in paragraph (i) of this *Example 1*, except that P forms S with a \$100 contribution at the beginning of Year 1, and during Year 6, pursuant to a plan, S purchases \$100 of P stock and T merges into S with the T shareholders receiving P stock in exchange for their T stock. Under paragraph (b)(1) of this section, P's \$100 basis in S's stock is increased by \$60 to reflect T's net asset basis. Under paragraph (d)(1) of this section, P's basis in S's stock is decreased by \$100 (the fair market value of the P stock) because the P stock purchased by S and used in the transaction is consideration not provided by P.

(vii) *Appreciated asset provided by S.* The facts are the same as in paragraph (i) of this *Example 1*, except that P has owned the stock of S for several years, and the shareholders of T receive \$60 of P stock and an asset of S with a \$30 adjusted basis and \$40 fair market value. S recognizes a \$10 gain from the asset under section 1001. Under paragraph (b)(1) of this section, P's basis in S's stock is increased by \$60 to reflect T's net asset basis. Under paragraph (d)(1) of this section, P's basis in S's stock is decreased by \$40 (the fair market value of the asset provided by S). In addition, P's basis in S's stock is increased under §1.1502-32(b) by S's \$10 gain.

(viii) *Depreciated asset provided by S.* The facts are the same as in paragraph (i) of this *Example 1*, except that P has owned the stock of S for several years, and the shareholders of T receive \$60 of P stock and an asset of S with a \$50 adjusted basis and \$40 fair market value. S recognizes a \$10 loss from the asset under section 1001. Under paragraph (b)(1) of this section, P's basis in S's stock is increased by \$60 to reflect T's net asset basis. Under paragraph (d)(1) of this section, P's basis in S's stock is decreased by \$40 (the fair market value of the asset provided by S). In addition, S's \$10 loss is taken into account under §1.1502-32(b) in determining P's basis adjustments under that section.

Example 2. Stock acquisition. (i) *Facts.* P is the common parent of one group and T is the common parent of another. T has assets with an aggregate basis of \$60 and fair market value of \$100 and no liabilities. T's shareholders have an aggregate basis of \$50 in T's stock. Pursuant to a plan, P forms S and S acquires all of T's stock in exchange for P stock in a transaction described in section 368(a)(1)(B). The transaction is also a reverse acquisition under §1.1502-75(d)(3). Thus, the transaction is a group structure change under §1.1502-33(f)(1), and the earnings and profits of

P and S are adjusted to reflect T's earnings and profits immediately before T ceases to be the common parent of the T group.

(ii) *Analysis.* Under paragraph (d)(4) of this section, although S is not the new common parent of the T group, adjustments must be made to S's basis in T's stock in accordance with the principles of this section. Although S's basis in T's stock would ordinarily be determined under section 362 by reference to the basis of T's shareholders in T's stock immediately before the group structure change, under the principles of paragraph (b)(2) of this section, S's basis in T's stock is determined by reference to T's net asset basis. Thus, S's basis in T's stock is \$60.

(iii) *Higher-tier adjustments.* Under paragraph (d)(4) of this section, P's basis in S's stock is increased by \$60 (to be consistent with the adjustment to S's basis in T's stock).

(iv) *Cross ownership.* The facts are the same as in paragraph (i) of this *Example 2*, except S purchased 10% of T's stock from an unrelated person for cash. In an unrelated transaction, S acquires the remaining 90% of T's stock in exchange for P stock. S's basis in the initial 10% of T's stock is not redetermined under this section. However, S's basis in the additional 90% of T's stock is redetermined under this section. S's basis in that stock is adjusted to \$54 (90% of T's net asset basis).

(v) *Allocable share.* The facts are the same as in paragraph (i) of this *Example 2*, except that P owns only 90% of S's stock immediately after the group structure change. S's basis in T's stock is the same as in paragraph (ii) of this *Example 2*. Under paragraph (d)(2) of this section, P's basis in its S stock is increased by \$54 (90% of S's \$60 adjustment).

Example 3. Taxable stock acquisition. (i) *Facts.* P is the common parent of one group and T is the common parent of another. T has assets with an aggregate basis of \$60 and fair market value of \$100 and no liabilities. T's shareholders have an aggregate basis of \$50 in T's stock. Pursuant to a plan, P acquires all of T's stock in exchange for \$70 of P's stock and \$30 in a transaction that is a group structure change under §1.1502-33(f)(1). P's acquired T stock is not transferred basis property. (Because of P's use of cash, the acquisition is not a transaction described in section 368(a)(1)(B).)

(ii) *Analysis.* The rules of this section do not apply to determine P's basis in T's stock. Therefore, P's basis in T's stock is \$100.

(h) *Effective dates — (1) General rule.* This section applies to group structure changes that occur after April 26, 2004. However, a group may apply this section

to group structure changes that occurred on or before April 26, 2004, and in consolidated return years beginning on or after January 1, 1995.

(2) *Prior law.* For group structure changes that occur on or before April 26, 2004, and in consolidated return years beginning on or after January 1, 1995, with respect to which the group does not elect to apply the provisions of this section, see §1.1502-31 as contained in the 26 CFR part 1 edition revised as of April 1, 2003. For group structure changes that occur in consolidated return years beginning before January 1, 1995, see §1.1502-31T as contained in the 26 CFR part 1 edition revised as of April 1, 1994.

Mark E. Matthews,
*Deputy Commissioner for
Services and Enforcement.*

Approved April 14, 2004.

Gregory F. Jenner,
Acting Assistant Secretary of the Treasury.

(Filed by the Office of the Federal Register on April 23, 2004, 8:45 a.m., and published in the issue of the Federal Register for April 26, 2004, 69 F.R. 22399)

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Section 7872.—Treatment of Loans With Below-Market Interest Rates

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2004. See Rev. Rul. 2004-44, page 885.

Part III. Administrative, Procedural, and Miscellaneous

Distributions to Private Foundations From Trusts or Estates: Net Investment Income

Notice 2004-35

PURPOSE

This notice announces that the Internal Revenue Service intends to propose regulations modifying the regulations under section 4940 of the Internal Revenue Code of 1986, as amended, with respect to distributions received by private foundations from trusts and estates.

BACKGROUND

Section 4940 imposes a tax on private foundations based on the foundation's net investment income. Net investment income is defined in section 4940(c)(1) as the amount by which the sum of the gross investment income and the capital gain net income exceeds certain deductions. Net investment income is to be determined under the principles of subtitle A except to the extent inconsistent with the principles of section 4940.

Treas. Reg. § 53.4940-1(d)(2) states that a distribution from a trust described in section 4947(a)(1) or (2) or from an estate does not retain its character in the hands of the distributee private foundation. Thus, these distributions are not included in net investment income for purposes of section 4940. Treas. Reg. § 53.4940-1(d)(2) also states that a distribution from a section 4947(a)(2) trust that is attributable to transfers in trust after May 26, 1969, retains its character in the hands of the distributee private foundation unless the income is taken into account as a result of the application of section 671. The regulation is silent on the treatment of distributions from trusts other than trusts described in section 4947.

Because distributions of income received by a private foundation from some types of trusts, but not other types of trusts or estates, are included in the private foundation's net investment income for purposes of section 4940, Treas. Reg. § 53.4940-1(d)(2) leads to inconsistent results. For example, a distribution of

income made during the administration of an estate for which a deduction is claimed under section 642(c) does not retain its character in the hands of the distributee private foundation. However, a distribution of income from a non-grantor charitable lead trust described in section 4947(a)(2) for which the trust claims a section 642(c) deduction does retain its character in the hands of the distributee private foundation, if the income is attributable to amounts placed in trust after May 26, 1969.

After studying the application of section 4940 and Treas. Reg. § 53.4940-1(d)(2) to distributions from various types of trusts and estates, the Treasury Department and the Internal Revenue Service have concluded that the disparate treatment of distributions under section 4940 is no longer appropriate.

PROPOSED ACTION

The Treasury Department and the Internal Revenue Service intend to propose regulations modifying Treas. Reg. § 53.4940-1(d)(2) to provide that a private foundation's net investment income for purposes of section 4940 does not include distributions from trusts and estates. Until further guidance is promulgated, income distributions from trusts and estates will not retain their character in the hands of a distributee private foundation for purposes of determining the foundation's net investment income under section 4940(c).

CURRENT RETURN PROCESSING

For current tax returns, any private foundation to which this notice applies should mark, "Filed pursuant to Notice 2004-35" on the front page of its Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*. Returns should be completed in accordance with this notice pending corresponding changes to Form 990-PF and the accompanying instructions.

REFUND PROCESSING

For years in which the statute of limitations has not expired and for which a refund of section 4940 taxes paid is

sought, the private foundation must file an amended Form 990-PF. The private foundation should mark the front page of the amended return (or returns) "Filed pursuant to Notice 2004-35."

COMMENTS

The Service welcomes comments and suggestions relating to the amendment of the regulations on distributions from trusts and estates to private foundations. Written comments should be submitted by August 9, 2004, to CC:PA:LPD:RU (Notice 2004-35), Room 5203, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, D.C. 20044. Comments may be hand delivered between the hours of 8 a.m. and 5 p.m., Monday through Friday to CC:PA:LPD:RU (Notice 2004-35), Courier's Desk, Internal Revenue Service, 1111 Constitution Ave., NW, Washington D.C. Alternatively, comments may be submitted electronically via e-mail to the following address: Notice.Comments@irscounsel.treas.gov. All comments will be available for public inspection.

DRAFTING INFORMATION

The principal author of this notice is Ronald B. Weinstock of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice, contact Mr. Weinstock at (202) 622-3094 or contact Oksana O. Xenos of the Office of the Commissioner (Tax Exempt and Government Entities) at 202-283-9469 (not a toll-free number).

Split-Interest Trust Distributions to Private Foundations: Distributable Amount

Notice 2004-36

PURPOSE

This notice provides guidance to private foundations on the treatment of certain distributions received from split-interest trusts described in section 4947(a)(2)

of the Internal Revenue Code of 1986, as amended, in light of the courts' decisions in *Ann Jackson Family Foundation v. Commissioner*, 97 T.C. 534 (1991), *aff'd*, 15 F.3d 917 (9th Cir. 1994).

BACKGROUND

Section 4942(a) imposes a tax on the amount of undistributed income of a private foundation for any taxable year that is not distributed by the first day of the second taxable year following such taxable year. Section 4942(c) defines undistributed income as the amount by which the distributable amount for the taxable year exceeds the qualifying distributions made out of the distributable amount. Section 4942(d) defines distributable amount as the minimum investment return (plus certain refunds of amounts previously taken into account as qualifying distributions), reduced by the taxes imposed on the private foundation under subtitle A and section 4940. Treas. Reg. § 53.4942(a)-2(b)(2), provides that the distributable amount of a private foundation shall be increased by the income portion of distributions from trusts described in section 4947(a)(2) with respect to amounts placed into trust after March 26, 1969. In *Ann Jackson Family Foundation*, the Tax Court held that Treas. Reg. § 53.4942(a)-2(b)(2) was invalid to the extent the regulation requires including in the private foundation's distributable amount for the year the full amount of the income portion of distributions from split-interest trusts. The court determined that the language of section 4942 did not support this interpretative regulation.

PROPOSED ACTION

The Treasury Department and the Internal Revenue Service intend to propose regulations modifying the regulations under section 4942 in a manner consistent with the holdings of the Tax Court and the Ninth Circuit in *Ann Jackson Family Foundation*. Until further guidance is promulgated, private foundations should compute the distributable amount under section 4942(d) without regard to Treas. Reg. § 53.4942(a)-2(b)(2).

CURRENT RETURN PROCESSING

For current tax returns, any private foundation to which this notice applies should mark "Filed pursuant to Notice 2004-36" on the front page of its Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*. If a Form 4720, *Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code*, is filed, Schedule B (Initial Tax on Undistributed Income) should be computed disregarding distributions received from section 4947(a)(2) trusts. Returns should be completed in accordance with this notice pending corresponding changes to Form 990-PF and Form 4720 and the accompanying instructions.

Form 990-PF requires information with respect to not only the current tax year, but also prior tax years, particularly Parts XI and XIII. Private foundations may wish to complete these Parts as if prior year returns had been completed in accordance with this Notice rather than the Form instructions. Private foundations may include a schedule to show how the information provided on such return varies from prior year returns as filed. It is not necessary for a private foundation to file amended returns for prior years, but it will be expected to retain the supporting information and computations for the changes that would have been reflected had amended returns been filed.

REFUND PROCESSING

For years in which the statute of limitations has not expired and for which a refund of section 4942 taxes paid is sought, the private foundation must file an amended Form 990-PF and an amended Form 4720 for that year with a schedule showing the corrected amount of section 4942 liability pursuant to this Notice. The private foundation should mark the front page of the amended return (or returns) "Filed pursuant to Notice 2004-36."

COMMENTS

The Service welcomes comments and suggestions relating to the amendment of the regulations on distributions from split-interest trusts to private foundations. Written comments should be submitted by August 9, 2004, to CC:PA:LPD:RU

(Notice 2004-36), Room 5203, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, D.C. 20044. Comments may be hand delivered between the hours of 8 a.m. and 5 p.m., Monday through Friday to CC:PA:LPD:RU (Notice 2004-36), Courier's Desk, Internal Revenue Service, 1111 Constitution Ave., NW, Washington D.C. Alternatively, comments may be submitted electronically via e-mail to the following address: Notice.Comments@irs.counsel.treas.gov. All comments will be available for public inspection.

DRAFTING INFORMATION:

The principal author of this notice is Ronald B. Weinstock of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice, contact Mr. Weinstock at (202) 622-3094 or contact Oksana O. Xenos of the Office of the Commissioner (Tax Exempt and Government Entities) at 202-283-9469 (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 692, 7508A; 1.692-1, 1.7508A-1.)

Rev. Proc. 2004-26

SECTION 1. PURPOSE

This revenue procedure provides guidance for representatives of certain military or civilian employees of the United States who die as a result of injuries incurred in a terrorist or military action. It provides guidance for having tax forgiven or for claiming refunds of tax under section 692(c) of the Internal Revenue Code, as amended by the Victims of Terrorism Tax Relief Act of 2001, Pub. L. No. 107-134. It also provides procedures by which the Secretary will determine whether a terrorist or military action has occurred.

SECTION 2. BACKGROUND

.01 Prior to amendment by the Victims of Terrorism Tax Relief Act of 2001, Pub. L. No. 107-134 (the Act), section 692(c)(1) provided that, in the case of any

individual military or civilian employee of the United States who died as a result of wounds or injury incurred in a terrorist or military action outside the United States while the individual was a military or civilian employee of the United States, any tax imposed by subtitle A of the Code (income tax) did not apply with respect to the taxable year in which fell the date of death and with respect to any prior taxable year in the period beginning with the last taxable year ending before the taxable year in which the wounds or injury were incurred.

.02 Section 113(b) of the Act amended section 692(c) to remove the requirement that the employee must have incurred the wounds or injuries outside the United States. This amendment applies to tax years ending on or after September 11, 2001. Section 692(c)(1), as amended, provides that, in the case of any individual military or civilian employee of the United States who dies as a result of wounds or injury incurred in a terrorist or military action while the individual was a military or civilian employee of the United States, any tax imposed by subtitle A of the Code (income tax) shall not apply with respect to the taxable year in which falls the date of death and with respect to any prior taxable year in the period beginning with the last taxable year ending before the taxable year in which the wounds or injury were incurred.

.03 Section 692(c)(2) defines “terroristic or military action” as any terrorist activity which a preponderance of the evidence indicates was directed against the United States or any of its allies and any military action involving the Armed Forces of the United States and resulting from violence or aggression against the United States or any of its allies (or threat thereof). Terrorist activity includes criminal offenses intended to coerce, intimidate, or retaliate against the government or civilian population. See, e.g., Homeland Security Act of 2002, Pub. L. No. 107–296, sec. 2(15), 116 Stat. 2135, 2141, 6 U.S.C. § 101(15).

.04 Section 111 of the Act added section 139 to the Code. Section 139 provides that gross income shall not include any amount received by an individual as a qualified disaster relief payment. A qualified disaster includes a disaster which results from a terrorist or military action, as defined in section 692(c)(2). I.R.C. § 139(c)(1).

.05 Section 112(a) of the Act grants the Secretary authority under section 7508A to disregard a period of time (up to one year) for determining: (a) the timeliness of acts under section 7508(a)(1), (b) the amount of any addition to tax, and (c) the amount of any credit or refund, in the event of a terrorist or military action, as defined in section 692(c)(2). Section 112(c) of the Act amends the Employee Retirement Income Security Act, 29 U.S.C. § 1148 and 29 U.S.C. § 1302(i) (ERISA), to authorize the Secretary of Labor to disregard a period of up to one year for determining the timeliness of actions required under ERISA, in the event of a terrorist or military action, as defined by section 692(c)(2).

.06 Section 113 of the Act amends section 104(a)(5) of the Code to include compensation received for injuries or sickness as a result of a terrorist or military action, as defined by section 692(c)(2).

SECTION 3. SCOPE

.01 A determination under this revenue procedure that an act qualifies as a terrorist or military action within the meaning of section 692(c)(2) will apply with respect to the following provisions of the Code:

(1) section 104(a)(5) — which excludes from gross income amounts received by an individual as disability income attributable to injuries incurred as a direct result of a terrorist or military action;

(2) section 139(c) — which defines qualified disasters to include disasters which result from a terrorist or military action;

(3) section 692(c)(1) — which provides tax relief for certain military or civilian employees of the United States dying as a result of injuries incurred in a terrorist or military action; and

(4) section 7508A — which authorizes the Secretary to postpone certain deadlines by reason of Presidentially declared disasters or terrorist or military actions.

SECTION 4. PROCEDURE

.01 Making a determination that a terrorist or military action has occurred under section 692(c)(2) —

(1) Prior to publishing a determination that an event that occurred outside the United States constituted a terrorist action within the meaning of section 692(c)(2),

the Secretary will ascertain, allowing a reasonable time under the circumstances for response, from the Department of State and the Department of Justice whether those Departments believe that a preponderance of the evidence indicates that the event resulted from terrorist activity directed against the United States or its allies. The Secretary will follow the same procedures if an event that occurred within the United States has an international dimension, or if the perpetrators or cause of the event are unknown. An event within the United States has an “international dimension” if a preponderance of the evidence indicates that it involves: (a) an attack by a foreign perpetrator, or by a domestic perpetrator with links to a foreign principal (e.g., a foreign terrorist group, sponsor or financier); (b) an attack on a foreign national, family members in the United States of a foreign national, or a United States entity held by foreign owners; (c) an attack on a foreign diplomatic mission or on an international organization (including attacks on foreign diplomats and other internationally-protected persons in the United States); or (d) an attack on, or with its impact in, the United States, launched from across the border of the United States. See, generally, 22 U.S.C. § 2656f(d); 18 U.S.C. § 2331(1).

(2) Prior to publishing a determination that an event that occurred within the United States that does not have an international dimension constituted a terrorist action within the meaning of section 692(c)(2), the Secretary will ascertain, allowing a reasonable time under the circumstances for response, from the Department of Justice whether that Department believes that a preponderance of the evidence indicates that the event resulted from terrorist activity directed against the United States.

(3) Prior to publishing a determination that an event constituted a military action within the meaning of section 692(c)(2), the Secretary will consult the Department of Defense with respect to whether the event was a military action involving the Armed Forces of the United States resulting from violence or aggression against the United States or its allies.

(4) After determining that a terrorist or military action has occurred, the Secretary may exercise the authority under section 7508A to disregard a period of up to one

year for determining: (a) the timeliness of acts under section 7508(a)(1); (b) the amount of any addition to tax; and (c) the amount of any credit or refund.

(5) Taxpayers may rely on the published guidance to establish that particular events were terrorist or military actions for purposes of sections 104(a)(5), 139(c), and 692(c).

.02 Filing claims for credit or refund under section 692(c) —

(1) Representatives of employees who qualify for the benefits of section 692(c), and for whom no Form 1040, *U.S. Individual Income Tax Return*, has been filed, may claim those benefits, or claim a refund of withholding or estimated tax payments, by filing a Form 1040. The representatives should file those forms at the address provided in Publication 3920, *Tax Relief for Victims of Terrorist Attacks*. (Also see Publication 3920 for more detailed procedures for claiming a refund.) On joint returns reporting taxable income of the surviving spouse, taxpayers must make an allocation of the tax liability between spouses. See section 1.692-1(b) of the Income Tax Regulations. If the surviving spouse or other person filing the joint return cannot determine the proper allocation, he or she should attach a statement of all income and deductions allocable to each spouse and the IRS will make the proper allocation. The representative must attach the employee's Form W-2, *Wage and Tax Statement*.

(2) In the case of any employee for whom a Form 1040 already has been filed, claims for refund should be made by filing Form 1040X, *Amended U.S. Individual Income Tax Return*, with IRS at the address provided in Publication 3920. (Also see Publication 3920 for more detailed procedures for claiming a refund.) In cases where the previously filed return was a joint return that reported taxable income of the surviving spouse, the claim for refund must make an allocation of the tax liability between spouses. See section 1.692-1(b) of the Income Tax Regulations. If the surviving spouse or other person filing the claim for refund cannot determine the proper allocation, he or she should attach a statement of all income and deductions allocable to each spouse, and the IRS will make the proper allocation.

(3) All returns and claims for refund filed pursuant to this revenue procedure

should be identified by writing "KITA" (or other designation as set forth in Publication 3920 or other guidance the Service issues) in bold letters on the top of page 1 of the return or claim for refund.

(4) Returns and claims for refunds must be accompanied by the following documents:

(a) Form 1310, *Statement of Person Claiming Refund Due a Deceased Taxpayer*, unless: (i) the surviving spouse is filing an original or amended joint return, or (ii) the decedent's personal representative is filing an original Form 1040, in which case the personal representative must attach a copy of the court certificate showing his or her appointment, and;

(b)(i) For military and civilian employees of the Department of Defense — A certification made by the Department of Defense on DD Form 1300 that includes the name and social security number of the individual, the date of injury, the date of death, and a statement that the individual died as the result of a military or terrorist action and was an employee of the United States on the date of injury and on the date of death.

(ii) For United States government employees killed in the United States (who are not employees of the Department of Defense) —

(A) A death certificate stating the nature of the injury causing death or, if the cause of death is not apparent from the death certificate, a letter from the treating physician, medical examiner, or hospital stating the cause of death, and

(B) A certification from the federal employer that includes the name and social security number of the decedent, the date of injury, the date of death, a statement that the decedent was an employee of the United States on the date of injury and the date of death and, if the death was associated with an event that the Secretary has identified as a military action or terrorist activity in published guidance, a statement identifying the action or activity associated with the death. This certificate may be a form or letter from the employing agency's personnel department to the decedent's representative.

(iii) For United States government employees killed overseas (who are not employees of the Department of Defense) — A certification from the Department of State that the death was the result of ter-

rorist or military action outside the United States. The certification must be made in the form of a letter signed by the Director General of the Foreign Service, Department of State, or his or her delegate. The certification must include the name and social security number of the individual, the date of injury, the date of death, and a statement that the individual died as the result of a military or terrorist action outside the United States and was an employee of the United States on the date of injury and on the date of death.

(5) In a case in which a representative of a decedent who died as the result of terrorist or military action does not have enough tax information to file a timely claim for refund, the representative may stop the running of the period of limitations for making such a claim by filing Form 1040X with the IRS at the address provided in Publication 3920, attaching Form 1310, any other available documentation required by this revenue procedure, and a statement that an amended claim will be filed as soon as the additional requisite information is ascertained.

(6) If an event occurs in the United States that the representative of a decedent who was not an employee of the Department of Defense at the time of injury and death believes was a terrorist or military action, and the Secretary has not published a determination that the event was a terrorist or military action, the representative may submit a request for a determination with the return or claim for refund of the decedent's estate and any other documentation required by this revenue procedure. Taxpayers should submit the following information with their determination requests:

(a) Date and location of incident,

(b) Type of incident (terrorist or military),

(c) Number of taxpayers thought to be affected,

(d) A description of the facts on which the representative bases the claim that a terrorist or military action has occurred, including the facts relating to any alleged international dimension of a terrorist action as set forth in section 4.01(2) of this revenue procedure, and

(e) A completed Form 8821, *Tax Information Authorization*, that will permit the IRS to disclose to the Department of Justice (for terrorist attacks), the Department of State (for terrorist attacks with an alleged international dimension), or the Department of Defense (for military actions) return information relating to the return or claim for refund. Taxpayers should complete the form as instructed, listing the Department of Justice as the appointee if the request relates to an alleged terrorist attack, the Department of State if the request relates to an alleged terrorist attack with an international dimension, or the Department of Defense if the request relates to an alleged military action. The appointee's

address is not required in this instance. Taxpayers should check the box on the line of Form 8821 that indicates that the tax information authorization is for a specific use and not recorded on the Centralized Authorization File (CAF).

SECTION 5. EFFECT ON OTHER DOCUMENTS

This revenue procedure obsoletes Rev. Proc. 85-35, 1985-2 C.B. 433.

SECTION 6. EFFECTIVE DATE

This revenue procedure is effective as of the date of publication of this revenue

procedure in the Internal Revenue Bulletin, May 10, 2004.

SECTION 7. DRAFTING INFORMATION

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

Part IV. Items of General Interest

Notice of Proposed Rulemaking by Cross-Reference to Temporary Regulations and Notice of Public Hearing

Allocation and Apportionment of Expenses; Alternative Method for Determining Tax Book Value of Assets

REG-129447-01

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations and notice of public hearing.

SUMMARY: In this issue of the Bulletin, the IRS is issuing temporary regulations (T.D. 9120) providing an alternative method of valuing assets for purposes of apportioning expenses under the tax book value method of §1.861-9T. The alternative tax book value method, which is elective, allows taxpayers to determine, for purposes of apportioning expenses, the tax book value of all tangible property that is subject to a depreciation deduction under section 168 by using the straight line method, conventions, and recovery periods of the alternative depreciation system under section 168(g)(2). The alternative method provided in the temporary regulations is intended to minimize basis disparities between foreign and domestic assets of taxpayers that may arise when taxpayers use adjusted tax basis to value assets under the tax book value method of expense apportionment. The text of those temporary regulations also serves as the text of these proposed regulations. This document also provides a notice of public hearing on these proposed regulations.

DATES: Written or electronic comments must be received by June 24, 2004. Outlines of topics to be discussed at the public hearing scheduled for July 19, 2004, at 10 a.m. must be received by June 28, 2004.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-129447-01),

Room 5203, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-129447-01), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC, or sent electronically, via the IRS internet site at www.irs.gov/regs. The public hearing will be held in the IRS Auditorium, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Margaret A. Hogan, (202) 622-3850; concerning submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing, Robin Jones, (202) 622-7180 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

The temporary regulations in this issue of the Bulletin amend 26 CFR Part 1. The temporary regulations provide an alternative method of valuing assets for purposes of apportioning expenses under the tax book value method of §1.861-9T. The text of the temporary regulations also serves as the text of these regulations. The preamble of the temporary regulations explains the temporary regulations and these proposed regulations.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel of

Advocacy of the Small Business Administration for comment on its impact on small businesses.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS. The IRS and the Treasury Department request comments on the clarity of the proposed rule and how it can be made easier to understand. All comments will be available for public inspection and copying.

A public hearing has been scheduled for July 19, 2004, beginning at 10 a.m. in the IRS Auditorium of the Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC. Due to building security procedures, visitors must enter at the Constitution Avenue entrance. In addition, all visitors must present photo identification to enter the building. Because of access restrictions, visitors will not be admitted beyond the immediate entrance area more than 30 minutes before the hearing starts. For more information about having your name placed on the building access list to attend the hearing, see the "FOR FURTHER INFORMATION CONTACT" section of this preamble.

The rules of 26 CFR 601.601(a)(3) apply to the hearing. Persons who wish to present oral comments at the hearing must submit electronic or written comments by June 24, 2004, and an outline of the topics to be discussed and the time to be devoted to each topic (signed original and eight (8) copies) by June 28, 2004. A period of 10 minutes will be allotted to each person for making comments. An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

Drafting Information

The principal author of these proposed regulations is Margaret A. Hogan, Office of Associate Chief Counsel (International). However, other personnel from the IRS and Treasury Department participated in their development.

* * * * *

Proposed Amendments to the Regulations

Accordingly, 26 CFR Part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for §1.861-9 is amended by adding entries in numerical order to read in part as follows:

Authority: 26 U.S.C. 7805.

Sections 1.861-9 and 1.861-9T also issued under 26 U.S.C. 863(a), 26 U.S.C. 864(e), 26 U.S.C. 865(i), and 26 U.S.C. 7701(f). * * *

Par. 2. Section 1.861-9 is amended by revising paragraph (g)(1)(ii) introductory text, and adding paragraphs (h)(6), (i) and (j) to read as follows:

§1.861-9 Allocation and apportionment of interest expense.

* * * * *

(g) * * * (1) * * * (i) * * *

(ii) * * * [The text of the proposed revision of §1.861-9(g)(1)(ii) is the same as the second sentence of §1.861-9T(g)(1)(ii) published elsewhere in this issue of the Bulletin.] * * *

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(h)(6) [Reserved]. For further guidance see, §1.861-9T(h)(6).

(i) [The text of the proposed addition of §1.861-9(i) is the same as §1.861-9T(i)(1) through (i)(3)(i) published elsewhere in this issue of the Bulletin.]

(j) [Reserved]. For further guidance, see §1.861-9T(j).

Mark E. Matthews,
*Deputy Commissioner for
Services and Enforcement.*

(Filed by the Office of the Federal Register on March 25, 2004, 8:45 a.m., and published in the issue of the Federal Register for March 26, 2004, 69 F.R. 15753)

Foundations Status of Certain Organizations

Announcement 2004-34

The following organizations have failed to establish or have been unable to main-

tain 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:

1st Chance Productions, Inc., Sylmar, CA
7-H Foundation, Los Angeles, CA
70 Plus, Valley Village, CA
73rd Ave. Community Awareness Program, Oakland, CA
77th Street Boosters, Inc., Los Angeles, CA
A One Kids, West Palm Beach, FL
Accesscare, Morrisville, NC
Acts of Compassion, Inc., Deadwood, OR
Advocates for Technological Opportunity, Larkspur, CA
Afterschool Educational Enrichment Foundation, Beverly Hills, CA
Africa-USA, New York, NY
AFWA IBOM State Association of Nigeria USA, Inc., Los Angeles, Los Angeles, CA
Ahepa Hellenic Heritage Foundation, Pasadena, CA
Alameda Naval Air & Western Aerospace Museum, Oakland, CA
Alaska Tradeswomen Network, Anchorage, AK
Albany Rescue Mission Association, Albany, OR
Alethos Foundation, Calabasas, CA
Alliance for Animal Hope of Louisiana, Inc., New Orleans, LA
Alpha and Omega Project, Inc., Inglewood, CA
Altemus, Inc., Gravenhurst, Ontario Canada
America Theological Seminary, Los Angeles, CA
American Anglican Council—Los Angeles, Los Angeles, CA
American Center for Political Communities of Meaning, Portland, OR

American Humanitarian Landmine Disposal Foundation, Santa Monica, CA
American Museum of Beat Art, Pasadena, CA
American Safety Training Foundation, Santa Clarita, CA
Anew Birth Christian Ministries, Los Angeles, CA
Anfall, Inc., Bell Gardens, CA
Angels Plight, Inc., New York, NY
Antelope Valley Child Abuse Prevention Council, Inc., Lancaster, CA
Antelope Valley Chinese Educational Center, Inc., Palmdale, CA
Antelope Valley Team Sheriff Racing, Lancaster, CA
Antioch Baptist Church Community Development Corporation, Douglas, NE
Apartment A, Venice, CA
APR Southern California Construction Career Project, Los Angeles, CA
Arabic Christian Medical Association, Inc., Downey, CA
Arikat Charitable Association, San Francisco, CA
Arts Broadcasting L A, Santa Monica, CA
Asian Pacific Counseling & Consultant Group, Los Angeles, CA
Asifa-Hollywood Animation Aid Foundation, Burbank, CA
Asociacion Esfuerzo Unido Por Piedra Blanca Bonaio, Inc., Bronx, NY
Aspiring Communities Institute, St. Louis, MO
Assemblies in Motion, Sherman Oaks, CA
Association of Betterers Intervention Programs, Encino, CA
Association of Korean Adoptees, Los Angeles, CA
Atlas Foundation, Los Angeles, CA
Aua Fisheries Development Projects, Inc., Pago Pago, AS
Baby DJ Childrens Charities a Nonprofit Corporation, Seattle, WA
Baker-Conway Foundation, Shoreline, WA
Bay Area Dragon Boat Foundation, Redwood City, CA
Bayanihan Senior Citizens Association, Inc., Los Angeles, CA
Beach Cities Hockey Foundation, Inc., Rancho Santa Margari, CA
Beat Eddie Brown Center for the Arts, Berkeley, CA
Because Its Right, Inc., Memphis, TN
Benchwear Athletic Consulting, Pasadena, CA

Benton County Water Conservancy Board, Patersen, WA
 Bicycle Friendly Berkeley Coalition, Inc., Berkeley, CA
 Boys-to-Men Club, Los Angeles, CA
 Brain Injury Association of Alaska, Anchorage, AK
 Brexton Renaissance, Inc., Laurel, MD
 Bridge A NonProfit Corporation, Seattle, WA
 Bridgeport Buyers Association, Bridgeport, TX
 Brighter Future, Carson, CA
 Bristol Bay Elders Action Group, Naknek, AK
 Bromont Housing Corporation, Studio City, CA
 Building Community Links, San Francisco, CA
 Bulgarian Americans United, Sacramento, CA
 Bunn Community Outreach, Bunn, NC
 Business Boutique, Inc., Huntington, NY
 Buying With Vision, San Francisco, CA
 Cadet Youth Foundation, Burbank, CA
 California Association of Batterers Intervention Programs, Encino, CA
 California Cowboy Benefit, Dublin, CA
 California Cruisers, Tustin, CA
 Camoes Players, Honolulu, HI
 Capistrano Cornerstone, Inc., Costa Mesa, CA
 Caring Heart Foster Family Agency, Inc., Los Angeles, CA
 Carter G. Woodson Alumni Association, Normangee, TX
 Casa Nicaragua & Educational Project for Central American, S. Gate, CA
 Casa Rivas, San Fernando, CA
 Cascadia Weekend, Wilsonville, OR
 Catchum Young Foundation, Los Angeles, CA
 Celebrazione Italiana Festival Association, Oakdale, MN
 Center for Entrepreneurial Development for the Pacific, Kailua, HI
 Center for New Americans, Portland, OR
 Center for Sustainable Urban Design at Playa Vista, Playa Vista, CA
 Center for the Arts of the African Diaspora, Inc., Los Angeles, CA
 Chameleon Theatre Group, Inc., Walden, NY
 Champaign Rottweiller Rescue, Champaign, IL
 Chance to Begin, Inc., Richmond, CA
 Chapman Child and Family Foundation, Santa Monica, CA
 Charities, Inc., Newark, DE
 Chico Dharma Study Group, Chico, CA
 Children First, Oakland, CA
 Childrens at Risk in Developing Countries, Inc., St. Louis Park, MN
 Childrens Funeral Assistance, Los Angeles, CA
 Childrens Prime Time Sports Club, Inc., Inglewood, CA
 Chinatown Community Housing Corporation, Honolulu, HI
 Chinese Church Music Institute of Northern California, San Francisco, CA
 Chinese Lantern Cultural Foundation, Belmont, CA
 Chris Catering Institute, Los Angeles, CA
 City Streets Foundation, Walnut Creek, CA
 Claire Lilienthal Learning Academy, San Francisco, CA
 Classic Aircraft Aviation Museum, Inc., Portland, OR
 Clean & Sober, Portland, OR
 Clean Belmont Project, Inc., Portland, OR
 Clinicalcircle, Inc., Los Angeles, CA
 Coalition for Fire Rescue Technology, Inc., Anchorage, AK
 Coastal Public Benefit Corporation, El Granada, CA
 Community Alliances of Interdependent Agriculture, Amherst, MA
 Community Home Neighborhood Maintenance & Development, Spring Valley, CA
 Community Life, Springfield, OR
 Community Outreach and Education Center, Walnut, CA
 Compassionate Heart Ministries, Inc., Inglewood, CA
 Connecting, Incorporated, Washington, DC
 Conservation Alliance of Palm Beach County, Inc., West Palm Beach, FL
 Construction Systems Scholarship Fund, Inc., Houston, TX
 Consumer Credit Center, Los Angeles, CA
 Cook Inlet Wrestling Club, Anchorage, AK
 Cory Jill Rovin Memorial Foundation, Island Park, NY
 Council of KPC of Northern California, San Francisco, CA
 Cowgirl Way Equestrian Drill Team, Norco, CA
 Creative Technical Science Study Foundation, San Francisco, CA
 Cultural Restoration Tourism Project, Pacifica, CA
 Daniel Dru Native American Traditional Organization, Incorporated, Miami, OK
 Deafwax, Los Angeles, CA
 Denali Institute, Anchorage, AK
 Dennis Spaight Choreography Trust, Portland, OR
 Dolphin Odyssey Foundation, Kapaa, HI
 Don Lavy Dance Company, Sherman Oaks, CA
 Donny Cowgill Memorial Scholarship Fund, Highland Park, IL
 Dream Industries, Los Angeles, CA
 Dreams Can Come True Foundation, Inc., Roseville, CA
 Earth Angels Foundation, New York, NY
 Earth Studies, Inc., Palm Desert, CA
 Earthman Project, Inc., Davie, FL
 East Fishkill Challenge Softball Association, Inc., Hopewell Junction, NY
 Eastlake Child Development Center, Oakland, CA
 Easy English Times, Inc., Napa, CA
 Ecuadorian Association for Muscular Filial F E O M, Houston, TX
 Education and Literacy Resource Connection, Inc., Sacramento, CA
 El Ritmo Flamenco Dance Troop, Columbus, OH
 Emerald Chariot Foundation, Marina Del Rey, CA
 Emerald Regiment Drill Team, Mountlake Terrace, WA
 Emeryville Performing Arts, Inc., Emeryville, CA
 English Opera Seattle, Seattle, WA
 Enrichment Plus North, Inc., Oakland, CA
 Environmental Education Resources, Portola Valley, CA
 Envisage, Seattle, WA
 Epiphany Theatre Co., Los Angeles, CA
 Excellent House Services, Inc., West Palm Beach, FL
 Eyapaha Institute, Marina Del Rey, CA
 Faith & Hope Ministries, Emerado, ND
 Families of Hope, Stanwood, WA
 Family Unity Network, Inc., Oakland, CA
 Fathers Project, Berkeley, CA
 Federal Way High School Choral Booster Club, Federal Way, WA
 Fil-Am Center for Community Health and Development, Inc., San Pablo, CA
 Financial Pacific C A P, Auburn, WA
 First Star Scholarship Foundation, S. Gate, CA
 Flint Cuts Glass Music, Ltd., Oregon City, OR

Florida College Booster Club of Southern California, Inc., Winnetka, CA
 Food for Thought Productions, Toluca Lake, CA
 For a Better Future Foundation, Costa Mesa, CA
 Foundation for Advancement in Music Education, Hollywood, CA
 Foundation for African Arts & Culture, Oakdale, CA
 Foundation for Honduran Development, Los Angeles, CA
 Free Speech Movement Archives, Palo Alto, CA
 Fresh Start, Seattle, WA
 Friends of Fleet Park, Montesano, WA
 Friends of Marie Reed School and Recreation Center, Silver Spring, MD
 Friends of Our Lady of Hope, San Francisco, CA
 Friends of the Lockport Public Library, Inc., Lockport, NY
 Friends of VGH & UBC Hospital Foundation, Canada
 Frontier Ice Alliance, Inc., Palmer, AK
 Full Circle Community Counseling and Support Services, Inc., San Francisco, CA
 Full Gospel Business Women Fellowship International, Inglewood, CA
 Fund of the Immaculate Heart, Beverly Hills, CA
 Fundaninas Foundation, Inc., Miami, FL
 G & L Connection, Lancaster, CA
 G. T. Brinson School in Lieu, Federal Way, WA
 Galt Area Swim Program, Galt, CA
 Generations and Partnerships, E. Wenatchee, WA
 Giant Steps of America, Novato, CA
 Girdwood Volunteer Fire and Rescue, Inc., Girdwood, AK
 Global Business Educational Institute, Inc., Warrensville, OH
 Global Charity Organization, Inc., San Leandro, CA
 Global Education & Cultural Opportunities, Inc., New Smyrna, FL
 Go and Tell Ministries, Inc., Dallas, TX
 Gods Image, Norwalk, CA
 Golden Carrot, Aguanga, CA
 Good Neighbors Old Fashioned Community Chest, Inc., Nashville, TN
 Goodnews River Lodge Educational Fund, Inc., Eagle River, AK
 Granite Regional Park Foundation, Sacramento, CA
 Great Basin Tree Foundation, Klamath Falls, OR
 Great Beginnings Childrens Fund, Inc., Kamuela, HI
 Great Mission, Los Angeles, CA
 Greater Community Outreach Service, Inc., Muskegon Heights, MI
 Greater Harvest Family Life Center, Baltimore, MD
 Greater Long Beach Youth Activities League, Los Angeles, CA
 GTB SEWA Mission, Inc., Union City, CA
 Guardian Community Services, Inc., Los Angeles, CA
 Guns Arent Fun, Portland, OR
 Halau Haloa the National Academy of Hawaiian Performing Arts, Pearl City, HI
 Hampton Roads Mexican American Club, Portsmouth, VA
 Handong International Foundation, Los Angeles, CA
 Hands-On Curriculum Concepts, Gardena, CA
 Hankook Korean American Senior Citizens Association, Los Angeles, CA
 Hans Einstein Community Medical Scholarship, Berkeley, CA
 Hanuri Korean Gay Community Network, Los Angeles, CA
 Harold Haughton Community Development Corporation, New Orleans, LA
 Harvest Outreach Hawaii, Haleiwa, HI
 Hawaii Academy of Audiology Foundation, Honolulu, HI
 Hawaii Museum of Flying, Honolulu, HI
 Hawaii Rhythmic Gymnastic Association, Haleiwa, HI
 Hawaii State Junior Golf Association, Inc., Honolulu, HI
 Hawaii Wushu Center, Cotati, CA
 Hawaiian Inter-Club Council of Southern California Health & Ed Fund, Los Angeles, CA
 Hayward Police Officers Benevolent Foundation, Hayward, CA
 Healthy Kids International, Seattle, WA
 Heart Healers, Inc., a Non-for-Profit Corp., Woodland Hills, CA
 Hecel Oyakapi, Inc., Studio City, CA
 Heir to the Throne, Tacoma, WA
 Help Heal Our Streets, Inc., San Fernando, CA
 Help Us Help You, Sacramento, CA
 Helping Hands for the Sorrowful, Inc., Palm Beach, FL
 Hemophilia Network, Incorporated, Los Angeles, CA
 Heritage Begins Within, Beverly Hills, CA
 Heritage Cemetary Group, Inc., Tigard, OR
 Heritage Society of Ethnic Arts, San Francisco, CA
 Hillsboro Soccer Club, Hillsboro, OR
 Hineni Ministries a Non Profit Montana Corporation, Seattle, WA
 HIV Complimentary Therapies of Sonoma County, Santa Rosa, CA
 Hollywood Access Program for Natives, Inc., Tarzana, CA
 Hollywood Air Corps Charitable Foundation, Santa Monica, CA
 Hollywood Renainnace Film Festival, Hayward, CA
 Hoop Dreams, Inc., Rodeo, CA
 Hope & Lite Foundation, Inc., Salt Lake City, UT
 Hope Life, Inc., Euless, TX
 Hope Through Opportunity, Inc., Oakland, CA
 Hopedale Youth Basketball League, Inc., Hopedale, MA
 Hopes Nest Limited, Los Angeles, CA
 Hospice Services in America Foundation, Culver City, CA
 Hospital Presbiteriano De Mainero, Inc., Houston, TX
 House of Change, Portland, OR
 House of Concern, Los Angeles, CA
 H R A, Inc., Kailua-Kona, HI
 Hui O Hilo, Inc., Hilo, HI
 Hungarian Christian Assembly, Stockton, CA
 IKF Booster Club, Grants Pass, OR
 Imagine Washington, Inc., Washington, DC
 Immunocytochemistry Research Institute-Seattle, Seattle, WA
 Inglewood Educational Foundation, Inglewood, CA
 Inland Empire AIDS Center, Inc., San Bernardino, CA
 Inland Empire Talent Production, Fontana, CA
 Instrumental Music Boosters, Inc., Alta Loma, CA
 Integrated Arts a Home for Creative Expression, Berkeley, CA
 International Christian Foundation, Inc., Gresham, OR
 International Health Medical Group, Inc., Los Angeles, CA

International Medical Advocacy Group
for Greater Health Care Information and
Edu, Walpole, MA

Internet Security Foundation International,
La Honda, CA

Iron Sharpening Iron Training Center,
Altadena, CA

J. D. Henderson Ministries, Inc.,
Portland, OR

Jacobs Ladder, Inc., Oakland, CA

Jesus Video Project Northwest, Salem, OR

Jewish Association for All,
Los Angeles, CA

Joans Second Chance Home,
North Hollywood, CA

Joeyes Feline Friends a Rescue Foundation,
Kaneohe, HI

Jonathans Christian Outreach, Inc.,
Chico, CA

Joshuas House, Troutdale, OR

Jump Strait, Houston, TX

Junction City Soccer Club 01-01-98,
Junction City, OR

JWW Counseling Service, Compton, CA

Ka Pa Hula O Leilehua, Mililani Oahu, HI

Kidn Around of Eastern Oregon, Inc.,
Redmond, OR

Kids Are Important in North Dakota,
Grand Forks, ND

Kids Campaign, Van Nuys, CA

Kids Korner Preschool, Inc., Arleta, CA

Kids Learning Center of South Florida,
Inc., Miami, FL

Kidz Eyes Foundation, Los Angeles, CA

Kim Eung Hwa & Korean Dance
Academy, Los Angeles, CA

K L O 8240th Army Veterans Association
U S A, Los Angeles, CA

Korean-American Alliance for the
Mentally Ill CA, Inc., Walnut, CA

Korean American Christian Broadcasting,
Los Angeles, CA

Korean American Coalition Hawaii
Chapter, Honolulu, HI

Kyo-Youth Foundation, Everett, WA

LA Diversified Theater Group,
Venice, CA

L A Evangelism College, Los Angeles, CA

L A Jesus Love Mission Center,
La Mirada, CA

Lanakila Hockey Club, Ewa Beach, HI

Laulima Kuhao, Lanai City, HI

Lavender Alliance for Civic Action,
Sacramento, CA

League of Sacramento Theatres,
Sacramento, CA

Learning Tools for Kids, Inc.,
Portland, OR

Life Training a California Nonprofit
Public Benefit Corporation,
Calabasas, CA

Lifestyle & Education Institute,
Los Angeles, CA

Lighthouse of the Lord, Inc., Freeport, FL

Lomita Womens Club, Lomita, CA

Lorenz-Smeenge Foundation, Inc.,
Jacksonville, FL

Los Angeles Chapter of the National Black
MBA Association, Los Angeles, CA

Los Angeles Fire Department Historical
Society, Los Angeles, CA

Los Angeles Korean Festival Committee,
Los Angeles, CA

Macedonia Community Development
Corporation, Trenton, NJ

Manthano Project, Inc., Antelope, OR

Mapintee, San Francisco, CA

Mariculture Research Institute,
Cleveland, TN

Maryland Society for Obesity Prevention,
Inc., Rockville, MD

Mayors Hunger and Homelessness Relief
Program, Oakland, CA

Medical International Rapid Response,
Redmond, WA

Melita, Inc., Vallejo, CA

Merced Symphony Association,
Merced, CA

Mere Tuiasosopo Betham Financial Aid
and Scholarship Fund, Pago Pago, AS

Mid-Valley Girls Fastpitch Softball
League, Inc., Encino, CA

Mid-Wilshire Human Services,
Los Angeles, CA

Midway Village Resident Association,
Inc., Daly City, CA

Minnesota Entrepreneurs, Inc.,
Minneapolis, MN

Mission TLC, Inc., of Northeast Florida,
Ponte Verde Beach, FL

Moores Meamorphosis, Inc.,
San Leandro, CA

Mt. Everest Ministries,
Newport Beach, CA

Mukunghwa Korean School, Oakland, CA

Music International Connection,
N. Hollywood, CA

Music Mission, Monroe, WA

Muslim Community and Human
Development Corporation, Portland, OR

My Friends House, Inc., Bend, OR

Na Koa Opio, Waianae, HI

Nac Foundation, Oakland, CA

Naja, Inc., American Cyn, CA

Naranjo Family Homes, Inc.,
Inglewood, CA

National Association of Collegiate
Women Athletic Administrators,
Wilmington, NC

National Cervical Cancer Coalition,
Van Nuys, CA

National Council on Business Strategy,
Inc., Washington, DC

National High School Sports Foundation,
La Mirada, CA

National Paralegal Defense League Corp.
a Nevada Corporation, Los Angeles, CA

Nativity Club, Inc., Burbank, CA

Near-National Endowment for Animal
Rights, Los Angeles, CA

Nedra Thurlow Horn Educational Tr.,
Seattle, WA

Nehemiah Project-Oakland, Oakland, CA

Nevada County Food & Toy Run,
Nevada City, CA

New Life in Christ Ministries,
Landover Hills, MD

New Mexico Sandplay Society,
Albuquerque, NM

New World Mission Center,
Los Angeles, CA

Newton Educational Center,
Los Angeles, CA

Nexus Dance Company, Portland, OR

Nigerian Talking Drum Ensemble
Foundation, Inc., Los Angeles, CA

Nika Gallery, Inc., San Francisco, CA

North Coast Symphony Orchestra,
Wheeler, OR

North Florida Screaming Eagles, Inc.,
MacClenny, FL

North San Fernando Valley Community
Foundation, Inc., Granada Hills, CA

Northern California Earth Institute,
Oakland, CA

Northwest Classical Theatre Company,
Portland, OR

Northwest Sculling Association,
Seattle, WA

Northwest Tidal Waves, Marysville, WA

Oakland Young Peoples Theatre,
Oakland, CA

Oasis Transitional Housing Program,
Los Angeles, CA

O C B Community Service, Inc.,
Los Angeles, CA

October Sunday Festival, Inc.,
St. Thomas, VI

Ohana Foundation, Cupertino, CA

Olive Tree Literature Society, Tigard, OR

One Voice Foundation, Los Angeles, CA

One Way Mission, Redwood City, CA

One World One Vision, Inc.,
Jersey City, NJ

Onesimus Jail Ministry, Bellflower, CA
 Operation Ezekiel, Inc., Irvine, CA
 Oregon Premier Fastpitch Softball,
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 Pacific Northwest Foundation, Canada
 Pacifica Ocean Discovery Center,
 Pacifica, CA
 Paramedics and EMTS Abroad, Inc.,
 Silverton, OR
 Parker County Childrens Advocacy
 Center, Weatherford, TX
 Partnership for Children, Everett, WA
 Paul and Adell Lee Community Center,
 Inc., Oak Park, MI
 P A V E, Cranberry, PA
 Peaceful Streets, San Francisco, CA
 Peggy Cole Ministries International,
 Paso Robles, CA
 People Achieving Recreation &
 Community Services, Malibu, CA
 Peoples Helping Hands, Beatyville, KY
 Persian Cat Rescue of Northern California,
 Castro Valley, CA
 Personal Financial Management Services,
 Citrus Heights, CA
 Peter John Mission, Los Angeles, CA
 Phoenix and U Partners Homeownership,
 Van Nuys, CA
 Phoenix Resurrection Foundation,
 Seward, AK
 Pine Creek Assisted Living, Inc.,
 Anchorage, AK
 P L A C E Educational Corporation,
 McMinnville, OR
 Playwrights Group and LA Writers
 Workshop, Inc., Los Angeles, CA
 Point Pleasant Foundation for Excellence
 in Education, Inc., Pt. Pleasant, NJ
 Polk District Renaissance,
 San Francisco, CA
 Portland-Tallinn Friendship City
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 Potential Unlimited, Inc.,
 Burtonsville, MD
 Preserve Our Water Environment and
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 Preserving Social Graces a Calif.
 Nonprofit Public Benefit Corp.,
 Los Angeles, CA
 Professional Women of Colors,
 Oakland, CA
 Project Baby Love, Inc., Wenatchee, WA
 Project Restore, Inc., Gary, IN
 Protecting Americas Children, Inc.,
 Lake Oswego, OR
 PSU Educational Foundation, Inc.,
 Nanuet, NY

Pulaski County Wrestling Club,
 Roanoke, VA
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 San Diego Blues Society, Inc.,
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 Save Orcas Bay, Orcas, WA
 Save Our Brazilian Children,
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 Save Our Future, Shreveport, LA
 S E A Housing Corporation,
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 Seattle International Youth Soccer Club,
 Seattle, WA
 Second Mount Zion Community
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 Servicio Educacional Caribe, Inc.,
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 Seva International, Cerritos, CA
 Sheriff Boosters Palmdale, Inc.,
 Palmdale, CA
 Shield of Faith Christian Center,
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 Shiloh Baptist Community Development
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 Shortest Distance Foundation,
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 Sisu Foundation for the Arts, Inc.,
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 Soar Business Institute, San Francisco, CA
 Soaring Eagle Education Foundation,
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 Soaring Solo, Issaquah, WA
 Sociedad Benefica Hondurena,
 Los Angeles, CA
 South Central Nursing Homes of Orlando,
 Inc., Orlando, FL
 South Central World Championship
 Entertainment & Association,
 Los Angeles, CA
 South Fulton Multi-Purpose Community
 Center of Hope, Inc., Union City, GA

South Side OKC Boxing Club, Inc.,
 Oklahoma City, OK
 Southern California Chevra Kadisha, Inc.,
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 Southern California Sanctuary for
 Children, Monrovia, CA
 Special Events for the Disabled, Inc.,
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 St. Gregorys A and M Hovespian
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 Pasadena, CA
 Still People Limited, Oregon City, OR
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 Straight to God Ministries, Inc.,
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 Minneapolis, MN
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Walnut Creek Library Foundation,
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Wave Community Development
Corporation, Los Angeles, CA

WCFA Survivors, Inc.,
Baileys Harbor, WI
We Create Miracles, Durham, NC
Wee Care Play & Learn Daycare, Inc.,
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West Hollywood Retirement Assistance
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West Los Angeles Jeopardy Program,
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Western Instituer for Research
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Wheatfields, Inc., Columbus, IN
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White City, OR
Whitstone Foundation, Bothell, WA
Whittier Early Learning Center,
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Wholistic Health & Healing Association,
Roseville, CA
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Kailua, HI
Wings That Soar, Seattle, WA
WL-Central Asia Business Education
Partners, San Leandro, CA
W M F, Inc., Kamuela, HI
Women of the Cross, Pacoima, CA

World Blessing Foundation,
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WTL Communications, Merlin, OR
Wyland Institute for Civic Education,
Del Mar, CA
Youth & Elderly Together Making a
Difference, Inc., Lakeland, FL
Youth for Understanding,
San Francisco, CA
Youth in Arts Achievement Program, Inc.,
Portland, OR
Youth-Musician Actor Singer and
Stage Performers Foundation, Inc.,
New Bedford, MA

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.

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 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.—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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85-35

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87-19

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93-15

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94-41

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94-55

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2002-9

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Rev. Proc. 2004-23, 2004-16 I.R.B. 785
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2003-8

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2003-26

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Rev. Proc. 2004-24, 2004-16 I.R.B. 790

2003-64

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Rev. Proc. 2004-21, 2004-14 I.R.B. 702

2004-1

Corrected by
Ann. 2004-8, 2004-6 I.R.B. 441

2004-4

Modified by
Rev. Proc. 2004-15, 2004-7 I.R.B. 490

2004-5

Modified by
Rev. Proc. 2004-15, 2004-7 I.R.B. 490

2004-6

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Rev. Proc. 2004-15, 2004-7 I.R.B. 490

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¹ A cumulative list of current actions on previously published items in Internal Revenue Bulletins 2003–27 through 2003–52 is in Internal Revenue Bulletin 2003–52, dated December 29, 2003.

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98-25

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2004-38

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