

## **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. 2010-7, page 417.**

**Insurance companies; interest rate tables.** Prevailing state assumed interest rates are provided for the determination of reserves under section 807 of the Code for contracts issued in 2009 and 2010. Rev. Rul. 92-19 supplemented in part.

#### **Rev. Proc. 2010-17, page 425.**

Guidance is provided to individuals who fail to meet the eligibility requirements of section 911(d)(1) of the Code because adverse conditions in a foreign country preclude the individual from meeting those requirements. A current list of countries for tax year 2009 and the dates those countries are subject to the section 911(d)(4) waiver is provided.

Boca Raton, FL; Equity Funding Corporation of W Des Moines, IA; and Main Street Foundation, Inc., of Lawrenceville, GA, qualify as organizations described in sections 501(c)(3) and 170(c)(2) of the Code.

### **EMPLOYEE PLANS**

#### **Notice 2010-20, page 422.**

**Weighted average interest rate update; corporate bond indices; 30-year Treasury securities; segment rates.**

This notice contains updates for the corporate bond weighted average interest rate for plan years beginning in February 2010; the 24-month average segment rates; the funding transitional segment rates applicable for February 2010; and the minimum present value transitional rates for January 2010.

### **EXEMPT ORGANIZATIONS**

#### **Announcement 2010-13, page 426.**

The IRS has revoked its determination that the Lund Family Foundation of Ogden, UT; American Debt Solutions, Inc., of

Finding Lists begin on page ii.  
Index for begins on page iv.



# 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 807.—Rules for Certain Reserves

**Insurance companies; interest rate tables.** Prevailing state assumed interest rates are provided for the determination of reserves under section 807 of the Code for contracts issued in 2009 and 2010. Rev. Rul. 92-19 supplemented in part.

### Rev. Rul. 2010-7

For purposes of § 807(d)(4) of the Internal Revenue Code, for taxable years beginning after December 31, 2008, this ruling supplements the schedules of prevailing state assumed interest rates set forth in Rev. Rul. 92-19, 1992-1 C.B. 227. This information is to be used by insurance companies in computing their reserves for (1) life insurance and supplementary total and permanent disability benefits, (2) individual annuities and pure endowments, and (3) group annuities and pure endow-

ments. As § 807(d)(2)(B) requires that the interest rate used to compute these reserves be the greater of (1) the applicable federal interest rate, or (2) the prevailing state assumed interest rate, the table of applicable federal interest rates in Rev. Rul. 92-19 is also supplemented.

Following are supplements to schedules A, B, C, and D to Part III of Rev. Rul. 92-19, providing prevailing state assumed interest rates for insurance products with different features issued in 2009 and 2010, and a supplement to the table in Part IV of Rev. Rul. 92-19, providing the applicable federal interest rates under § 807(d) for 2009 and 2010. This ruling does not supplement Parts I and II of Rev. Rul. 92-19.

This is the eighteenth supplement to the interest rates provided in Rev. Rul. 92-19. Earlier supplements were published in Rev. Rul. 93-58, 1993-2 C.B. 241 (interest rates for insurance products issued in 1992 and 1993); Rev. Rul. 94-11, 1994-1

C.B. 196 (1993 and 1994); Rev. Rul. 95-4, 1995-1 C.B. 141 (1994 and 1995); Rev. Rul. 96-2, 1996-1 C.B. 141 (1995 and 1996); Rev. Rul. 97-2, 1997-1 C.B. 134 (1996 and 1997); Rev. Rul. 98-2, 1998-2 C.B. 259 (1997 and 1998); Rev. Rul. 99-10, 1999-1 C.B. 671 (1998 and 1999); Rev. Rul. 2000-17, 2000-1 C.B. 842 (1999 and 2000); Rev. Rul. 2001-1, 2001-1 C.B. 780 (2000 and 2001); Rev. Rul. 2002-12, 2002-1 C.B. 624 (2001 and 2002); Rev. Rul. 2003-24, 2003-1 C.B. 557 (2002 and 2003); Rev. Rul. 2004-14, 2004-1 C.B. 511 (2003 and 2004); Rev. Rul. 2005-29, 2005-1 C.B. 1080 (2004 and 2005); Rev. Rul. 2006-25, 2006-1 C.B. 882 (May 15, 2006) (2005 and 2006); Rev. Rul. 2007-10, 2007-1 C.B. 660 (Mar. 5, 2007) (2006 and 2007); Rev. Rul. 2008-19, 2008-13 I.R.B. 669 (Mar. 31, 2008) (2007 and 2008); and Rev. Rul. 2009-3, 2009-5 I.R.B. 382 (February 02, 2009) (2008 and 2009).

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## Part III. Prevailing State Assumed Interest Rates — Products Issued in Years After 1982.\*

### Schedule A

#### STATUTORY VALUATION INTEREST RATES BASED ON THE 1980 AMENDMENTS TO THE NAIC STANDARD VALUATION LAW

##### A. Life insurance valuation:

Guarantee Duration (years)	Calendar Year of Issue 2010
10 or fewer	4.50**
More than 10 but not more than 20	4.25**
More than 20	4.00**

Source: Rates calculated from the monthly averages, ending June 30, 2009, of Moody's Composite Yield on Seasoned Corporate Bonds.

\* The terms used in the schedules in this ruling and in Part III of Rev. Rul. 92-19 are those used in the Standard Valuation Law; the terms are defined in Rev. Rul. 92-19.

\*\* As these rates exceed the applicable federal interest rate for 2010 of 3.81 percent, the valuation interest rate to be used for this product under § 807 is the applicable rate specified in this table.

**Part III, Schedule B**

**STATUTORY VALUATION INTEREST RATES  
BASED ON THE 1980 AMENDMENTS TO THE  
NAIC STANDARD VALUATION LAW**

B. Single premium immediate annuities and annuity benefits involving life contingencies arising from other annuities with cash settlement options and from guaranteed interest contracts with cash settlement options:

<u>Calendar Year of Issue</u>	<u>Valuation Interest Rate</u>
2009	6.00*

Source: Rates calculated from the monthly averages, ending June 30, 2009, of Moody's Composite Yield on Seasoned Corporate Bonds (formerly known as Moody's Corporate Bond Yield Average — Monthly Average Corporates). The terms used in this schedule are those used in the Standard Valuation Law as defined in Rev. Rul. 92-19.

\*As this prevailing state assumed interest exceeds the applicable federal interest rate for 2009 of 4.06 percent, the valuation interest rate of 6.00 percent is to be used for this product under § 807.

**Part III, Schedule C24 — 2009**

STATUTORY VALUATION INTEREST RATES  
 BASED ON NAIC STANDARD VALUATION LAW  
 FOR 2009 CALENDAR YEAR BUSINESS  
GOVERNED BY THE 1980 AMENDMENT

C. Valuation interest rates for other annuities and guaranteed interest contracts that are valued on an issue year basis:

Cash Settlement Options?	Future Interest Guarantee?	Guarantee Duration (years)	Valuation Interest Rate For Plan Type		
			A	B	C
Yes	Yes	5 or fewer	6.00*	5.25*	5.00*
		More than 5, but not more than 10	5.75*	5.25*	5.00*
		More than 10, but not more than 20	5.25*	4.75*	4.50*
		More than 20	4.50*	4.25*	4.25*
Yes	No	5 or fewer	6.25*	5.50*	5.00*
		More than 5, but not more than 10	6.00*	5.50*	5.00*
		More than 10, but not more than 20	5.25*	4.75*	4.75*
		More than 20	4.75*	4.25*	4.25*
No	Yes or No	5 or fewer	6.00*		
		More than 5, but not more than 10	5.75*	NOT APPLICABLE	
		More than 10, but not more than 20	5.50*		
		More than 20	4.75*		

Source: Rates calculated from the monthly averages, ending June 30, 2009, of Moody's Composite Yield on Seasoned Corporate Bonds.

\*As these rates exceed the applicable federal interest rate for 2009 of 4.06 percent, the valuation interest rate to be used for this product under § 807 is the applicable rate specified in the above table.

**Part III, Schedule D24 — 2009**

STATUTORY VALUATION INTEREST RATES  
 BASED ON NAIC STANDARD VALUATION LAW  
 FOR 2009 CALENDAR YEAR BUSINESS  
GOVERNED BY THE 1980 AMENDMENTS

D. Valuation interest rates for other annuities and guaranteed interest contracts that are contracts with cash settlement options and that are valued on a change in fund basis:

Cash Settlement Options?	Future Interest Guarantee?	Guarantee Duration (years)	Valuation Interest Rate For Plan Type		
			A	B	C
Yes	Yes	5 or fewer	6.50	6.25	5.00
		More than 5, but not more than 10	6.50	6.25	5.00
		More than 10, but not more than 20	6.00	5.75	5.00
		More than 20	5.25	5.25	4.50*
Yes	No	5 or fewer	6.75	6.50	5.25
		More than 5, but not more than 10	6.50	6.50	5.25
		More than 10, but not more than 20	6.25	6.00	5.00
		More than 20	5.50	5.50	4.75*

Source: Rates calculated from the monthly averages, ending June 30, 2009, of Moody's Composite Yield on Seasoned Corporate Bonds.

\*As the applicable federal interest rate for 2009 of 4.06 percent is less than the prevailing state assumed interest rate, the valuation interest rate to be used for this product under § 807 is the applicable rate specified in the above table.

**Part IV. Applicable Federal Interest Rates**

TABLE OF  
APPLICABLE FEDERAL INTEREST RATES  
FOR PURPOSES OF § 807

<u>Year</u>	<u>Interest Rate</u>
2009	4.06
2010	3.81

Sources: Rev. Rul. 2004–106, 2004–2 C.B. 893, for the 2005 rate; Rev. Rul. 2005–77, 2005–2 C.B. 1071, for the 2006 rate; Rev. Rul. 2006–61, 2006–2 C.B. 1028 (Dec. 11, 2006) for the 2007 rate; Rev. Rul. 2007–70, 2007–2 C.B. 1158 (Nov. 20, 2007) for the 2008 rate; Rev. Rul. 2008–53, 2008–49 I.R.B. 1231 (Nov. 19, 2008) for the 2009 rate; and Rev. Rul. 2009–38, 2009–49 I.R.B. 736 (Nov. 17, 2009) for the 2010 rate.

**EFFECT ON OTHER REVENUE  
RULINGS**

Rev. Rul. 92–19 is supplemented by the addition to Part III of that ruling of prevailing state assumed interest rates under § 807 for certain insurance products issued in 2009 and 2010 and is further supplemented by an addition to the table in Part

IV of Rev. Rul. 92–19 listing applicable federal interest rates. Parts I and II of Rev. Rul. 92–19 are not affected by this ruling.

**DRAFTING INFORMATION**

The principal author of this revenue ruling is Linda K. Boyd of the Office of Associate Chief Counsel (Financial Institutions

and Products). For further information regarding this revenue ruling, contact her at (202) 622–3970 (not a toll-free call).

# Part III. Administrative, Procedural, and Miscellaneous

## Update for Weighted Average Interest Rates, Yield Curves, and Segment Rates

### Notice 2010-20

This notice provides guidance as to the corporate bond weighted average interest rate and the permissible range of interest rates specified under § 412(b)(5)(B)(ii)(II) of the Internal Revenue Code as in effect for plan years beginning before 2008. It also provides guidance on the corporate bond monthly yield curve (and the corresponding spot segment rates), the 24-month average segment rates, and the funding transitional segment rates under § 430(h)(2). In addition, this notice provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning before 2008, the 30-year Treasury weighted average rate under § 431(c)(6)(E)(ii)(I), and the min-

imum present value segment rates under § 417(e)(3)(D) as in effect for plan years beginning after 2007.

#### CORPORATE BOND WEIGHTED AVERAGE INTEREST RATE

Sections 412(b)(5)(B)(ii) and 412(l)(7)(C)(i), as amended by the Pension Funding Equity Act of 2004 and by the Pension Protection Act of 2006 (PPA), provide that the interest rates used to calculate current liability and to determine the required contribution under § 412(l) for plan years beginning in 2004 through 2007 must be within a permissible range based on the weighted average of the rates of interest on amounts invested conservatively in long term investment grade corporate bonds during the 4-year period ending on the last day before the beginning of the plan year.

Notice 2004-34, 2004-1 C.B. 848, provides guidelines for determining the corporate bond weighted average interest rate

and the resulting permissible range of interest rates used to calculate current liability. That notice establishes that the corporate bond weighted average is based on the monthly composite corporate bond rate derived from designated corporate bond indices. The methodology for determining the monthly composite corporate bond rate as set forth in Notice 2004-34 continues to apply in determining that rate. See Notice 2006-75, 2006-2 C.B. 366.

The composite corporate bond rate for January 2010 is 5.88 percent. Pursuant to Notice 2004-34, the Service has determined this rate as the average of the monthly yields for the included corporate bond indices for that month.

The following corporate bond weighted average interest rate was determined for plan years beginning in the month shown below.

For Plan Years Beginning in		Corporate Bond Weighted Average	Permissible Range	
Month	Year		90%	100%
February	2010	6.41	5.77	6.41

#### YIELD CURVE AND SEGMENT RATES

Generally for plan years beginning after 2007 (except for delayed effective dates for certain plans under sections 104, 105, and 106 of PPA), § 430 of the Code specifies the minimum funding requirements that apply to single employer plans pursuant to § 412. Section 430(h)(2) specifies the interest rates that must be used to determine a plan's target normal cost and funding target. Under this provision, present value is generally determined using three 24-month average interest rates

(“segment rates”), each of which applies to cash flows during specified periods. However, an election may be made under § 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates. For plan years beginning in 2008 and 2009, a transitional rule under § 430(h)(2)(G) provides that the segment rates are blended with the corporate bond weighted average as specified above. An election may be made under § 430(h)(2)(G)(iv) to use the segment rates without applying the transitional rule.

Notice 2007-81, 2007-2 C.B. 899, provides guidelines for determining the

monthly corporate bond yield curve, the 24-month average corporate bond segment rates, and the funding transitional segment rates used to compute the target normal cost and the funding target. Pursuant to Notice 2007-81, the monthly corporate bond yield curve derived from January 2010 data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of January 2010 are, respectively, 2.31, 5.64, and 6.47. The three 24-month average corporate bond segment rates applicable for February 2010 under the election of § 430(h)(2)(G)(iv) are as follows:

First Segment	Second Segment	Third Segment
4.51	6.64	6.75

The transitional segment rates under § 430(h)(2)(G) applicable for February 2010, taking into account the corporate bond weighted average of 6.41 stated above, are as follows:

For Plan Years Beginning in	First Segment	Second Segment	Third Segment
2009	5.14	6.56	6.64

The transitional rule of § 430(h)(2)(G) does not apply to plan years starting in 2010. Therefore, for a plan year starting in 2010 with a lookback month to February 2010, the funding segment rates are the three 24-month average corporate bond segment rates applicable for February 2010, listed above without blending for the transitional period.

### 30-YEAR TREASURY SECURITIES INTEREST RATES

Section 417(e)(3)(A)(ii)(II) (prior to amendment by PPA) defines the applicable interest rate, which must be used for purposes of determining the minimum present value of a participant's benefit under § 417(e)(1) and (2), as the annual rate of interest on 30-year Treasury se-

curities for the month before the date of distribution or such other time as the Secretary may by regulations prescribe. Section 1.417(e)-1(d)(3) of the Income Tax Regulations provides that the applicable interest rate for a month is the annual rate of interest on 30-year Treasury securities as specified by the Commissioner for that month in revenue rulings, notices or other guidance published in the Internal Revenue Bulletin.

The rate of interest on 30-year Treasury securities for January 2010 is 4.60 percent. The Service has determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in November 2039.

Generally for plan years beginning after 2007, § 431 specifies the mini-

imum funding requirements that apply to multiemployer plans pursuant to § 412. Section 431(c)(6)(B) specifies a minimum amount for the full-funding limitation described in section 431(c)(6)(A), based on the plan's current liability. Section 431(c)(6)(E)(ii)(I) provides that the interest rate used to calculate current liability for this purpose must be no more than 5 percent above and no more than 10 percent below the weighted average of the rates of interest on 30-year Treasury securities during the four-year period ending on the last day before the beginning of the plan year. Notice 88-73, 1988-2 C.B. 383, provides guidelines for determining the weighted average interest rate. The following rates were determined for plan years beginning in the month shown below.

For Plan Years Beginning in		30-Year Treasury Weighted Average	Permissible Range		
Month	Year		90%	to	105%
February	2010	4.38	3.94		4.60

### MINIMUM PRESENT VALUE SEGMENT RATES

Generally for plan years beginning after December 31, 2007, the applicable interest rates under § 417(e)(3)(D) are segment rates computed without regard to a

24-month average. For plan years beginning in 2008 through 2011, the applicable interest rates are the monthly spot segment rates blended with the applicable rate under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning in 2007. Notice 2007-81 provides guidelines for determin-

ing the minimum present value segment rates. Pursuant to that notice, the minimum present value transitional segment rates determined for January 2010, taking into account the January 2010 30-year Treasury rate of 4.60 stated above, are as follows:

For Plan Years Beginning in	First Segment	Second Segment	Third Segment
2009	3.68	5.02	5.35
2010	3.23	5.22	5.72

### DRAFTING INFORMATION

The principal author of this notice is Tony Montanaro of the Employee Plans,

Tax Exempt and Government Entities Division. Mr. Montanaro may be e-mailed at [RetirementPlanQuestions@irs.gov](mailto:RetirementPlanQuestions@irs.gov).

**Table I**

Monthly Yield Curve for January 2010

Derived from January 2010 Data

<i>Maturity</i>	<i>Yield</i>								
0.5	0.71	20.5	6.28	40.5	6.49	60.5	6.57	80.5	6.61
1.0	1.07	21.0	6.29	41.0	6.50	61.0	6.57	81.0	6.61
1.5	1.44	21.5	6.30	41.5	6.50	61.5	6.57	81.5	6.61
2.0	1.81	22.0	6.31	42.0	6.50	62.0	6.58	82.0	6.61
2.5	2.18	22.5	6.31	42.5	6.50	62.5	6.58	82.5	6.61
3.0	2.54	23.0	6.32	43.0	6.51	63.0	6.58	83.0	6.61
3.5	2.88	23.5	6.33	43.5	6.51	63.5	6.58	83.5	6.62
4.0	3.20	24.0	6.34	44.0	6.51	64.0	6.58	84.0	6.62
4.5	3.50	24.5	6.34	44.5	6.51	64.5	6.58	84.5	6.62
5.0	3.77	25.0	6.35	45.0	6.52	65.0	6.58	85.0	6.62
5.5	4.03	25.5	6.36	45.5	6.52	65.5	6.58	85.5	6.62
6.0	4.26	26.0	6.36	46.0	6.52	66.0	6.58	86.0	6.62
6.5	4.47	26.5	6.37	46.5	6.52	66.5	6.59	86.5	6.62
7.0	4.66	27.0	6.37	47.0	6.53	67.0	6.59	87.0	6.62
7.5	4.83	27.5	6.38	47.5	6.53	67.5	6.59	87.5	6.62
8.0	4.99	28.0	6.39	48.0	6.53	68.0	6.59	88.0	6.62
8.5	5.13	28.5	6.39	48.5	6.53	68.5	6.59	88.5	6.62
9.0	5.26	29.0	6.40	49.0	6.53	69.0	6.59	89.0	6.62
9.5	5.38	29.5	6.40	49.5	6.54	69.5	6.59	89.5	6.62
10.0	5.48	30.0	6.41	50.0	6.54	70.0	6.59	90.0	6.62
10.5	5.58	30.5	6.41	50.5	6.54	70.5	6.59	90.5	6.62
11.0	5.67	31.0	6.42	51.0	6.54	71.0	6.60	91.0	6.63
11.5	5.74	31.5	6.42	51.5	6.54	71.5	6.60	91.5	6.63
12.0	5.81	32.0	6.43	52.0	6.55	72.0	6.60	92.0	6.63
12.5	5.87	32.5	6.43	52.5	6.55	72.5	6.60	92.5	6.63
13.0	5.93	33.0	6.44	53.0	6.55	73.0	6.60	93.0	6.63
13.5	5.98	33.5	6.44	53.5	6.55	73.5	6.60	93.5	6.63
14.0	6.02	34.0	6.45	54.0	6.55	74.0	6.60	94.0	6.63
14.5	6.06	34.5	6.45	54.5	6.55	74.5	6.60	94.5	6.63
15.0	6.09	35.0	6.46	55.0	6.56	75.0	6.60	95.0	6.63
15.5	6.12	35.5	6.46	55.5	6.56	75.5	6.60	95.5	6.63
16.0	6.14	36.0	6.46	56.0	6.56	76.0	6.60	96.0	6.63
16.5	6.17	36.5	6.47	56.5	6.56	76.5	6.61	96.5	6.63
17.0	6.19	37.0	6.47	57.0	6.56	77.0	6.61	97.0	6.63
17.5	6.20	37.5	6.47	57.5	6.56	77.5	6.61	97.5	6.63
18.0	6.22	38.0	6.48	58.0	6.56	78.0	6.61	98.0	6.63
18.5	6.23	38.5	6.48	58.5	6.57	78.5	6.61	98.5	6.63
19.0	6.25	39.0	6.48	59.0	6.57	79.0	6.61	99.0	6.63
19.5	6.26	39.5	6.49	59.5	6.57	79.5	6.61	99.5	6.63
20.0	6.27	40.0	6.49	60.0	6.57	80.0	6.61	100.0	6.63

## Rev. Proc. 2010-17

### SECTION 1. PURPOSE

.01 This revenue procedure provides information to any individual who failed to meet the eligibility requirements of § 911(d)(1) of the Internal Revenue Code because adverse conditions in a foreign country precluded the individual from meeting those requirements for taxable year 2009.

.02 This revenue procedure lists the countries for which the eligibility requirements of § 911(d)(1) are waived for taxable year 2009.

### SECTION 2. BACKGROUND

.01 Section 911(a) of the Code allows a “qualified individual,” as defined in § 911(d)(1), to exclude foreign earned income and housing cost amounts from gross income. Section 911(c)(4) of the Code allows a qualified individual to deduct housing cost amounts from gross income.

.02 Section 911(d)(1) of the Code defines the term “qualified individual” as an individual whose tax home is in a foreign country and who is (A) a citizen of the United States and establishes to the satisfaction of the Secretary of the Treasury that the individual has been a *bona fide* resident of a foreign country or countries for an uninterrupted period that includes an entire taxable year, or (B) a citizen or resident of the United States who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days.

.03 Section 911(d)(4) of the Code provides an exception to the eligibility requirements of § 911(d)(1). An individual will be treated as a qualified individual with respect to a period in which the individual was a *bona fide* resident of, or was present in, a foreign country, if the individual left the country during a period for which the Secretary of the Treasury, after consultation with the Secretary of State, determines that individuals were required to leave because of war, civil unrest, or similar adverse conditions that precluded the normal conduct of business. An individual must establish that but for those conditions the individual could reasonably have been expected to meet the eligibility requirements.

.04 For 2009, the Secretary of the Treasury, in consultation with the Secretary of State, has determined that war, civil unrest, or similar adverse conditions precluded the normal conduct of business in the following countries beginning on the specified date:

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	<i>Date of Departure</i>	
<i>Country</i>	<i>On or after</i>	
Madagascar	March 18, 2009	
Guinea	October 1, 2009	

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.05 Accordingly, for purposes of § 911 of the Code, an individual who left one of the foregoing countries on or after the specified departure date during 2009 shall be treated as a qualified individual with respect to the period during which that individual was present in, or was a *bona fide* resident of, such foreign country, if the individual establishes a reasonable expectation of meeting the requirements of § 911(d) but for those conditions.

.06 To qualify for relief under § 911(d)(4) of the Code, an individual must have established residency, or have been physically present, in the foreign country on or prior to the date that the Secretary of the Treasury determines that

individuals were required to leave the foreign country. Individuals who establish residency, or are first physically present, in the foreign country after the date that the Secretary prescribes shall not be treated as qualified individuals under § 911(d)(4) of the Code. For example, individuals who are first physically present or establish residency in Madagascar after March 18, 2009, are not eligible to qualify for the exception provided in § 911(d)(4) of the Code for taxable year 2009.

### SECTION 3. INQUIRIES

A taxpayer who needs assistance on how to claim this exclusion, or on how to

file an amended return, should contact a local IRS Office or, for a taxpayer residing or traveling outside the United States, the nearest overseas IRS office.

### SECTION 4. DRAFTING INFORMATION

The principal author of this revenue procedure is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure, contact Ms. Hwa at (202) 622-3840 (not a toll-free call).

## Part IV. Items of General Interest

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

#### Announcement 2010-13

The Internal Revenue Service has revoked its determination that the organizations listed below qualify as organizations described in sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986.

Generally, the Service will not disallow deductions for contributions made to a listed organization on or before the date of announcement in the Internal Revenue Bulletin that an organization no longer qualifies. However, the Service is not

precluded from disallowing a deduction for any contributions made after an organization ceases to qualify under section 170(c)(2) if the organization has not timely filed a suit for declaratory judgment under section 7428 and if the contributor (1) had knowledge of the revocation of the ruling or determination letter, (2) was aware that such revocation was imminent, or (3) was in part responsible for or was aware of the activities or omissions of the organization that brought about this revocation.

If on the other hand a suit for declaratory judgment has been timely filed, contributions from individuals and organizations described in section 170(c)(2) that are otherwise allowable will continue to be deductible. Protection under section 7428(c) would begin on February 22, 2010, and would end on the date the court first determines that the organization is

not described in section 170(c)(2) as more particularly set forth in section 7428(c)(1). For individual contributors, the maximum deduction protected is \$1,000, with a husband and wife treated as one contributor. This benefit is not extended to any individual, in whole or in part, for the acts or omissions of the organization that were the basis for revocation.

Lund Family Foundation  
Ogden, UT

American Debt Solutions, Inc.  
Boca Raton, FL

Equity Funding Corporation  
W Des Moines, IA

Main Street Foundation, Inc.  
Lawrenceville, GA

# 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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Ann	Announcement
CD	Court Decision
DO	Delegation Order
EO	Executive Order
PL	Public Law
PTE	Prohibited Transaction Exemption
RP	Revenue Procedure
RR	Revenue Ruling
SPR	Statement of Procedural Rules
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