

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.

SPECIAL ANNOUNCEMENT

Announcement 2010-41, page 767.

The IRS is announcing a change in procedures for individual payees to follow to obtain validation of social security numbers (SSNs) from the Social Security Administration (SSA) to prevent or stop backup withholding under section 3406 of the Code following receipt of a second "B notice" from a payor.

INCOME TAX

REG-106750-10, page 765.

Proposed regulations under section 1001 of the Code clarify the extent to which the deterioration in an issuer's financial condition is taken into account to determine whether a modified debt instrument will be recharacterized as an instrument that is not debt. A public hearing is scheduled for September 8, 2010.

Rev. Proc. 2010-24, page 764.

Changes to cost-of-living adjustments for 2010. This procedure modifies the inflation adjusted amounts in Rev. Proc. 2009-50, 2009-45 I.R.B. 617, that apply to taxpayers who elect to expense certain depreciable assets under section 179 of the Code. The modification reflects statutory amendments enacted subsequent to the publication of Rev. Proc. 2009-50 made by the Hiring Incentives to Restore Employment Act of 2010 (the HIRE Act). Section 3.20 of Rev. Proc. 2009-50 modified and superseded.

EXEMPT ORGANIZATIONS

Announcement 2010-42, page 768.

The IRS has revoked its determination that Christian Credit Counseling Center of San Antonio, TX; Gullahorn Family Supporting Organization of Naples, FL; and Visual Credit Counseling, Inc., of Tucson, AZ, qualify as organizations described in sections 501(c)(3) and 170(c)(2) of the Code.

ADMINISTRATIVE

Announcement 2010-41, page 767.

The IRS is announcing a change in procedures for individual payees to follow to obtain validation of social security numbers (SSNs) from the Social Security Administration (SSA) to prevent or stop backup withholding under section 3406 of the Code following receipt of a second "B notice" from a payor.

Finding Lists begin on page ii.



The IRS Mission

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

force the 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.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

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

Part III. Administrative, Procedural, and Miscellaneous

26 CFR 601.602: Tax forms and instructions.
(Also Part I, § 179.)

Rev. Proc. 2010–24

SECTION 1. PURPOSE

This revenue procedure modifies the inflation adjusted amounts in Rev. Proc. 2009–50, 2009–45 I.R.B. 617, that apply to taxpayers who elect to expense certain depreciable assets under § 179 of the Internal Revenue Code. This modification reflects statutory changes enacted subsequent to the publication of Rev. Proc. 2009–50.

SECTION 2. BACKGROUND

Prior to the enactment of the Hiring Incentives to Restore Employment Act of 2010, Pub. L. No.111–147, 124 Stat. 71 (2010) (the HIRE Act), § 179(b)(1) prescribed a \$125,000 limitation (the \$125,000 amount) on the aggregate cost of § 179 property that could be treated as an expense for taxable years beginning after 2006 and before 2011. For those same taxable years, § 179(b)(2) provided that the \$125,000 amount is reduced by the amount by which the cost of § 179 property placed in service during the taxable year exceeds

\$500,000 (the \$500,000 amount). Both the \$125,000 amount and the \$500,000 amount were adjusted for inflation annually under § 179(b)(5). For taxable years beginning in 2010, section 3.20 of Rev. Proc. 2009–50 provides that the \$125,000 amount and the \$500,000 amount, adjusted for inflation, are \$134,000 and \$530,000, respectively.

Section 102 of the Economic Stimulus Act of 2008, Pub. L. No.110–185, 122 Stat. 613 (2008), changed the \$125,000 amount and the \$500,000 amount to \$250,000 and \$800,000, respectively, for taxable years beginning in 2008 and 2009, and also provided that these amounts will not be adjusted for inflation.

Similarly, § 201 of the HIRE Act changes the \$125,000 amount and the \$500,000 amount to \$250,000 and \$800,000, respectively, for taxable years beginning in 2010. Section 201 of the Act also provides that these amounts will not be adjusted for inflation for taxable years beginning in 2010.

SECTION 3. APPLICATION

To reflect the statutory changes made to § 179 by § 201 of the HIRE Act, section 3.20 of Rev. Proc. 2009–50 is modified to read as follows:

.20 Election to Expense Certain Depreciable Assets. For taxable years beginning in 2010, under § 179(b)(1) the aggregate cost of any § 179 property a taxpayer may elect to treat as an expense cannot exceed \$250,000. Under § 179(b)(2), the \$250,000 limitation is reduced (but not below zero) by the amount by which the cost of § 179 property placed in service during the 2010 taxable year exceeds \$800,000.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Section 3.20 of Rev. Proc. 2009–50 is modified and superseded.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective for taxable years beginning in 2010.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Patrick M. Clinton of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure, contact Patrick M. Clinton at (202) 622–4930 (not a toll-free call).

Part IV. Items of General Interest

Notice of Proposed Rulemaking and Notice of Public Hearing

Modifications of Debt Instruments

REG-106750-10

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations relating to the modification of debt instruments. The regulations clarify the extent to which the deterioration in the financial condition of the issuer is taken into account to determine whether a modified debt instrument will be recharacterized as an instrument or property right that is not debt. The regulations provide needed guidance to issuers and holders of debt instruments. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written or electronic comments must be received by August 3, 2010. Outlines of topics to be discussed at the public hearing scheduled for Wednesday, September 8, 2010, at 10 a.m. must be received by Wednesday, August 11, 2010.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-106750-10), room 5205, Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-106750-10), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC, or sent electronically, via the Federal eRulemaking Portal at www.regulations.gov (IRS and REG-106750-10).

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Diana Imholtz, at (202) 622-3930; concerning submission of comments, the hearing,

and/or to be placed on the building access list to attend the hearing, Richard.A.Hurst@ircounsel.treas.gov, at (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

Section 1.1001-3 provides rules for determining when a modification of a debt instrument results in an exchange for purposes of §1.1001-1(a). In general, §1.1001-3 defines a modification and provides that a modification that is significant results in a deemed exchange of the original debt instrument for a modified debt instrument. Section 1.1001-3 also addresses alterations to the terms of a debt instrument that result in a modified instrument that is not debt. Section 1.1001-3(c)(2)(ii) generally provides that a modification to a debt instrument occurs if an alteration changes the instrument to an instrument or property right that is not debt for federal income tax purposes, even if the alteration occurs by operation of the original terms of the debt instrument. Section 1.1001-3(e)(5)(i) generally provides that a modification of a debt instrument that results in an instrument or property right that is not debt for federal income tax purposes is a significant modification. For purposes of making the determination prescribed by §1.1001-3(e)(5)(i), the regulations state that any deterioration in the financial condition of the issuer between the issue date of the unmodified debt instrument and the date of modification (as it relates to the issuer's obligation to repay the debt instrument) is not taken into account, unless there is a substitution of a new obligor or the addition or deletion of a co-obligor.

In response to the proposed regulations published on December 2, 1992 (FI-31-92, 1992-2 C.B. 633 [57 FR 57034]), taxpayers were concerned that taking into account the creditworthiness of a financially troubled issuer when a debt instrument is modified would impose a significant barrier to restructuring distressed debt instruments. The rule in §1.1001-3(e)(5)(i) to disregard the financial condition of the issuer was intended to address this concern. The preamble to the existing

regulations published on September 24, 1996 (T.D. 8675, 1996-2 C.B. 5 [61 FR 32926]) explains that "for purposes of this regulation, unless there is a substitution of a new obligor, any deterioration in the financial condition of the issuer is not considered in determining whether the modified instrument is properly characterized as debt."

The language in the preamble to the existing regulations suggests that for *all* purposes of §1.1001-3 the financial deterioration of the issuer is generally not taken into account. Issuers and holders, however, are concerned that, as the existing regulations are currently drafted, a decline in the creditworthiness of the issuer, under certain circumstances, may be taken into account under §1.1001-3. The uncertainty about the proper interpretation of the existing regulations has led taxpayers to request clarification on the circumstances in which the credit quality of the issuer should be considered in determining the nature of the instrument resulting from an alteration or modification of a debt instrument. Accordingly, the IRS and the Treasury Department believe it is appropriate to propose amendments to §1.1001-3 to clarify this issue.

Explanation of Provisions

In general, the proposed regulations require an analysis of all of the factors relevant to a debt determination of the modified instrument at the time of an alteration or modification. However, in making this determination for purposes of the regulation, any deterioration in the financial condition of the issuer between the issue date of the debt instrument and the date of the alteration or modification (as it relates to the issuer's ability to repay the debt instrument) is not taken into account, unless there is a substitution of a new obligor or the addition or deletion of a co-obligor.

As noted in this preamble, the proposed regulations clarify that any deterioration in the financial condition of the issuer is generally not taken into account to determine if the modified instrument is debt. For example, under the proposed regulations, any decrease in the fair market value of a debt instrument (whether or not publicly traded) between the issue date of the

debt instrument and the date of the alteration or modification is not taken into account to the extent that the decrease in fair market value is attributable to the deterioration in the financial condition of the issuer and not to a modification of the terms of the instrument. Consistent with this rule in the proposed regulations, if a debt instrument is significantly modified and the issue price of the modified debt instrument is determined under §1.1273-2(b) or (c) (relating to a fair market value issue price for publicly traded debt), then any increased yield on the modified debt instrument attributable to this issue price generally is not taken into account to determine whether the modified debt instrument is debt or some other property right for federal income tax purposes. However, any portion of the increased yield that is not attributable to a deterioration in the financial condition of the issuer, such as a change in market interest rates, is taken into account.

Proposed Effective Date

The regulations, as proposed, apply to alterations of the terms of a debt instrument on or after the date of publication of the Treasury decision adopting these rules as final regulation in the **Federal Register**. A taxpayer, however, may rely on these amendments for alterations of the terms of a debt instrument occurring before that date.

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 also has 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 regulation does 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 has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (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 rules and how they can be made easier to understand. All comments will be available for public inspection and copying.

A public hearing has been scheduled for Wednesday, September 8, 2010, beginning at 10 a.m. in Auditorium, 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 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 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 Wednesday, August 11, 2010. 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 regulations is Diana Imholtz, Office of Associate Chief Counsel (Financial Institutions & Products). However, other personnel from the IRS and the 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 part 1 continues to read in part as follows:

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

Par. 2. Section 1.1001-3 is amended by revising paragraphs (c)(2)(ii), (e)(5)(i) and (h) and adding paragraph (f)(7) to read as follows:

§1.1001-3 Modifications of debt instruments.

* * * * *

(c) * * *

(2) * * *

(ii) *Property that is not debt.* An alteration that results in an instrument or property right that is not debt for federal income tax purposes is a modification unless the alteration occurs pursuant to a holder's option under the terms of the instrument to convert the instrument into equity of the issuer (notwithstanding paragraph (c)(2)(iii) of this section). The rules of paragraph (f)(7) of this section apply to determine whether an alteration or modification results in an instrument or property right that is not debt.

* * * * *

(e) * * *

(5) *Changes in the nature of a debt instrument—(i) Property that is not debt.* A modification of a debt instrument that results in an instrument or property right that is not debt for federal income tax purposes is a significant modification. The rules of paragraph (f)(7) of this section apply to determine whether a modification results in an instrument or property right that is not debt.

* * * * *

(f) * * *

(7) *Rules for determining whether an alteration or modification results in an instrument or property right that is not debt—(i) In general.* Except as provided in paragraph (f)(7)(ii) of this section, the determination of whether an instrument resulting from an alteration or modification of a debt instrument will be recharacterized as an instrument or property right that

is not debt for federal income tax purposes shall take into account all of the factors relevant to such a determination.

(ii) *Financial condition of the obligor*—(A) *Deterioration in financial condition of the obligor generally disregarded.* Except as provided in paragraph (f)(7)(ii)(B) of this section, in making a determination as to whether an instrument resulting from an alteration or modification of a debt instrument will be recharacterized as an instrument or property right that is not debt under this section, any deterioration in the financial condition of the obligor between the issue date of the debt instrument and the date of the alteration or modification (as it relates to the obligor's ability to repay the debt instrument) is not taken into account. For example, any decrease in the fair market value of a debt instrument (whether or not the debt instrument is publicly traded) between the issue date of the debt instrument and the date of the alteration or modification is not taken into account to the extent that the decrease in fair market value is attributable to the deterioration in the financial condition of the obligor and not to a modification of the terms of the instrument.

(B) *Substitution of a new obligor; addition or deletion of co-obligor.* If there is a substitution of a new obligor or the addition or deletion of a co-obligor, the rules in paragraph (f)(7)(ii)(A) of this section do not apply.

* * * * *

(h) *Effective/applicability date*—(1) *In general.* Except as otherwise provided in paragraph (h)(2) of this section, this section applies to alterations of the terms of a debt instrument on or after September 24, 1996. Taxpayers, however, may rely on this section for alterations of the terms of a debt instrument after December 2, 1992, and before September 24, 1996.

(2) *Exception.* Paragraph (f)(7) of this section applies to an alteration of the terms of a debt instrument on or after the date of publication of the Treasury decision adopting these rules as final regulation in the **Federal Register**.

A taxpayer, however, may rely on paragraph (f)(7) of this section for alterations of the terms of a debt instrument occurring before that date.

Steven T. Miller,
*Deputy Commissioner for
Services and Enforcement.*

(Filed by the Office of the Federal Register on June 3, 2010, 8:45 a.m., and published in the issue of the Federal Register for June 4, 2010, 73 F.R. 31736)

New Backup Withholding Procedures: Social Security Number Validation following Receipt of Second B Notice

Announcement 2010-41

PURPOSE

The Internal Revenue Service ("IRS") is announcing a change in procedures for individual payees to follow to obtain validation of social security numbers ("SSNs") from the Social Security Administration ("SSA") to prevent or stop backup withholding under section 3406 of the Internal Revenue Code following receipt of a second "B notice" from a payor.

BACKGROUND

Pursuant to section 3406 and the regulations thereunder, a payor (such as a bank) must send certain notices under section 3406(a)(1)(B) ("B notices") to a payee after being notified by the IRS or a broker that the payee has provided an incorrect name and taxpayer identification number ("TIN") combination with respect to an account. Following the first notification from the IRS or broker, the payor must send a first B notice to a payee directing the payee to certify the TIN on Form W-9 in order to stop or prevent backup withholding on reportable payments by the payor. If the payor receives a second notice of incorrect TIN from the IRS or broker within three years, the payor must send a second B notice to the payee requiring the payee to provide TIN validation. After the second B notice, the payor cannot accept a TIN certification on Form W-9 but must receive validation of the payee's TIN from the SSA or the IRS. Absent receipt of proper validation, the payor must backup withhold from future reportable payments it makes to the payee.

The rules concerning the form, content and manner of delivery of B notices are set forth in Rev. Proc. 93-37, 1993-2 C.B.

477. That revenue procedure sets forth specific instructions regarding TIN validation, which must be included in the second B notice sent to payees. Pursuant to the instructions in Rev. Proc. 93-37, a payee who needs to validate an SSN must contact the local SSA office to inquire about SSN validation, provide a copy of the B notice to SSA, and request and authorize SSA to send Form SSA-7028, *Notice to Third Party of Social Security Number Assignment*, to the payor to validate the payee's SSN.

Effective January 1, 2010, SSA discontinued the availability of Form SSA-7028 for purposes of verifying SSNs to avoid backup withholding. This announcement updates the instructions for TIN validation given that Form SSA-7028 is no longer available.

INTERIM PROCEDURES

To obtain validation of the payee's SSN from the SSA for purposes of responding to a second B notice, each individual payee should now contact the local SSA office and request a Social Security Number Printout. The Social Security Number Printout will validate the SSN of the individual and will serve as acceptable validation of the individual's TIN for purposes of the requirements of section 3406. An individual may request one free copy of the Social Security Number Printout, which will verify the SSN assigned to that individual. The individual should provide a copy of the Social Security Number Printout to the payor who sent the second B notice. A payor who receives a copy of the Social Security Number Printout validating the SSN of a payee will not be required to commence backup withholding, and may stop backup withholding, on reportable payments made to that payee.

A payor sending a second B notice to an individual payee should inform the payee of this change in procedure. The following language is acceptable:

Note that the Instructions for Incorrect Social Security Numbers have changed and the SSA no longer uses Form SSA-7028. You must request a Social Security Number Printout from SSA rather than Form SSA-7028. You must send a copy of the Social Security Number Printout directly to us, along with a copy of this notice.

These interim procedures may be used until additional forthcoming guidance, including a revision of Rev. Proc. 93-37, is published.

DRAFTING INFORMATION

The principal author of this Announcement is Nancy Rose of the Office of the Associate Chief Counsel (Procedure and Administration). For further information regarding this announcement, contact Ms. Rose at (202) 622-4940 (not a toll-free call).

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

Announcement 2010-42

The Internal Revenue Service has revoked its determination that the organi-

zations 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 June 21, 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.

Christian Credit Counseling Center
San Antonio, TX
Gullahorn Family Supporting
Organization
Naples, FL
Visual Credit Counseling Inc
Tucson, AZ

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.

Numerical Finding List¹

Bulletins 2010–1 through 2010–25

Announcements:

2010-1, 2010-4 I.R.B. 333
2010-2, 2010-2 I.R.B. 271
2010-3, 2010-4 I.R.B. 333
2010-4, 2010-5 I.R.B. 384
2010-5, 2010-6 I.R.B. 402
2010-6, 2010-6 I.R.B. 402
2010-7, 2010-6 I.R.B. 403
2010-8, 2010-7 I.R.B. 408
2010-9, 2010-7 I.R.B. 408
2010-10, 2010-7 I.R.B. 410
2010-11, 2010-10 I.R.B. 438
2010-12, 2010-7 I.R.B. 410
2010-13, 2010-8 I.R.B. 426
2010-14, 2010-11 I.R.B. 449
2010-15, 2010-10 I.R.B. 438
2010-16, 2010-11 I.R.B. 450
2010-17, 2010-13 I.R.B. 515
2010-18, 2010-12 I.R.B. 460
2010-19, 2010-14 I.R.B. 529
2010-20, 2010-15 I.R.B. 551
2010-21, 2010-15 I.R.B. 551
2010-22, 2010-16 I.R.B. 602
2010-23, 2010-16 I.R.B. 602
2010-24, 2010-15 I.R.B. 587
2010-25, 2010-15 I.R.B. 588
2010-26, 2010-16 I.R.B. 604
2010-27, 2010-18 I.R.B. 657
2010-28, 2010-17 I.R.B. 616
2010-29, 2010-17 I.R.B. 616
2010-30, 2010-19 I.R.B. 668
2010-31, 2010-19 I.R.B. 681
2010-32, 2010-19 I.R.B. 681
2010-33, 2010-18 I.R.B. 658
2010-34, 2010-20 I.R.B. 685
2010-35, 2010-20 I.R.B. 685
2010-36, 2010-21 I.R.B. 696
2010-37, 2010-20 I.R.B. 685
2010-38, 2010-21 I.R.B. 696
2010-39, 2010-22 I.R.B. 724
2010-40, 2010-22 I.R.B. 725
2010-41, 2010-25 I.R.B. 767
2010-42, 2010-25 I.R.B. 768

Notices:

2010-1, 2010-2 I.R.B. 251
2010-2, 2010-2 I.R.B. 251
2010-3, 2010-2 I.R.B. 253
2010-4, 2010-2 I.R.B. 253
2010-5, 2010-2 I.R.B. 256
2010-6, 2010-3 I.R.B. 275
2010-7, 2010-3 I.R.B. 296

Notices— Continued:

2010-8, 2010-3 I.R.B. 297
2010-9, 2010-3 I.R.B. 298
2010-10, 2010-3 I.R.B. 299
2010-11, 2010-4 I.R.B. 326
2010-12, 2010-4 I.R.B. 326
2010-13, 2010-4 I.R.B. 327
2010-14, 2010-5 I.R.B. 344
2010-15, 2010-6 I.R.B. 390
2010-16, 2010-6 I.R.B. 396
2010-17, 2010-14 I.R.B. 519
2010-18, 2010-14 I.R.B. 525
2010-19, 2010-7 I.R.B. 404
2010-20, 2010-8 I.R.B. 422
2010-21, 2010-12 I.R.B. 451
2010-22, 2010-10 I.R.B. 435
2010-23, 2010-11 I.R.B. 441
2010-24, 2010-12 I.R.B. 452
2010-25, 2010-14 I.R.B. 527
2010-26, 2010-14 I.R.B. 527
2010-27, 2010-15 I.R.B. 531
2010-28, 2010-15 I.R.B. 541
2010-29, 2010-15 I.R.B. 547
2010-30, 2010-18 I.R.B. 650
2010-31, 2010-16 I.R.B. 594
2010-32, 2010-16 I.R.B. 594
2010-33, 2010-17 I.R.B. 609
2010-34, 2010-17 I.R.B. 612
2010-35, 2010-19 I.R.B. 660
2010-36, 2010-17 I.R.B. 612
2010-37, 2010-18 I.R.B. 654
2010-38, 2010-20 I.R.B. 682
2010-39, 2010-24 I.R.B. 756
2010-40, 2010-21 I.R.B. 693
2010-41, 2010-22 I.R.B. 715
2010-42, 2010-23 I.R.B. 733
2010-43, 2010-22 I.R.B. 716
2010-44, 2010-22 I.R.B. 717
2010-45, 2010-23 I.R.B. 734
2010-46, 2010-24 I.R.B. 757

Proposed Regulations:

REG-132232-08, 2010-6 I.R.B. 401
REG-134235-08, 2010-16 I.R.B. 596
REG-137036-08, 2010-6 I.R.B. 398
REG-101896-09, 2010-5 I.R.B. 347
REG-117501-09, 2010-11 I.R.B. 442
REG-131028-09, 2010-4 I.R.B. 332
REG-148681-09, 2010-11 I.R.B. 443
REG-114494-10, 2010-22 I.R.B. 723
REG-106750-10, 2010-25 I.R.B. 765

Revenue Procedures:

2010-1, 2010-1 I.R.B. 1
2010-2, 2010-1 I.R.B. 90
2010-3, 2010-1 I.R.B. 110

Revenue Procedures— Continued:

2010-4, 2010-1 I.R.B. 122
2010-5, 2010-1 I.R.B. 165
2010-6, 2010-1 I.R.B. 193
2010-7, 2010-1 I.R.B. 231
2010-8, 2010-1 I.R.B. 234
2010-9, 2010-2 I.R.B. 258
2010-10, 2010-3 I.R.B. 300
2010-11, 2010-2 I.R.B. 269
2010-12, 2010-3 I.R.B. 302
2010-13, 2010-4 I.R.B. 329
2010-14, 2010-12 I.R.B. 456
2010-15, 2010-7 I.R.B. 404
2010-16, 2010-19 I.R.B. 664
2010-17, 2010-8 I.R.B. 425
2010-18, 2010-9 I.R.B. 427
2010-19, 2010-13 I.R.B. 469
2010-20, 2010-14 I.R.B. 528
2010-21, 2010-13 I.R.B. 473
2010-22, 2010-23 I.R.B. 747
2010-23, 2010-24 I.R.B. 762
2010-24, 2010-25 I.R.B. 764

Revenue Rulings:

2010-1, 2010-2 I.R.B. 248
2010-2, 2010-3 I.R.B. 272
2010-3, 2010-3 I.R.B. 272
2010-4, 2010-4 I.R.B. 309
2010-5, 2010-4 I.R.B. 312
2010-6, 2010-6 I.R.B. 387
2010-7, 2010-8 I.R.B. 417
2010-8, 2010-10 I.R.B. 432
2010-9, 2010-13 I.R.B. 461
2010-10, 2010-13 I.R.B. 461
2010-11, 2010-14 I.R.B. 516
2010-12, 2010-18 I.R.B. 617
2010-13, 2010-21 I.R.B. 691
2010-15, 2010-23 I.R.B. 730

Tax Conventions:

2010-2, 2010-2 I.R.B. 271
2010-26, 2010-16 I.R.B. 604
2010-27, 2010-18 I.R.B. 657

Treasury Decisions:

9474, 2010-4 I.R.B. 322
9475, 2010-4 I.R.B. 304
9476, 2010-5 I.R.B. 336
9477, 2010-6 I.R.B. 385
9478, 2010-4 I.R.B. 315
9479, 2010-18 I.R.B. 618
9480, 2010-11 I.R.B. 439
9481, 2010-17 I.R.B. 605
9482, 2010-22 I.R.B. 698
9483, 2010-23 I.R.B. 726
9484, 2010-24 I.R.B. 748

¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2009–27 through 2009–52 is in Internal Revenue Bulletin 2009–52, dated December 28, 2009.

Finding List of Current Actions on Previously Published Items¹

Bulletins 2010–1 through 2010–25

Announcements:

2009-23

Corrected by
Ann. 2010-29, 2010-17 I.R.B. 616

2009-51

Supplemented and superseded by
Ann. 2010-16, 2010-11 I.R.B. 450

2010-4

Corrected by
Ann. 2010-10, 2010-7 I.R.B. 410

2010-22

Corrected by
Ann. 2010-34, 2010-20 I.R.B. 685

Notices:

97-66

Modified by
Notice 2010-46, 2010-24 I.R.B. 757

2005-88

Superseded by
Notice 2010-13, 2010-4 I.R.B. 327

2006-87

Superseded by
Notice 2010-27, 2010-15 I.R.B. 531

2007-25

Superseded by
Notice 2010-27, 2010-15 I.R.B. 531

2007-77

Superseded by
Notice 2010-27, 2010-15 I.R.B. 531

2008-14

Modified and superseded by
Notice 2010-33, 2010-17 I.R.B. 609

2008-41

Modified by
Notice 2010-7, 2010-3 I.R.B. 296

2008-55

Modified by
Notice 2010-3, 2010-2 I.R.B. 253

2008-88

Modified by
Notice 2010-7, 2010-3 I.R.B. 296

2008-107

Superseded by
Notice 2010-27, 2010-15 I.R.B. 531

Notices— Continued:

2008-113

Modified by
Notice 2010-6, 2010-3 I.R.B. 275

2008-115

Modified by
Notice 2010-6, 2010-3 I.R.B. 275

2008-116

Modified and superseded by
Notice 2010-32, 2010-16 I.R.B. 594

2009-11

Amplified by
Notice 2010-9, 2010-3 I.R.B. 298

2009-13

Obsoleted by
T.D. 9478, 2010-4 I.R.B. 315
REG-131028-09, 2010-4 I.R.B. 332

2009-35

Supplemented by
Notice 2010-17, 2010-14 I.R.B. 519

2009-38

Amplified and superseded by
Notice 2010-2, 2010-2 I.R.B. 251

2009-62

Modified and supplemented by
Notice 2010-23, 2010-11 I.R.B. 441

Proposed Regulations:

REG-127270-06

Hearing scheduled by
Ann. 2010-6, 2010-6 I.R.B. 402

REG-134235-08

Hearing scheduled by
Ann. 2010-33, 2010-18 I.R.B. 658

Revenue Procedures:

80-59

Modified and superseded by
Rev. Proc. 2010-11, 2010-2 I.R.B. 269

87-35

Obsoleted by
Rev. Proc. 2010-3, 2010-1 I.R.B. 110

2001-18

Superseded by
Rev. Proc. 2010-16, 2010-19 I.R.B. 664

2008-14

Updated by
Rev. Proc. 2010-15, 2010-7 I.R.B. 404

2009-1

Superseded by
Rev. Proc. 2010-1, 2010-1 I.R.B. 1

Revenue Procedures— Continued:

2009-2

Superseded by
Rev. Proc. 2010-2, 2010-1 I.R.B. 90

2009-3

Superseded by
Rev. Proc. 2010-3, 2010-1 I.R.B. 110

2009-4

Superseded by
Rev. Proc. 2010-4, 2010-1 I.R.B. 122

2009-5

Superseded by
Rev. Proc. 2010-5, 2010-1 I.R.B. 165

2009-6

Superseded by
Rev. Proc. 2010-6, 2010-1 I.R.B. 193

2009-7

Superseded by
Rev. Proc. 2010-7, 2010-1 I.R.B. 231

2009-8

Superseded by
Rev. Proc. 2010-8, 2010-1 I.R.B. 234

2009-9

Superseded by
Rev. Proc. 2010-9, 2010-2 I.R.B. 258

2009-15

Amplified and superseded by
Rev. Proc. 2010-12, 2010-3 I.R.B. 302

2009-17

Superseded by
Rev. Proc. 2010-21, 2010-13 I.R.B. 473

2009-25

Superseded by
Rev. Proc. 2010-3, 2010-1 I.R.B. 110

2009-27

Obsoleted by
Rev. Proc. 2010-23, 2010-24 I.R.B. 762

2009-50

Section 3.20 modified and superseded by
Rev. Proc. 2010-24, 2010-25 I.R.B. 764

2009-55

Corrected by
Ann. 2010-11, 2010-10 I.R.B. 438

2010-1

Corrected by
Ann. 2010-5, 2010-6 I.R.B. 402

Revenue Rulings:

67-436

Obsoleted by
REG-101896-09, 2010-5 I.R.B. 347

¹ A cumulative list of current actions on previously published items in Internal Revenue Bulletins 2009–27 through 2009–52 is in Internal Revenue Bulletin 2009–52, dated December 28, 2009.

Revenue Rulings— Continued:

92-19

Supplemented in part by
Rev. Rul. 2010-7, 2010-8 I.R.B. 417

2008-52

Supplemented and superseded by
Rev. Rul. 2010-2, 2010-3 I.R.B. 272

Treasury Decisions:

9350

Corrected by
Ann. 2010-38, 2010-21 I.R.B. 696
Ann. 2010-39, 2010-22 I.R.B. 724

9424

Corrected by
Ann. 2010-18, 2010-12 I.R.B. 460

9443

Corrected by
Ann. 2010-8, 2010-7 I.R.B. 408

9458

Corrected by
Ann. 2010-7, 2010-6 I.R.B. 403



**U.S. GOVERNMENT
PRINTING OFFICE**
KEEPING AMERICA INFORMED

Order Processing Code:
3465

Easy Secure Internet:
bookstore.gpo.gov

Internal Revenue Cumulative Bulletins Publications and Subscription Order Form

Toll Free: 866 512-1800
DC Area: 202 512-2800
Fax: 202 512-2250

Mail: Superintendent of Documents
P.O. Box 371954
Pittsburgh, PA 15250-7954

Publications

Qty.	Stock Number	Title	Price Each	Total Price
	048-004-02467-5	Cum. Bulletin 1999-3	20.40	
	048-004-02462-4	Cum. Bulletin 2001-2 (Jul-Dec)	24.00	
	048-004-02480-2	Cum. Bulletin 2001-3	71.00	
	048-004-02470-5	Cum. Bulletin 2002-2 (Jul-Dec)	28.80	
	048-004-02486-1	Cum. Bulletin 2002-3	54.00	
	048-004-02483-7	Cum. Bulletin 2004-2 (July-Dec)	54.00	
	048-004-02488-8	Cum. Bulletin 2005-2	56.00	
Total for Publications				

Subscriptions

Qty.	List ID	Title	Price Each	Total Price
	IRS	Internal Revenue Bulletin	\$247	
		Optional - Add \$50 to open Deposit Account		
Total for Subscriptions				
Total for Publications and Subscriptions				

NOTE: Price includes regular shipping and handling and is subject to change. International customers please add 40 percent.

Standing Order Service*

To automatically receive future editions of *Internal Revenue Cumulative Bulletins* without having to initiate a new purchase order, sign below for Standing Order Service.

Qty.	Standing Order	Title
	ZIRSC	Internal Revenue Cumulative Bulletins

Authorization

I hereby authorize the Superintendent of Documents to charge my account for Standing Order Service:
(enter account information at right)

VISA MasterCard Discover/NOVUS American Express

Superintendent of Documents (SOD) Deposit Account

Authorizing signature (Standing orders not valid unless signed.)

Please print or type your name.

Daytime phone number (_____) _____

SuDocs Deposit Account

A Deposit Account will enable you to use Standing Order Service to receive subsequent volumes quickly and automatically. For an initial deposit of \$50 you can establish your Superintendent of Documents Deposit Account.

YES! Open a SOD Deposit Account for me so I can order future publications quickly and easily.
I am enclosing the \$50 initial deposit.



Check method of payment:

- Check payable to Superintendent of Documents
- SOD Deposit Account -
- VISA MasterCard Discover/Novus American Express

(expiration date)

Thank you for your Order!

Authorizing signature

06/06

Company or personal name

(Please type or print)

Additional address/attention line

Street address

City, State, Zip Code

E-mail address

Daytime phone including area code

Purchase order number (optional)

*Standing Order Service

Just sign the authorization above to charge selected items to your existing Deposit Account, VISA or MasterCard, Discover/NOVUS, or American Express account. Or open a Deposit Account with an initial deposit of \$50 or more. Your account will be charged only as each volume is issued and mailed. Sufficient money must be kept in your account to insure that items are shipped. Service begins with the next issue released of each item you select.

You will receive written acknowledgement for each item you choose to receive by Standing Order Service.

If you wish to cancel your Standing Order Service, please notify the Superintendent of Documents in writing (telephone cancellations are accepted, but must be followed up with a written cancellation within 10 days).

Important: Please include this completed order form with your payment.

INTERNAL REVENUE BULLETIN

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletin is sold on a yearly subscription basis by the Superintendent of Documents. Current subscribers are notified by the Superintendent of Documents when their subscriptions must be renewed.

CUMULATIVE BULLETINS

The contents of this weekly Bulletin are consolidated semiannually into a permanent, indexed, Cumulative Bulletin. These are sold on a single copy basis and *are not* included as part of the subscription to the Internal Revenue Bulletin. Subscribers to the weekly Bulletin are notified when copies of the Cumulative Bulletin are available. Certain issues of Cumulative Bulletins are out of print and are not available. Persons desiring available Cumulative Bulletins, which are listed on the reverse, may purchase them from the Superintendent of Documents.

ACCESS THE INTERNAL REVENUE BULLETIN ON THE INTERNET

You may view the Internal Revenue Bulletin on the Internet at www.irs.gov. Select Businesses. Under Businesses Topics, select More Topics. Then select Internal Revenue Bulletins.

INTERNAL REVENUE BULLETINS ON CD-ROM

Internal Revenue Bulletins are available annually as part of Publication 1796 (Tax Products CD-ROM). The CD-ROM can be purchased from National Technical Information Service (NTIS) on the Internet at www.irs.gov/cdorders (discount for online orders) or by calling 1-877-233-6767. The first release is available in mid-December and the final release is available in late January.

HOW TO ORDER

Check the publications and/or subscription(s) desired on the reverse, complete the order blank, enclose the proper remittance, detach entire page, and mail to the Superintendent of Documents, P.O. Box 371954, Pittsburgh PA, 15250-7954. Please allow two to six weeks, plus mailing time, for delivery.

WE WELCOME COMMENTS ABOUT THE INTERNAL REVENUE BULLETIN

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can email us your suggestions or comments through the IRS Internet Home Page (www.irs.gov) or write to the IRS Bulletin Unit, SE:W:CAR:MP:T:T:SP, Washington, DC 20224.

Internal Revenue Service
Washington, DC 20224

Official Business
Penalty for Private Use, \$300