

## **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**

#### **T.D. 9530, page 77.**

Final regulations under section 956 of the Code contain guidance regarding the determination of basis in certain U.S. property acquired by a controlled foreign corporation in certain non-recognition transactions. The Service and the Treasury Department became aware that certain taxpayers were engaging in certain nonrecognition transactions that were intended to repatriate earnings and profits of a controlled foreign corporation without U.S. income taxation. These regulations finalize guidance intended to end such abuses.

#### **Notice 2011-57, page 84.**

**2011 section 43 inflation adjustment factor.** This notice announces the inflation adjustment factor and phase-out amount for the enhanced oil recovery credit for taxable years beginning in the 2011 calendar year. The notice concludes that, because the reference price for the 2010 calendar year (\$74.71) exceeds \$28 multiplied by the inflation adjustment factor for the 2010 calendar year (\$42.91) by \$31.80, the enhanced oil recovery credit for qualified costs paid or incurred in 2011 is phased out completely. The notice also contains the previously published figures for taxable years beginning in the 1991 through 2010 calendar years.

#### **Notice 2011-58, page 85.**

**2011 marginal production rates.** This notice announces that under section 613A(c)(6)(C) of the Code, the applicable percentage for purposes of determining percentage depletion on marginal properties for calendar year 2011 is 15 percent.

#### **Notice 2011-60, page 90.**

This notice provides for the suspension of certain requirements under section 42 of the Code for low-income housing credit projects in North Dakota in order to provide emergency housing

relief needed as a result of the devastation caused by flooding in North Dakota beginning on February 14, 2011.

### **EMPLOYEE PLANS**

#### **Notice 2011-59, page 86.**

**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 July 2011; the 24-month average segment rates; the funding transitional segment rates applicable for July 2011; and the minimum present value transitional rates for June 2011.

### **ADMINISTRATIVE**

#### **T.D. 9531, page 79.**

Final regulations under section 6081 of the Code relate to the automatic extensions of time to file income tax returns for partnership, trust, and estate taxpayers, and automatic extensions of time for filing returns for pension excise taxes.

#### **Notice 2011-61, page 91.**

This notice invites public comments regarding the process for individuals and entities to be approved by the Internal Revenue Service as continuing education providers. Comments are requested by August 17, 2011.

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.

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

## Section 956.—Investment of Earnings in United States Property

26 CFR 1.956-1: Shareholder's pro rata share of a controlled foreign corporation's increase in earnings invested in United States property.

### T.D. 9530

#### DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

#### Guidance Under Section 956 for Determining the Basis of Property Acquired in Certain Nonrecognition Transactions

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document contains final and temporary regulations under section 956 of the Internal Revenue Code (Code) regarding the determination of basis in certain United States property acquired by a controlled foreign corporation in certain nonrecognition transactions that are intended to repatriate earnings and profits of the controlled foreign corporation without U.S. income taxation. The regulations affect United States shareholders of a controlled foreign corporation that acquires United States property in certain nonrecognition transactions.

DATES: *Effective Date:* These regulations are effective on June 24, 2011.

*Applicability Date:* For dates of applicability, see §1.956-1(e)(6)(vii).

FOR FURTHER INFORMATION CONTACT: Kristine A. Crabtree at (202) 622-3840 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background and Explanation of Provisions

On June 24, 2008, the IRS published final and temporary regulations under section 956 (T.D. 9402, 2008-31 I.R.B. 254) in the **Federal Register** (73 FR 35580). On the same date, the IRS published a notice of proposed rulemaking (REG-102122-08, 2008-31 I.R.B. 278) (the proposed regulations) in the **Federal Register** (73 FR 35606) cross-referencing the temporary regulations. The temporary and proposed regulations provided guidance regarding the determination of basis in certain United States property (as defined in section 956(c)) acquired by a controlled foreign corporation (as defined in section 957(a)) in certain nonrecognition transactions that are intended to repatriate earnings and profits of the controlled foreign corporation without an income inclusion by its United States shareholders under section 951(a)(1)(B). The purpose of these regulations is to prevent a United States shareholder of a controlled foreign corporation from avoiding an income inclusion under section 951(a)(1)(B) where the controlled foreign corporation acquires United States property in an exchange to which these regulations apply and claims a basis in the United States property that is less than the amount of earnings and profits repatriated. No comments in response to the proposed regulations were received and no public hearing was requested or held. This Treasury decision adopts the proposed regulations with minor changes, described below, as final regulations and removes the corresponding temporary regulations.

Language was added to §1.956-1(e)(6)(iii) to clarify the effect of the assumption of a liability by a controlled foreign corporation in connection with an exchange to which §1.956-1(e)(6) applies. The final regulations also modify §1.956-1(e)(6)(v) to address the situation in which the controlled foreign corporation exchanges specified United States property the adjusted basis in which has been determined under §1.956-1(e)(6) for

other United States property, by providing that for purposes of applying section 956 the controlled foreign corporation's adjusted basis in the other United States property is no less than its adjusted basis in the specified United States property as determined under §1.956-1(e)(6)(iii). A cross-reference to the anti-abuse rule of §1.956-1T(b)(4) was also added to §1.956-1(e)(6)(vi), *Example 3*.

##### Effective/Applicability Dates

These final regulations apply to property acquired in exchanges occurring on or after June 24, 2011. For transactions that occur prior to June 24, 2011, see §1.956-1T(e)(6) as contained in 26 CFR Part 1 revised as of April 1, 2011.

##### 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 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 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 Code, these regulations have been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

##### Drafting Information

The principal author of these regulations is Kristine A. Crabtree, Office of Associate Chief Counsel (International). However, other personnel from the IRS and the 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 is amended by adding entries in numerical order to read in part as follows:

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

Section 1.956-1(e)(6) also issued under 26 U.S.C. 367(b) and 956(e).

Par. 2. Section 1.956-1 is amended by revising the last sentence of paragraph (e)(1), revising paragraphs (e)(5) and (e)(6), and removing paragraph (f) to read as follows:

*§1.956-1 Shareholder's pro rata share of a controlled foreign corporation's increase in earnings invested in United States property.*

\* \* \* \* \*

(e) \* \* \*

(1) \* \* \* See §1.956-1(e)(6) for a special rule for determining amounts attributable to United States property acquired as the result of certain nonrecognition transactions.

\* \* \* \* \*

(5) [Reserved]. For further guidance, see §1.956-1T(e)(5).

(6) *Adjusted basis of property acquired in certain nonrecognition transactions*—(i) *Scope*. This paragraph (e)(6) provides rules for determining, solely for purposes of applying section 956, the adjusted basis of specified United States property acquired by a controlled foreign corporation pursuant to an exchange in which the controlled foreign corporation's basis in such specified United States property is determined under section 362(a). This paragraph (e)(6) also applies if specified United States property, the adjusted basis in which has been determined under these regulations, is transferred (in one or more subsequent exchanges) to a related person (within the meaning of section 954(d)(3)), pursuant to one or more exchanges in which the related person's adjusted basis in such property is determined, in whole or in part, by reference to the transferor controlled foreign corporation's adjusted basis in such property.

(ii) *Definition of specified United States property*. For purposes of this paragraph (e)(6), *specified United States property* is stock of a domestic corporation described in section 956(c)(1)(B) or an obligation of a domestic corporation described in

section 956(c)(1)(C) that is acquired by a controlled foreign corporation from the domestic issuing corporation. Specified United States property does not include property described in section 956(c)(2).

(iii) *Adjusted basis of specified United States property*. Solely for purposes of applying section 956, the adjusted basis of specified United States property acquired by a controlled foreign corporation in connection with an exchange to which this paragraph (e)(6) applies shall be no less than the fair market value of any property transferred by the controlled foreign corporation in exchange for such specified United States property. For purposes of this paragraph (e)(6), the term *property* has the meaning set forth in section 317(a), but also includes any liability that is assumed by the controlled foreign corporation in connection with the exchange notwithstanding the application of section 357(a). The assumption of a liability by the controlled foreign corporation in connection with the exchange will be considered the transfer of property. The fair market value of such property will be the amount of the liability assumed. The fair market value of any property transferred by the controlled foreign corporation in exchange for the specified United States property shall be determined at the time of the exchange.

(iv) *Timing*. For purposes of §1.956-2(d)(1)(i)(a), a controlled foreign corporation that acquires specified United States property in an exchange to which this paragraph (e)(6) applies acquires an adjusted basis in such property at the time of the controlled foreign corporation's exchange of property for such specified United States property.

(v) *Transfers to related persons*. If a controlled foreign corporation transfers specified United States property, the adjusted basis in which has been determined under this paragraph (e)(6), to a related person (within the meaning of section 954(d)(3)) (related person transferee) in one or more exchanges pursuant to which the related person transferee's adjusted basis in such specified United States property is determined, in whole or in part, by reference to the controlled foreign corporation's adjusted basis in such specified United States property, then, solely for purposes of applying section 956 following such exchange, the controlled foreign

corporation's adjusted basis in any United States property received in the exchange (or exchanges) shall be no less than the aggregate adjusted basis of the specified United States property as determined under paragraph (e)(6)(iii) of this section, and the related person transferee's adjusted basis in such specified United States property shall be no less than the adjusted basis of such specified United States property in the hands of the controlled foreign corporation as determined under paragraph (e)(6)(iii) of this section. This paragraph (e)(6)(v) shall also apply in the case of one or more successive transfers of the specified United States property by a related person transferee to one or more persons related to the controlled foreign corporation (within the meaning of section 954(d)(3)). This paragraph (e)(6)(v) shall apply regardless of whether a subsequent transfer was part of a plan (or series of related transactions) that includes the controlled foreign corporation's acquisition of the specified United States property.

(vi) *Examples*. The rules of this paragraph (e)(6) are illustrated by the following examples:

*Example 1.* (i) *Facts*. USP, a domestic corporation, is the common parent of an affiliated group that joins in the filing of a consolidated return. USP owns 100 percent of the stock of US1 and US2, both domestic corporations and members of the USP consolidated group. US1 owns 100 percent of the stock of CFC, a controlled foreign corporation. US2 issues \$100x of its stock to CFC in exchange for \$10x of CFC stock and \$90x cash. US2's transfer of its stock to CFC is described in section 351, US2 recognizes no gain in the exchange under section 1032(a), and CFC's basis in the US2 stock acquired in the exchange is determined under section 362(a).

(ii) *Analysis*. The US2 stock acquired by CFC in the exchange constitutes specified United States property under paragraph (e)(6)(ii) of this section because CFC acquires the US2 stock from US2, the issuing corporation. Therefore, because CFC's adjusted basis in the US2 stock is determined under section 362(a), then for purposes of applying section 956, CFC's adjusted basis in the US2 stock shall, under paragraph (e)(6)(iii) of this section, be no less than \$90x, the fair market value of the property exchanged by CFC for the US2 stock (the \$10x of CFC stock issued in the exchange does not constitute property for purposes of paragraph (e)(6)(iii) of this section). Pursuant to paragraph (e)(6)(iv) of this section, for purposes of §1.956-2(d)(1)(i)(a) CFC shall be treated as acquiring its adjusted basis of no less than \$90x in the US2 stock at the time of its transfer of property to US2 in exchange for the US2 stock. The result would be the same if, instead of CFC transferring \$90x of cash to US2 in the exchange, CFC assumes a \$90x liability of US2.

*Example 2.* (i) *Facts*. USP, a domestic corporation, owns 100 percent of the stock of USS, a

domestic corporation. USP also owns 100 percent of the stock of CFC, a controlled foreign corporation. USP's adjusted basis in its USS stock equals the fair market value of the USS stock, or \$100x. USP transfers its USS stock to CFC in exchange for \$100x of CFC stock. USP's transfer of its USS stock to CFC is described in section 351, USP recognizes no gain in the exchange under section 351(a), and CFC's adjusted basis in the USS stock acquired in the exchange, determined under section 362(a), equals \$100x.

(ii) *Analysis.* The USS stock acquired by CFC in the exchange does not constitute specified United States property under paragraph (e)(6)(ii) of this section because CFC acquires the USS stock from USP. Therefore, CFC's adjusted basis in the USS stock, for purposes of section 956, is not determined under this paragraph (e)(6). Instead, CFC's adjusted basis in the USS stock is determined under the general rule of section 956(a) and under paragraphs (e)(1) through (4) of this section. As determined under section 362(a), CFC's adjusted basis in the USS stock is \$100x.

*Example 3.* (i) *Facts.* USP, a domestic corporation, owns 100 percent of the stock of CFC1, a controlled foreign corporation. CFC1 holds specified United States property (within the meaning of paragraph (e)(6)(ii) of this section) with an adjusted basis of \$30x for purposes of applying section 956 that was determined under paragraph (e)(6)(iii) of this section. CFC1 owns 100 percent of the stock of CFC2, a controlled foreign corporation. CFC1 transfers the specified United States property to CFC2 in an exchange described in section 351. CFC2's adjusted basis in the specified United States property is determined under section 362(a).

(ii) *Analysis.* In the section 351 exchange, CFC1 transferred specified United States property to CFC2 with an adjusted basis that was determined under paragraph (e)(6)(iii) of this section. Further, CFC2's adjusted basis in the specified United States property is determined under section 362(a) by reference, in whole or in part, to CFC1's adjusted basis in such property. Therefore, for purposes of applying section 956, pursuant to paragraph (e)(6)(v) of this section CFC2's adjusted basis in the specified United States property shall be no less than \$30x. Paragraph (e)(6)(v) of this section would also apply if CFC2 subsequently transfers the specified United States property to another person related to CFC1 (within the meaning of section 954(d)(3)) if such related person's adjusted basis in the specified United States property is determined by reference, in whole or in part, to CFC2's adjusted basis in such property. See also §1.956-1T(b)(4) if one of the principal purposes of CFC1's transfer of property to CFC2 was the avoidance of the application of section 956 with respect to CFC1.

(vii) *Effective/applicability dates.* This paragraph (e)(6) applies to property acquired in exchanges occurring on or after June 24, 2011. For transactions that occur prior to June 24, 2011, see §1.956-1T(e)(6) as contained in 26 CFR Part 1 revised as of April 1, 2011.

Par. 3. Section 1.956-1T is amended by removing paragraph (e)(6) and revising paragraph (f) to read as follows:

*§1.956-1T Shareholder's pro rata share of a controlled foreign corporation's increase in earnings invested in United States property (temporary).*

\* \* \* \* \*

(f) *Effective/applicability date.* Paragraph (e)(5) of this section applies to investments made on or after June 14, 1988.

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

Approved June 11, 2011.

Emily S. McMahon,  
*Acting Assistant Secretary  
of the Treasury (Tax Policy).*

(Filed by the Office of the Federal Register on June 23, 2011, 8:45 a.m., and published in the issue of the Federal Register for June 24, 2011, 76 F.R. 36993)

## Section 6081.—Extension of Time for Filing Returns

*26 CFR 1.6081-2: Automatic extension of time to file certain returns filed by partnerships.*

### T.D. 9531

## DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Parts 1 and 54

### Extension of Time for Filing Returns

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and removal temporary regulations

SUMMARY: This document contains final regulations relating to the automatic extensions of time to file returns for partnership, trust, and estate taxpayers, and automatic extensions of time for filing returns for pension excise taxes. The objective of these final regulations is to reduce overall taxpayer burden by providing an extension period that strikes the most reasonable balance for these pass-through entities and the large number of taxpayers who require information from these entities for completion of their income tax returns.

*DATES: Effective Date:* These regulations are effective on June 24, 2011.

*Applicability Date:* For dates of applicability of these regulations, see §§1.6081-2(h), 1.6081-6(g), and 54.6081-1(f).

FOR FURTHER INFORMATION CONTACT: Jason Bremer, (202) 622-4910 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

### Background

This document contains amendments to 26 CFR parts 1 and 54 under section 6081 of the Internal Revenue Code (Code). On November 8, 2005, the Treasury Department and the IRS published a notice of proposed rulemaking (REG-144898-04, 2005-2 C.B. 1062) by cross-reference to temporary regulations (T.D. 9229, 2005-2 C.B. 1051) in the **Federal Register** (70 FR 67356, 70 FR 67397) relating to the simplification of procedures for obtaining automatic extensions of time to file certain returns. On July 1, 2008, the Treasury Department and the IRS published final and temporary regulations (T.D. 9407, 2008-33 I.R.B. 330) in the **Federal Register** (73 FR 37362) finalizing the rules simplifying the procedures for obtaining automatic extensions of time to file certain returns. A notice of proposed rulemaking (REG-115457-08, 2008-33 I.R.B. 390) cross-referencing the temporary regulations also was published in the **Federal Register** (73 FR 37389) on July 1, 2008. The temporary and proposed regulations reduced the automatic six-month extension of time to file contained in the 2005 proposed regulations to five months for certain pass-through entities (most partnerships, estates, and certain trusts).

As these pass-through entities were previously allowed to obtain an automatic six-month extension of time to file certain returns, the Treasury Department and the IRS requested comments on whether, and how, a five-month extension of time to file for these pass-through entities might increase or reduce overall taxpayer burden. Approximately 70 comments were received in response to the notice of proposed rulemaking. A public hearing was held on January 13, 2009. Three speakers

appeared at the public hearing and commented on the notice of proposed rulemaking.

All comments were considered and are available for public inspection at [www.regulations.gov](http://www.regulations.gov) or upon request. After consideration of the written comments and the comments provided at the public hearing, the proposed regulations under section 6081 are adopted as revised by this Treasury decision. The public comments, public hearing, and the revisions are discussed in this preamble.

### **Explanation and Summary of Comments**

Prior to issuance of the 2005 temporary regulations, T.D. 9229, pass-through entities were entitled to an automatic three-month extension of time to file certain returns by filing one form, and could also request a discretionary additional three-month extension of time to file by filing a second form. T.D. 9229 provided temporary regulations that simplified the extension process by allowing most taxpayers, including pass-through entities, to obtain a six-month automatic extension of time to file by filing one single form. In the 2008 final and temporary regulations, T.D. 9407, the Treasury Department and the IRS finalized rules granting an automatic six-month extension of time to file for non pass-through entities and granting certain pass-through entities a five-month automatic extension of time to file certain returns. The five-month extension included in the 2008 final and temporary regulations for certain pass-through entities responded to comments received on the 2005 temporary regulations. Commentators expressed concern that an automatic six-month extension for pass-through entities would unduly burden individual and corporate taxpayers with ownership interests in pass-through entities because individual and corporate taxpayers might not receive information returns from pass-through entities in sufficient time to complete their income tax returns in an accurate and timely manner.

#### *Partnership, Trust, and Estate Taxpayers*

Recognizing the inherent conflict between providing sufficient time for pass-through entities to prepare returns and ensuring that the owners and bene-

ficiaries of pass-through entities timely receive information returns needed to file their own returns, the 2008 proposed and temporary regulations specifically requested comments on whether a shorter filing extension period for pass-through entities might increase or reduce overall taxpayer burden. The IRS received approximately 70 comments, many of which are summarized in this preamble.

Several commentators suggested that the Treasury Department and the IRS should consider changing the filing and extension due dates for individual and corporate tax returns rather than shortening the extension period for pass-through entities. For example, some commentators suggested moving the individual taxpayer return due date to April 30th, or allowing individuals and corporations a seven-month extension of time to file returns. Other commentators suggested moving up the filing date for partnership, trust, and estate taxpayers to March 15th, thereby allowing these entities a full six-month extension of time to file until September 15th so that individual taxpayers with ownership interests in the entities would receive information timely.

These suggestions are not viable options for a regulation project because the due dates for filing tax returns are determined by statute. *See*, for example, sections 6012(a) and 6072. Further, section 6081 provides that, except in the case of taxpayers who are abroad, the maximum extension of time to file a tax return cannot exceed six months. Accordingly, without legislative action, the Treasury Department and the IRS cannot change the due date for filing tax returns or increase the maximum extension of time to file a tax return for pass-through entities, individuals, or corporations.

Although the comments with regard to shortening the automatic extension period for these pass-through entities varied as to time periods, the majority of commentators agreed that a less than six-month extension period for pass-through entities would generally reduce overall taxpayer burden by allowing taxpayers with ownership interests in pass-through entities to receive information in a more timely fashion vis-à-vis preparation of their own individual or corporate income tax returns. There was no clear consensus, however, regard-

ing what the optimal period of extension would be for reducing taxpayer burden.

The Treasury Department and the IRS considered several extension periods for pass-through entities, including a four-month and a five-month extension period, when drafting the proposed and temporary regulations. The Treasury Department and the IRS ultimately decided upon a five-month automatic extension period for the proposed and temporary regulations. Many comments were received supporting the five-month extension period. Some commentators noted, however, that the five-month extension period would not alleviate the burden on corporate taxpayers with ownership interests in pass-through entities. These commentators expressed a concern that even a five-month extension period for these entities would, in most cases, simply align the extended due date for pass-through entities with the extended due date for corporate returns, resulting in the same delay of information to corporate owners of these entities. That delay, the commentators contend, would greatly increase the need for filing amended returns. Commentators suggested shortening the automatic extension for these entities to less than five months.

In opting for the five-month extension, the Treasury Department and the IRS recognize that some corporations with ownership interests in pass-through entities may continue to experience delayed receipt of information needed to complete their own corporate returns. The Treasury Department and the IRS, however, continue to believe that a five-month extension period reduces the overall burden on taxpayers and strikes the most reasonable balance for all affected taxpayers. The five-month extension period allows pass-through entities, including complex and tiered entities, an adequate time for preparation of the required pass-through returns and also ensures the timely and accurate dissemination of information to a large number of taxpayers who require that information for completion of their own income tax returns.

Electing large partnerships required to file Form 1065-B, “*U.S. Return of Income for Electing Large Partnerships*,” for any taxable year will be allowed an automatic six-month extension of time to file the return, however, because these pass-through

entities are statutorily required to furnish Schedules K-1 by March 15, regardless of any extension of time to file the return. See section 6031(b).

Comments varied in response to the five-month automatic filing extension period provided for trust taxpayers. Several commentators expressed support of the overall five-month extension to pass-through entities. Other commentators suggested that trusts resemble an end taxpayer more than a pass-through entity, and in that respect are more akin to individuals than to partnerships. These commentators argued that trusts did not belong in the same class of entities as partnerships and estates for purposes of automatic filing extensions.

Some commentators further expressed concern that Schedules K-1 would not be received by trusts in a sufficiently timely fashion. For example, commenters noted that trusts are often invested in partnerships, which are often invested in other partnerships in tiered structures, with each entity relying on the next for information before preparing their own statements. These commenters feared that, due to the compressed timeframe when Forms 1065, "U.S. Return of Partnership Income," will typically be prepared, Schedules K-1 received by each succeeding entity in the chain ultimately will be received by trusts at the very last minute, resulting in inaccuracies and increased preparer burden.

Commentators also pointed out that the five-month extended deadline for trusts would coincide with the extended due date for S Corporation tax returns. Due to the fact that many trusts are invested in S Corporations, these commentators viewed this as an increased burden on trusts and their return preparers.

The Treasury Department and the IRS recognize that only allowing a five-month extension of time to file for trusts may cause a hardship, as some trusts may have less time to complete accurate income tax returns and to provide timely information to the trust's beneficiaries. Providing a longer extension of time to file, however, still presents the potential of shifting the burden to individuals who might not receive timely information. In addition, the Treasury Department and the IRS believe that the five-month automatic filing extension period has generally been successful

and continues to strike the right balance in reducing overall taxpayer burden since the proposed and temporary regulations were adopted.

Therefore, after thorough consideration of all the comments, the Treasury Department and the IRS determined that the five-month extension period best reduces overall tax burden. Accordingly, these final regulations provide that trusts will continue to receive an automatic five month extension of time to file as provided in the proposed and temporary regulations.

Finally, a comment questioned whether the five-month automatic extension of time to file estate or trust income tax returns applies to individuals filing bankruptcy petitions under chapter 7 or 11 of title 11 of the United States Code. The bankruptcy estate created when a petition is filed by an individual under either chapter 7 or 11 is a separate taxable entity for title 26 purposes. See 26 U.S.C. §1398. Although fiduciaries of these individual bankruptcy estates (trustees or debtors-in-possession) may be required to file Forms 1041, the bankruptcy estates are not pass-through entities as described in these regulations. Therefore, the five-month automatic extension provided by these regulations is inapplicable to bankruptcy estates of individuals under chapter 7 or 11 of title 11 of the Bankruptcy Code.

Pass-through entities eligible to file bankruptcy petitions, such as partnerships, would be affected by these regulations. A separate taxable entity is not created when a partnership files a bankruptcy case. See generally 26 U.S.C. §1399. The trustee or debtor-in-possession of the bankrupt partnership files a Form 1065, not a Form 1041. Thus, the five-month automatic extension provided in these regulations would apply, as the filing of a bankruptcy petition does not change the information reporting requirements of pass-through entities, such as a partnership.

Accordingly, after consideration of all comments and in order to best minimize overall taxpayer burden, these final regulations provide for a five-month automatic extension of time to file certain returns for partnerships, trusts, and estates other than certain bankruptcy estates.

## Pension Excise Taxes

These final regulations also adopt without modification the proposed amendments to 26 CFR part 54, which allow filers of Form 8928, "Return of Certain Excise Taxes Under Chapter 43 of the Internal Revenue Code," to obtain an automatic six-month extension of time to file the return after the date prescribed for filing the return.

## 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 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. Although these final regulations reference forms that are approved under the Paperwork Reduction Act (44 U.S.C. chapter 35), the regulations themselves do not impose a collection of information on small entities. Therefore, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding this regulation was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small businesses.

## Drafting Information

The principal author of these regulations is Jason Bremer of the Office of the Associate Chief Counsel (Procedure and Administration).

\* \* \* \* \*

## Adoption of Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 54 are amended as follows:

### PART 1—INCOME TAXES

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

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

Section 1.6081-2 also issued under 26 U.S.C. 6081. \* \* \*

Section 1.6081-6 also issued under 26 U.S.C. 6081. \* \* \*

Par. 2. Section 1.6081-2 is added to read as follows:

*§1.6081-2 Automatic extension of time to file certain returns filed by partnerships.*

(a) *In general.* (1) A partnership required to file Form 1065, “U.S. Partnership Return of Income,” or Form 8804, “Annual Return for Partnership Withholding Tax (Section 1446),” for any taxable year will be allowed an automatic 5-month extension of time to file the return after the date prescribed for filing the return if the partnership files an application under this section in accordance with paragraph (b) of this section. No additional extension will be allowed pursuant to §1.6081-1(b) beyond the automatic 5-month extension provided by this section. In the case of a partnership described in §1.6081-5(a)(1), the automatic extension of time to file allowed under this section runs concurrently with an extension of time to file granted pursuant to §1.6081-5.

(2) An electing large partnership (ELP) required to file Form 1065-B, “U.S. Return of Income for Electing Large Partnerships,” for any taxable year will be allowed an automatic 6-month extension of time to file the return after the date prescribed for filing the return if the partnership files an application under this section in accordance with paragraph (b) of this section.

(b) *Requirements.* To satisfy this paragraph (b), the partnership must—

(1) Submit a complete application on Form 7004, “Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns,” or in any other manner prescribed by the Commissioner;

(2) File the application on or before the later of—

(i) The date prescribed for filing the return of the partnership; or

(ii) The expiration of any extension of time to file granted under §1.6081-5(a); and

(3) File the application with the Internal Revenue Service office designated in the application’s instructions.

(c) *Payment of section 7519 amount.* An automatic extension of time for filing a partnership return of income granted under paragraph (a) of this section does

not extend the time for payment of any amount due under section 7519, relating to required payments for entities electing not to have a required taxable year.

(d) *Section 444 election.* An automatic extension of time for filing a partnership return of income will run concurrently with any extension of time for filing a return allowed because of section 444, relating to the election of a taxable year other than a required taxable year.

(e) *Effect of extension on partner.* An automatic extension of time for filing a partnership return of income under this section does not extend the time for filing a partner’s income tax return or the time for the payment of any tax due on a partner’s income tax return.

(f) *Termination of automatic extension.* The Commissioner may terminate an automatic extension at any time by mailing to the partnership a notice of termination at least 10 days prior to the termination date designated in such notice. The Commissioner must mail the notice of termination to the address shown on the Form 7004 or to the partnership’s last known address. For further guidance regarding the definition of last known address, see §301.6212-2 of this chapter.

(g) *Penalties.* See section 6698 for failure to file a partnership return.

(h) *Effective/applicability dates.* This section applies to applications for an automatic extension of time to file the partnership returns listed in paragraph (a) of this section filed on or after June 24, 2011.

**§1.6081-2T [Removed]**

Par. 3. Section 1.6081-2T is removed.

Par. 4. Section 1.6081-6 is added to read as follows:

*§1.6081-6 Automatic extension of time to file estate or trust income tax return.*

(a) *In general.* (1) Except as provided in paragraph (a)(2) of this section, any estate, including but not limited to an estate defined in section 2031, or trust required to file an income tax return on Form 1041, “U.S. Income Tax Return for Estates and Trusts,” will be allowed an automatic 5-month extension of time to file the return after the date prescribed for filing the return if the estate or trust files an application under this section in accordance with paragraph (b) of this section.

No additional extension will be allowed pursuant to §1.6081-1(b) beyond the automatic 5-month extension provided by this section.

(2) A bankruptcy estate that is created when an individual debtor files a petition under either chapter 7 or chapter 11 of Title 11 of the U.S. Code that is required to file an income tax return on Form 1041, “U.S. Income Tax Return for Estates and Trusts,” and an estate or trust required to file an income tax return on Form 1041-N, “U.S. Income Tax Return for Electing Alaska Native Settlement,” or Form 1041-QFT, “U.S. Income Tax Return for Qualified Funeral Trusts” for any taxable year will be allowed an automatic 6-month extension of time to file the return after the date prescribed for filing the return if the estate files an application under this section in accordance with paragraph (b) of this section.

(b) *Requirements.* To satisfy this paragraph (b), an estate or trust must—

(1) Submit a complete application on Form 7004, “Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns,” or in any other manner prescribed by the Commissioner;

(2) File the application on or before the date prescribed for filing the return with the Internal Revenue Service office designated in the application’s instructions; and

(3) Show the amount properly estimated as tax for the estate or trust for the taxable year.

(c) *No extension of time for the payment of tax.* An automatic extension of time for filing a return granted under paragraph (a) of this section will not extend the time for payment of any tax due on such return.

(d) *Effect of extension on beneficiary.* An automatic extension of time to file an estate or trust income tax return under this section will not extend the time for filing the income tax return of a beneficiary of the estate or trust or the time for the payment of any tax due on the beneficiary’s income tax return.

(e) *Termination of automatic extension.* The Commissioner may terminate an automatic extension at any time by mailing to the estate or trust a notice of termination at least 10 days prior to the termination date designated in such notice. The Commissioner must mail the notice of termination to the address shown on the Form

7004 or to the estate or trust's last known address. For further guidance regarding the definition of last known address, see §301.6212-2 of this chapter.

(f) *Penalties.* See section 6651 for failure to file an estate or trust income tax return or failure to pay the amount shown as tax on the return.

(g) *Effective/applicability dates.* This section applies to applications for an automatic extension of time to file an estate or trust income tax return filed on or after June 24, 2011.

#### **§1.6081-6T [Removed]**

Par. 5. Section 1.6081-6T is removed.

#### **PART 54—PENSION EXCISE TAXES**

Par. 6. The authority citation for part 54 is amended by adding an entry in numerical order to read in part as follows:

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

Section 54.6081-1 also issued under 26 U.S.C. 6081(a).

Par. 7. Section 54.6081-1 is added to read as follows:

*§54.6081-1 Automatic extension of time for filing returns for certain excise taxes under Chapter 43.*

(a) *In general.* An employer, other person or health plan that is required to file

a return on Form 8928, “*Return of Certain Excise Taxes Under Chapter 43 of the Internal Revenue Code*,” will be allowed an automatic 6-month extension of time to file the return after the date prescribed for filing the return if the employer, other person or health plan files an application under this section in accordance with paragraph (b) of this section.

(b) *Requirements.* To satisfy this paragraph (b), an employer, other person or health plan must—

(1) Submit a complete application on Form 7004, “*Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns*,” or in any other manner prescribed by the Commissioner;

(2) File the application on or before the date prescribed for filing the return with the Internal Revenue Service office designated in the application's instructions; and

(3) Remit the amount of the properly estimated unpaid tax liability on or before the date prescribed for payment.

(c) *No extension of time for the payment of tax.* An automatic extension of time for filing a return granted under paragraph (a) of this section will not extend the time for payment of any tax due on such return.

(d) *Termination of automatic extension.* The Commissioner may terminate an automatic extension at any time by mailing to the employer, other person, or health plan a

notice of termination at least 10 days prior to the termination date designated in such notice. The Commissioner must mail the notice of termination to the address shown on the Form 7004 or to the estate or trust's last known address. For further guidance regarding the definition of last known address, see §301.6212-2 of this chapter.

(e) *Penalties.* See section 6651 for failure to file a pension excise tax return or failure to pay the amount shown as tax on the return.

(f) *Effective/applicability date.* This section is applicable for applications for an automatic extension of time to file a return due under chapter 43, filed on or after June 24, 2011.

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

Approved June 17, 2011.

Emily S. McMahon,  
*Acting Assistant Secretary  
of the Treasury (Tax Policy).*

(Filed by the Office of the Federal Register on June 23, 2011, 8:45 a.m., and published in the issue of the Federal Register for June 24, 2011, 76 F.R. 36996)

# Part III. Administrative, Procedural, and Miscellaneous

## 2011 Section 43 Inflation Adjustment

### Notice 2011-57

Section 43(b)(3)(B) of the Internal Revenue Code requires the Secretary to publish an inflation adjustment factor. The enhanced oil recovery credit under § 43 for any taxable year is reduced if the “reference price,” determined under § 45K(d)(2)(C), for the calendar year preceding the calendar year in which the

taxable year begins is greater than \$28 multiplied by the inflation adjustment factor for that year. The credit is phased out in any taxable year in which the reference price for the preceding calendar year exceeds \$28 (as adjusted) by at least \$6.

The term “inflation adjustment factor” means, with respect to any calendar year, a fraction the numerator of which is the GNP implicit price deflator for the preceding calendar year and the denominator of which is the GNP implicit price deflator for 1990.

Because the reference price for the 2010 calendar year (\$74.71) exceeds \$28 multiplied by the inflation adjustment factor for the 2010 calendar year (\$42.91) by \$31.80, the enhanced oil recovery credit for qualified costs paid or incurred in 2011 is phased out completely.

Table 1 contains the GNP implicit price deflator used for the 2011 calendar year, as well as the previously published GNP implicit price deflators used for the 1991 through 2010 calendar years.

Notice 2011-57 TABLE 1

#### GNP IMPLICIT PRICE DEFLATORS

| <u>Calendar Year</u> | <u>GNP Implicit Price Deflator</u> |                      |
|----------------------|------------------------------------|----------------------|
| 1990                 | 112.9                              | (used for 1991)      |
| 1991                 | 117.0                              | (used for 1992)      |
| 1992                 | 120.9                              | (used for 1993)      |
| 1993                 | 124.1                              | (used for 1994)      |
| 1994                 | 126.0                              | (used for 1995)*     |
| 1995                 | 107.5                              | (used for 1996)      |
| 1996                 | 109.7                              | (used for 1997)**    |
| 1997                 | 112.35                             | (used for 1998)      |
| 1998                 | 112.64                             | (used for 1999)***   |
| 1999                 | 104.59                             | (used for 2000)      |
| 2000                 | 106.89                             | (used for 2001)      |
| 2001                 | 109.31                             | (used for 2002)      |
| 2002                 | 110.63                             | (used for 2003)      |
| 2003                 | 105.67                             | (used for 2004)****  |
| 2004                 | 108.23                             | (used for 2005)      |
| 2005                 | 112.129                            | (used for 2006)      |
| 2006                 | 116.036                            | (used for 2007)      |
| 2007                 | 119.656                            | (used for 2008)      |
| 2008                 | 122.407                            | (used for 2009)      |
| 2009                 | 109.764                            | (used for 2010)***** |
| 2010                 | 110.654                            | (used for 2011)      |

\* Beginning in 1995, the GNP implicit price deflator was rebased relative to 1992. The 1990 GNP implicit price deflator used to compute the 1996 § 43 inflation adjustment factor is 93.6.

\*\* Beginning in 1997, two digits follow the decimal point in the GNP implicit price deflator. The 1990 GNP price deflator used to compute the 1998 § 43 inflation adjustment factor is 93.63.

\*\*\* Beginning in 1999, the GNP implicit price deflator was rebased relative to 1996. The 1990 GNP implicit price deflator used to compute the 2000 § 43 inflation adjustment factor is 86.53.

\*\*\*\* Beginning in 2003, the GNP implicit price deflator was rebased, and the 1990 GNP implicit price deflator used to compute the 2004 § 43 inflation adjustment factor is 81.589.

\*\*\*\*\* Beginning in 2009, the GNP implicit price deflator was rebased, and the 1990 GNP implicit price deflator used to compute the 2010 § 43 inflation adjustment factor is 72.199.

Table 2 contains the inflation adjustment factor and the phase-out amount for taxable years beginning in the 2011

calendar year as well as the previously published inflation adjustment factors and phase-out amounts for taxable years be-

ginning in the 1991 through 2010 calendar years.

| Notice 2011-57 TABLE 2                             |                                    |                         |
|--|------------------------------------|-------------------------|
| INFLATION ADJUSTMENT FACTORS AND PHASE-OUT AMOUNTS |                                    |                         |
| <u>Calendar Year</u>                               | <u>Inflation Adjustment Factor</u> | <u>Phase-out Amount</u> |
| 1991   | 1.0000                             | 0                       |
| 1992   | 1.0363                             | 0                       |
| 1993   | 1.0708                             | 0                       |
| 1994   | 1.0992                             | 0                       |
| 1995   | 1.1160                             | 0                       |
| 1996   | 1.1485                             | 0                       |
| 1997   | 1.1720                             | 0                       |
| 1998   | 1.1999                             | 0                       |
| 1999   | 1.2030                             | 0                       |
| 2000   | 1.2087                             | 0                       |
| 2001   | 1.2353                             | 0                       |
| 2002   | 1.2633                             | 0                       |
| 2003   | 1.2785                             | 0                       |
| 2004   | 1.2952                             | 0                       |
| 2005   | 1.3266                             | 0                       |
| 2006   | 1.3743                             | 100 percent             |
| 2007   | 1.4222                             | 100 percent             |
| 2008   | 1.4666                             | 100 percent             |
| 2009   | 1.5003                             | 100 percent             |
| 2010   | 1.5203                             | 100 percent             |
| 2011   | 1.5326                             | 100 percent             |

**DRAFTING INFORMATION**

The principal author of this notice is Martha S. McRee of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, contact Ms. McRee at (202) 622-3110 (not a toll-free call).

**2011 Marginal Production Rates**

**Notice 2011-58**

This notice announces the applicable percentage under § 613A of the Internal Revenue Code to be used in determining percentage depletion for marginal properties for the 2011 calendar year.

Section 613A(c)(6)(C) defines the term “applicable percentage” for purposes of determining percentage depletion for oil and gas produced from marginal properties. The applicable percentage is the per-

centage (not greater than 25 percent) equal to the sum of 15 percent, plus one percentage point for each whole dollar by which \$20 exceeds the reference price (determined under § 45K(d)(2)(C)) for crude oil for the calendar year preceding the calendar year in which the taxable year begins. The reference price determined under § 45K(d)(2)(C) for the 2010 calendar year is \$74.71.

Table 1 contains the applicable percentages for marginal production for taxable years beginning in calendar years 1991 through 2011.

Notice 2011-58 TABLE 1

APPLICABLE PERCENTAGE FOR MARGINAL PRODUCTION

| <u>Calendar Year</u> | <u>Applicable Percentage</u> |
|----------------------|------------------------------|
| 1991                 | 15 percent                   |
| 1992                 | 18 percent                   |
| 1993                 | 19 percent                   |
| 1994                 | 20 percent                   |
| 1995                 | 21 percent                   |
| 1996                 | 20 percent                   |
| 1997                 | 16 percent                   |
| 1998                 | 17 percent                   |
| 1999                 | 24 percent                   |
| 2000                 | 19 percent                   |
| 2001                 | 15 percent                   |
| 2002                 | 15 percent                   |
| 2003                 | 15 percent                   |
| 2004                 | 15 percent                   |
| 2005                 | 15 percent                   |
| 2006                 | 15 percent                   |
| 2007                 | 15 percent                   |
| 2008                 | 15 percent                   |
| 2009                 | 15 percent                   |
| 2010                 | 15 percent                   |
| 2011                 | 15 percent                   |

The principal author of this notice is Martha S. McRee of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, contact Ms. McRee at (202) 622-3110 (not a toll-free call).

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

**Notice 2011-59**

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), and the 24-month average segment rates under § 430(h)(2). In addition, this no-

tice 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 minimum 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 June 2011 is 5.38 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 |         |
|-----------------------------|-------------|---------------------------------|-------------------|---------|
| <i>Month</i>                | <i>Year</i> |                                 | 90%               | to 100% |
| July                        | 2011        | 5.97                            | 5.37              | 5.97    |

**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. Section 430(h)(2)(G) set forth a transitional rule applicable to plan years beginning in 2008 and 2009 under which the segment rates were blended with the corporate bond weighted average described above, including an election under § 430(h)(2)(G)(iv) for an employer to use the segment rates without the transitional rule.

Notice 2007–81, 2007–44 I.R.B. 899, provides guidelines for determining the

monthly corporate bond yield curve, and the 24-month average corporate bond 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 June 2011 data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of June 2011 are, respectively, 1.70, 4.99, and 6.33. The three 24-month average corporate bond segment rates applicable for July 2011 are as follows:

| First Segment | Second Segment | Third Segment |
|---------------|----------------|---------------|
| 2.18          | 5.36           | 6.33          |

The transitional rule of § 430(h)(2)(G) does not apply to plan years beginning after December 31, 2009. Therefore, for a plan year beginning after 2009 with a look-back month to July 2011, the funding segment rates are the three 24-month average corporate bond segment rates applicable for July 2011, listed above without blending for any 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 June 2011 is 4.23 percent. The Service has determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in May 2041.

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

mum 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 |         |
|-----------------------------|-------------|-----------------------------------|-------------------|---------|
| <i>Month</i>                | <i>Year</i> |                                   | 90%               | to 105% |
| July                        | 2011        | 4.27                              | 3.84              | 4.48    |

**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 determining the minimum present value segment rates.

Pursuant to that notice, the minimum present value transitional segment rates determined for June 2011, taking into account the June 2011 30-year Treasury rate of 4.23 stated above, are as follows:

| <u>For Plan Years<br/>Beginning in</u> | <u>First<br/>Segment</u> | <u>Second<br/>Segment</u> | <u>Third<br/>Segment</u> |
|--|--------------------------|---------------------------|--------------------------|
| 2010                                   | 2.71                     | 4.69                      | 5.49                     |
| 2011                                   | 2.21                     | 4.84                      | 5.91                     |

**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*.

**Table I**  
 Monthly Yield Curve for June 2011  
 Derived from June 2011 Data

| <i>Maturity</i> | <i>Yield</i> |
|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| 0.5             | 0.52         | 20.5            | 5.86         | 40.5            | 6.38         | 60.5            | 6.56         | 80.5            | 6.64         |
| 1.0             | 0.71         | 21.0            | 5.89         | 41.0            | 6.39         | 61.0            | 6.56         | 81.0            | 6.65         |
| 1.5             | 0.93         | 21.5            | 5.91         | 41.5            | 6.39         | 61.5            | 6.56         | 81.5            | 6.65         |
| 2.0             | 1.18         | 22.0            | 5.94         | 42.0            | 6.40         | 62.0            | 6.56         | 82.0            | 6.65         |
| 2.5             | 1.48         | 22.5            | 5.96         | 42.5            | 6.40         | 62.5            | 6.57         | 82.5            | 6.65         |
| 3.0             | 1.80         | 23.0            | 5.98         | 43.0            | 6.41         | 63.0            | 6.57         | 83.0            | 6.65         |
| 3.5             | 2.13         | 23.5            | 6.00         | 43.5            | 6.42         | 63.5            | 6.57         | 83.5            | 6.65         |
| 4.0             | 2.45         | 24.0            | 6.02         | 44.0            | 6.42         | 64.0            | 6.58         | 84.0            | 6.66         |
| 4.5             | 2.74         | 24.5            | 6.03         | 44.5            | 6.43         | 64.5            | 6.58         | 84.5            | 6.66         |
| 5.0             | 3.02         | 25.0            | 6.05         | 45.0            | 6.43         | 65.0            | 6.58         | 85.0            | 6.66         |
| 5.5             | 3.27         | 25.5            | 6.07         | 45.5            | 6.44         | 65.5            | 6.58         | 85.5            | 6.66         |
| 6.0             | 3.50         | 26.0            | 6.08         | 46.0            | 6.44         | 66.0            | 6.59         | 86.0            | 6.66         |
| 6.5             | 3.71         | 26.5            | 6.10         | 46.5            | 6.45         | 66.5            | 6.59         | 86.5            | 6.66         |
| 7.0             | 3.90         | 27.0            | 6.11         | 47.0            | 6.45         | 67.0            | 6.59         | 87.0            | 6.66         |
| 7.5             | 4.07         | 27.5            | 6.13         | 47.5            | 6.46         | 67.5            | 6.59         | 87.5            | 6.67         |
| 8.0             | 4.23         | 28.0            | 6.14         | 48.0            | 6.46         | 68.0            | 6.60         | 88.0            | 6.67         |
| 8.5             | 4.37         | 28.5            | 6.16         | 48.5            | 6.47         | 68.5            | 6.60         | 88.5            | 6.67         |
| 9.0             | 4.50         | 29.0            | 6.17         | 49.0            | 6.47         | 69.0            | 6.60         | 89.0            | 6.67         |
| 9.5             | 4.62         | 29.5            | 6.18         | 49.5            | 6.48         | 69.5            | 6.60         | 89.5            | 6.67         |
| 10.0            | 4.74         | 30.0            | 6.19         | 50.0            | 6.48         | 70.0            | 6.60         | 90.0            | 6.67         |
| 10.5            | 4.84         | 30.5            | 6.21         | 50.5            | 6.49         | 70.5            | 6.61         | 90.5            | 6.67         |
| 11.0            | 4.93         | 31.0            | 6.22         | 51.0            | 6.49         | 71.0            | 6.61         | 91.0            | 6.68         |
| 11.5            | 5.02         | 31.5            | 6.23         | 51.5            | 6.49         | 71.5            | 6.61         | 91.5            | 6.68         |
| 12.0            | 5.10         | 32.0            | 6.24         | 52.0            | 6.50         | 72.0            | 6.61         | 92.0            | 6.68         |
| 12.5            | 5.18         | 32.5            | 6.25         | 52.5            | 6.50         | 72.5            | 6.61         | 92.5            | 6.68         |
| 13.0            | 5.25         | 33.0            | 6.26         | 53.0            | 6.51         | 73.0            | 6.62         | 93.0            | 6.68         |
| 13.5            | 5.31         | 33.5            | 6.27         | 53.5            | 6.51         | 73.5            | 6.62         | 93.5            | 6.68         |
| 14.0            | 5.37         | 34.0            | 6.28         | 54.0            | 6.51         | 74.0            | 6.62         | 94.0            | 6.68         |
| 14.5            | 5.43         | 34.5            | 6.29         | 54.5            | 6.52         | 74.5            | 6.62         | 94.5            | 6.68         |
| 15.0            | 5.48         | 35.0            | 6.30         | 55.0            | 6.52         | 75.0            | 6.62         | 95.0            | 6.69         |
| 15.5            | 5.52         | 35.5            | 6.30         | 55.5            | 6.52         | 75.5            | 6.63         | 95.5            | 6.69         |
| 16.0            | 5.57         | 36.0            | 6.31         | 56.0            | 6.53         | 76.0            | 6.63         | 96.0            | 6.69         |
| 16.5            | 5.61         | 36.5            | 6.32         | 56.5            | 6.53         | 76.5            | 6.63         | 96.5            | 6.69         |
| 17.0            | 5.65         | 37.0            | 6.33         | 57.0            | 6.53         | 77.0            | 6.63         | 97.0            | 6.69         |
| 17.5            | 5.69         | 37.5            | 6.34         | 57.5            | 6.54         | 77.5            | 6.63         | 97.5            | 6.69         |
| 18.0            | 5.72         | 38.0            | 6.34         | 58.0            | 6.54         | 78.0            | 6.64         | 98.0            | 6.69         |
| 18.5            | 5.75         | 38.5            | 6.35         | 58.5            | 6.54         | 78.5            | 6.64         | 98.5            | 6.69         |
| 19.0            | 5.78         | 39.0            | 6.36         | 59.0            | 6.55         | 79.0            | 6.64         | 99.0            | 6.69         |
| 19.5            | 5.81         | 39.5            | 6.37         | 59.5            | 6.55         | 79.5            | 6.64         | 99.5            | 6.70         |
| 20.0            | 5.84         | 40.0            | 6.37         | 60.0            | 6.55         | 80.0            | 6.64         | 100.0           | 6.70         |

# North Dakota Low-Income Housing Credit Disaster Relief

## Notice 2011-60

The Internal Revenue Service is suspending certain requirements under § 42 of the Internal Revenue Code for low-income housing credit projects in the United States to provide emergency housing relief needed as a result of the devastation caused by flooding in North Dakota beginning on February 14, 2011. This relief is being granted pursuant to the Service's authority under § 42(n) and § 1.42-13(a) of the Income Tax Regulations.

### BACKGROUND

On May 10, 2011, the President declared a major disaster for the State of North Dakota. This declaration was made under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* Subsequently, the Federal Emergency Management Agency (FEMA) designated jurisdictions for Individual Assistance. The State of North Dakota has requested that the Service allow owners of low-income housing credit projects to provide temporary housing in vacant units to individuals who resided in jurisdictions designated for Individual Assistance in North Dakota and who have been displaced because their residences were destroyed or damaged as a result of the devastation caused by the flooding. Based upon this request and because of the widespread damage to housing caused by the flooding, the Service has determined that the North Dakota Housing Finance Agency (Agency) may provide approval to project owners to provide temporary emergency housing for displaced individuals in accordance with this notice.

### I. SUSPENSION OF INCOME LIMITATIONS

The Service has determined that it is appropriate to temporarily suspend certain income limitation requirements under § 42 for certain qualified low-income projects. The suspension will apply to low-income housing projects approved by the Agency, in which vacant units are rented to displaced individuals. The Agency will de-

termine the appropriate period of temporary housing for each project, not to extend beyond July 31, 2012 (temporary housing period).

### II. STATUS OF UNITS

#### A. Units in the first year of the credit period

A displaced individual temporarily occupying a unit during the first year of the credit period under § 42(f)(1) will be deemed a qualified low-income tenant for purposes of determining the project's qualified basis under § 42(c)(1), and for meeting the project's 20-50 test or 40-60 test as elected by the project owner under § 42(g)(1). After the end of the temporary housing period established by the Agency (not to extend beyond July 31, 2012), a displaced individual will no longer be deemed a qualified low-income tenant.

#### B. Vacant units after the first year of the credit period

During the temporary housing period established by the Agency, the status of a vacant unit (that is, market-rate or low-income for purposes of § 42 or never previously occupied) after the first year of the credit period that becomes temporarily occupied by a displaced individual remains the same as the unit's status before the displaced individual moves in. Displaced individuals temporarily occupying vacant units will not be treated as low-income tenants under § 42(i)(3)(A)(ii). However, even if it houses a displaced individual, a low-income or market rate unit that was vacant before the effective date of this notice will continue to be treated as a vacant low-income or market rate unit. Similarly, a unit that was never previously occupied before the effective date of this notice will continue to be treated as a unit that has never been previously occupied even if it houses a displaced individual. Thus, the fact that a vacant unit becomes occupied by a displaced individual will not affect the building's applicable fraction under § 42(c)(1)(B) for purposes of determining the building's qualified basis, nor will it affect the 20-50 test or 40-60 test of § 42(g)(1). If the income of occupants in low-income units exceeds 140 percent of the applicable income limitation, the temporary occupancy of a unit by

a displaced individual will not cause application of the available unit rule under § 42(g)(2)(D)(ii). In addition, the project owner is not required during the temporary housing period to make attempts to rent to low-income individuals the low-income units that house displaced individuals.

### III. SUSPENSION OF NON-TRANSIENT REQUIREMENTS

The non-transient use requirement of § 42(i)(3)(B)(i) shall not apply to any unit providing temporary housing to a displaced individual during the temporary housing period determined by the Agency in accordance with section I of this notice.

### IV. OTHER REQUIREMENTS

All other rules and requirements of § 42 will continue to apply during the temporary housing period established by the Agency. After the end of the temporary housing period, the applicable income limitations contained in § 42(g)(1), the available unit rule under § 42(g)(2)(D)(ii), the nontransient requirement of § 42(i)(3)(B)(i), and the requirement to make reasonable attempts to rent vacant units to low-income individuals shall resume. If a project owner offers to rent a unit to a displaced individual after the end of the temporary housing period, the displaced individual must be certified under the requirements of § 42(i)(3)(A)(ii) and § 1.42-5(b) and (c) to be a qualified low-income tenant. To qualify for the relief in this notice, the project owner must additionally meet all of the following requirements:

#### (1) Major Disaster Area

The displaced individual must have resided in a North Dakota jurisdiction designated for Individual Assistance by FEMA as a result of flooding in North Dakota beginning on February 14, 2011.

#### (2) Approval of the North Dakota Housing Finance Agency

The project owner must obtain approval from the Agency for the relief described in this notice. The Agency will determine the appropriate period of temporary housing for each project, not to extend beyond July 31, 2012.

### (3) Certifications and Recordkeeping

To comply with the requirements of § 1.42–5, project owners are required to maintain and certify certain information concerning each displaced individual temporarily housed in the project, specifically the following: name, address of damaged residence, social security number, and a statement signed under penalties of perjury by the displaced individual that, because of damage to the individual's residence in a North Dakota jurisdiction designated for Individual Assistance by FEMA as a result of the flooding beginning on February 14, 2011, the individual requires temporary housing. The owner must notify the Agency that vacant units are available for rent to displaced individuals.

The owner must also certify the date the displaced individual began temporary occupancy and the date the project will discontinue providing temporary housing as established by the Agency. The certifications and recordkeeping for displaced individuals must be maintained as part of the annual compliance monitoring process with the Agency.

### (4) Rent Restrictions

Rents for the low-income units that house displaced individuals must not exceed the existing rent-restricted rates for the low-income units established under § 42(g)(2).

### (5) Protection of Existing Tenants

Existing tenants in occupied low-income units cannot be evicted or have their tenancy terminated as a result of efforts to provide temporary housing for displaced individuals.

### EFFECTIVE DATE

This notice is effective May 10, 2011 (the date of the President's major disaster declaration as a result of the flooding in North Dakota beginning on February 14, 2011).

### PAPERWORK REDUCTION ACT

The collection of information contained in this notice has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork

Reduction Act (44 U.S.C. 3507) under control number 1545–2213.

An Agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collection of information in this notice is in the section titled "OTHER REQUIREMENTS" under "(3) Certifications and Recordkeeping." This information is required to enable the Service to verify whether individuals are displaced as a result of the devastation caused by flooding in North Dakota beginning on February 14, 2011, and thus warrant temporary housing in vacant low-income housing units. The collection of information is required to obtain a benefit. The likely respondents are individuals and businesses.

The estimated total annual recordkeeping burden is 125 hours.

The estimated annual burden per recordkeeper is approximately 15 minutes. The estimated number of recordkeepers is 500.

Books or records relating to a collection of information must be retained as long as their contents may become material to the administration of the internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

### DRAFTING INFORMATION

The principal author of this notice is David Selig of the Office of the Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, contact Mr. Selig at (202) 622–3040 (not a toll free call).

## Continuing Education Providers

### Notice 2011–61

#### Purpose

This notice invites public comments regarding the process for individuals and entities to be approved by the Internal Revenue Service as continuing education providers. On June 3, 2011, the Treasury Department and the IRS published final regulations (T.D. 9527,

2011–27 I.R.B. 1 [76 FR 32286]) under 31 CFR Part 10 (Circular 230) that require registered tax return preparers to complete continuing education offered by qualified continuing education providers. Enrolled agents and enrolled retirement plan agents also are required to complete continuing education under Circular 230. Section 10.9(a)(1) of Circular 230 provides that continuing education providers must be:

(i) An accredited educational institution;

(ii) Recognized for continuing education purposes by the licensing body of any State, territory, or possession of the United States, including a Commonwealth, or the District of Columbia;

(iii) Recognized and approved by a qualifying organization as a provider of continuing education on subject matters within section 10.6(f) of Circular 230; or

(iv) Recognized by the Internal Revenue Service as a professional organization, society, or business whose programs include offering continuing professional education opportunities in subject matters within section 10.6(f) of Circular 230.

Section 10.6(f) provides criteria that continuing education programs must meet to qualify as continuing education credit for enrolled agents, enrolled retirement plan agents, and registered tax return preparers, including that a qualifying continuing education course generally must enhance professional knowledge in Federal taxation or Federal tax related matters, must be consistent with the Code and effective tax administration, and must be conducted by a qualified instructor. See Circular 230 § 10.6(f)(1)–(2).

The IRS is developing procedures and standards to supplement sections 10.6 and 10.9 for individuals and entities seeking to be recognized and approved as continuing education providers under section 10.9(a)(1)(iv). The IRS is also developing the standards and procedures for organizations (accrediting organizations) to become qualified to accredit other individuals and entities as continuing education providers under section 10.9(a)(1)(iii) after those individuals or entities follow applicable procedures prescribed by the IRS. The IRS seeks the input of education providers, tax return preparers, the associated industry and consumer groups, and taxpayers on the procedures and standards that will govern the approval process for

continuing education providers. The information collected will assist the IRS in developing these standards and the process for those individuals and entities who seek IRS approval as a continuing education provider.

### **Request for public comments on procedures and standards applicable to the continuing education provider approval process**

In addition to general comments regarding the procedures and standards to be implemented with respect to the approval process, the IRS is particularly interested in any comments regarding:

#### **Continuing Education Providers**

- The information that an applicant must submit to be approved as a continuing education provider under section 10.9(a)(1)(iv) and assigned a continuing education provider number;
- The criteria that the IRS should use to evaluate whether a continuing education provider applicant meets the requirements of Circular 230;
- The criteria that the IRS should use to evaluate whether a continuing education provider's programs meet the standards for continuing education programs in Circular 230;
- The information that a continuing education provider must provide to renew its status as a continuing education provider;
- The frequency and month/time of year that continuing education providers must renew their status with the IRS;
- The level of detail that continuing education providers must provide to the IRS regarding changes in continuing education programs offered and the mechanism for notifying the IRS about these changes;

- The information that the IRS should publish so that tax return preparers may identify the individuals and entities approved as continuing education providers, and how often the publication should be updated for the information to be considered current;
- The approximate date by which continuing education providers should receive approval from the IRS to be able to offer continuing education programs by January 1, 2012;

#### **Accrediting Organizations**

- The criteria that the IRS should use to determine which accrediting organizations have minimum education standards comparable to those set forth in Circular 230 in order to accredit an individual or entity as a continuing education provider under section 10.9(a)(1)(iii) for approval after the individual or entity follows applicable procedures prescribed by the IRS;
- The procedure that organizations must utilize to be designated as accrediting organizations and the requirements that organizations approved as accrediting organizations must follow to maintain their status;
- The reports, if any, that accrediting organizations must provide to the IRS regarding continuing education providers approved by the accrediting organization;
- The records, if any, that accrediting organizations must maintain and how long these records must be maintained;
- The information that the IRS should publish so that continuing education providers may identify accrediting organizations, and how often this information should be updated to be considered current;
- Any additional information that the IRS should consider when developing

procedures and standards applicable to the continuing education provider approval process.

Written comments should be sent to:

Internal Revenue Service  
Attn: CC:PA:LPD:PR  
(Notice 2011-61)  
Room 5205  
P.O. Box 7604  
Ben Franklin Station  
Washington, D.C. 20044

or hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to:

Courier's Desk  
Internal Revenue Service  
Attn: CC:PA:LPD:PR  
(Notice 2011-61)  
1111 Constitution Avenue, N.W.  
Washington, D.C. 20224

Alternatively, comments may be submitted electronically via e-mail to the following address: *Notice.Comments@irs.counsel.treas.gov*. "Notice 2011-61" should be in the subject line of the e-mail. All comments will be available for public inspection and copying. Comments are requested by August 17, 2011.

#### **Drafting Information**

The principal author of this notice is Matthew D. Lucey of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this notice, contact Matthew D. Lucey at (202) 622-4940 (not a toll-free call).

# 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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<sup>1</sup> A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2011–1 through 2011–26 is in Internal Revenue Bulletin 2011–26, dated June 27, 2011.

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<sup>1</sup> A cumulative list of current actions on previously published items in Internal Revenue Bulletins 2011–1 through 2011–26 is in Internal Revenue Bulletin 2011–26, dated June 27, 2011.





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