

## **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. 9561, page 341.**

#### **REG-130777-11, page 347.**

Temporary and proposed regulations under section 1275 of the Code provide that a taxpayer must use the coupon bond method described in regulations section 1.1275-7(d) to account for Treasury Inflation-Protected Securities issued with more than a *de minimis* amount of premium. A public hearing is scheduled for March 28, 2012.

#### **T.D. 9562, page 339.**

Final regulations under section 881 of the Code apply to multiple-party financing arrangements that are effected through disregarded entities, and are necessary in order to determine which of those arrangements should be recharacterized as a conduit financing arrangement.

#### **Notice 2012-11, page 346.**

This notice provides transitional relief from information reporting requirements in section 6045B of the Code that apply to issuers of stock with respect to organizational actions that affect the basis of the stock.

### **EMPLOYEE PLANS**

#### **Rev. Rul. 2012-5, page 337.**

#### **2012 covered compensation tables; permitted disparity.**

The covered compensation tables under section 401 of the Code for the year 2012 are provided for use in determining contributions to defined benefit plans and permitted disparity.

#### **Notice 2012-10, page 343.**

#### **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 January 2012; the 24-month average segment rates; the funding transitional segment rates applicable for January 2012; and the minimum present value transitional rates for December 2011.

### **ADMINISTRATIVE**

#### **Notice 2012-11, page 346.**

This notice provides transitional relief from information reporting requirements in section 6045B of the Code that apply to issuers of stock with respect to organizational actions that affect the basis of the stock.

#### **Announcement 2012-5, page 348.**

This document contains corrections to final regulations (T.D. 9517, 2011-15 I.R.B. 610) relating to the enrollment of actuaries.

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



# 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 401.—Qualified Pension, Profit-Sharing, and Stock Bonus Plans

26 CFR 1.401(l)-1: Permitted disparity in employer-provided contributions or benefits.

**2012 covered compensation tables; permitted disparity.** The covered compensation tables under section 401 of the Code for the year 2012 are provided for use in determining contributions to defined benefit plans and permitted disparity.

### Rev. Rul. 2012-5

This revenue ruling provides tables of covered compensation under § 401(l)(5)(E) of the Internal Revenue Code (the “Code”) and the Income Tax Regulations thereunder, for the 2012 plan year.

Section 401(l)(5)(E)(i) defines covered compensation with respect to an employee as the average of the contribution and benefit bases in effect under section 230 of the Social Security Act (the “Act”) for each year in the 35-year period ending with the

year in which the employee attains social security retirement age.

Section 401(l)(5)(E)(ii) states that the determination for any year preceding the year in which the employee attains social security retirement age shall be made by assuming that there is no increase in covered compensation after the determination year and before the employee attains social security retirement age.

Section 1.401(l)-1(c)(34) defines the taxable wage base as the contribution and benefit base under section 230 of the Act.

Section 1.401(l)-1(c)(7)(i) defines covered compensation for an employee as the average (without indexing) of the taxable wage bases in effect for each calendar year during the 35-year period ending with the last day of the calendar year in which the employee attains (or will attain) social security retirement age. A 35-year period is used for all individuals regardless of the year of birth of the individual. In determining an employee’s covered compensation for a plan year, the taxable wage base for all calendar years beginning after the first day of the plan year is assumed to be

the same as the taxable wage base in effect as of the beginning of the plan year. An employee’s covered compensation for a plan year beginning after the 35-year period applicable under § 1.401(l)-1(c)(7)(i) is the employee’s covered compensation for a plan year during which the 35-year period ends. An employee’s covered compensation for a plan year beginning before the 35-year period applicable under § 1.401(l)-1(c)(7)(i) is the taxable wage base in effect as of the beginning of the plan year.

Section 1.401(l)-1(c)(7)(ii) provides that, for purposes of determining the amount of an employee’s covered compensation under § 1.401(l)-1(c)(7)(i), a plan may use tables, provided by the Commissioner, that are developed by rounding the actual amounts of covered compensation for different years of birth.

For purposes of determining covered compensation for the 2012 year, the taxable wage base is \$110,100.

The following tables provide covered compensation for 2012.

### ATTACHMENT I

#### 2012 COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2012 COVERED COMPENSATION TABLE II
1907	1972	\$4,488
1908	1973	4,704
1909	1974	5,004
1910	1975	5,316
1911	1976	5,664
1912	1977	6,060
1913	1978	6,480
1914	1979	7,044
1915	1980	7,692
1916	1981	8,460
1917	1982	9,300
1918	1983	10,236
1919	1984	11,232
1920	1985	12,276
1921	1986	13,368
1922	1987	14,520
1923	1988	15,708
1924	1989	16,968
1925	1990	18,312
1926	1991	19,728
1927	1992	21,192

ATTACHMENT I  
2012 COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2012 COVERED COMPENSATION TABLE II
1928	1993	22,716
1929	1994	24,312
1930	1995	25,920
1931	1996	27,576
1932	1997	29,304
1933	1998	31,128
1934	1999	33,060
1935	2000	35,100
1936	2001	37,212
1937	2002	39,444
1938	2004	43,992
1939	2005	46,344
1940	2006	48,816
1941	2007	51,348
1942	2008	53,952
1943	2009	56,628
1944	2010	59,268
1945	2011	61,884
1946	2012	64,560
1947	2013	67,200
1948	2014	69,696
1949	2015	72,096
1950	2016	74,400
1951	2017	76,620
1952	2018	78,744
1953	2019	80,808
1954	2020	82,824
1955	2022	86,664
1956	2023	88,524
1957	2024	90,300
1958	2025	91,980
1959	2026	93,600
1960	2027	95,160
1961	2028	96,660
1962	2029	98,064
1963	2030	99,468
1964	2031	100,824
1965	2032	102,096
1966	2033	103,284
1967	2034	104,364
1968	2035	105,324
1969	2036	106,176
1970	2037	106,896
1971	2038	107,556
1972	2039	108,192
1973	2040	108,768
1974	2041	109,224
1975	2042	109,584
1976	2043	109,812
1977	2044	109,908
1978	2045	110,004
1979 and Later	2046 and Later	110,100

ATTACHMENT II

2012 ROUNDED COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	2012 COVERED COMPENSATION ROUNDED
1937	\$39,000
1938–1939	45,000
1940	48,000
1941	51,000
1942	54,000
1943	57,000
1944	60,000
1945	63,000
1946–1947	66,000
1948	69,000
1949	72,000
1950	75,000
1951–1952	78,000
1953	81,000
1954	84,000
1955	87,000
1956–1957	90,000
1958–1959	93,000
1960–1961	96,000
1962–1963	99,000
1964–1966	102,000
1967–1969	105,000
1970–1973	108,000
1974 and Later	110,100

DRAFTING INFORMATION

The principal author of this revenue ruling is Michael Spaid of the Employee Plans, Tax Exempt and Government Entities Division. For further information regarding this revenue ruling, please contact the Employee Plans taxpayer assistance telephone service at 1-877-829-5500, between the hours of 8:30 a.m. and 4:30 p.m. Eastern time, Monday through Friday (a toll-free number). Mr. Spaid may be reached via e-mail at [RetirementPlanQuestions@irs.gov](mailto:RetirementPlanQuestions@irs.gov).

**Section 881.—Tax on Income of Foreign Corporations Not Connected With United States Business**

26 CFR 1.881-3: Conduit financing arrangements.

**T.D. 9562**

**Conduit Financing Arrangements**

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulation.

SUMMARY: This document contains final regulations relating to conduit financing arrangements. The final regulations apply to multiple-party financing arrangements that are effected through disregarded entities, and are necessary in order to determine which of those arrangements should be recharacterized as a conduit financing arrangement.

DATES: *Effective Date:* These regulations are effective on December 9, 2011.

*Applicability Date:* These regulations apply to payments made on or after December 9, 2011.

FOR FURTHER INFORMATION CONTACT: Quyen P. Huynh at (202) 622-3880 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

**Background**

On August 10, 1995, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) published final regulations under Treas. Reg. §1.881-3 relating to conduit financing arrangements pursuant to the authority granted by section 7701(l) of the Internal Revenue Code (the conduit financing regulations). See T.D. 8611, 1995-2 C.B. 286, (60 FR 40997). On December 22, 2008, the Treasury Department and the IRS published in the **Federal Register** (73 FR 246) a notice of proposed rulemaking (REG-113462-08,

2009-4 I.R.B. 379) that proposed amending §1.881-3(a)(2)(i)(C) of the conduit financing regulations to treat an entity disregarded as an entity separate from its owner for U.S. tax purposes as a person for purposes of determining whether a conduit financing arrangement exists. The proposed regulations were proposed to be effective as of the date final regulations are published in the **Federal Register**. In addition, the preamble to the proposed regulations requested comments on whether “hybrid instruments” (instruments treated as debt for foreign law purposes and equity for U.S. purposes) should constitute *per se* “financing transactions” under §1.881-3(a)(2)(ii)(A) and part of a “financing arrangement” within the meaning of §1.881-3(a)(2)(i)(A), or whether, at a minimum, certain hybrid instruments should be so treated, depending on specific factors or criteria.

Only one comment letter responding to the notice of proposed rulemaking was received. No public hearing was requested or held. After consideration of the comment, this Treasury decision adopts the proposed regulations with minor edits to *Example 3* and to clarify that the effective date of the final regulations also applies to new *Example 3*.

### Explanation and Summary of Comment

The comment supported the proposed regulations and their interpretation of the term “person” to include a business entity that is disregarded as an entity separate from its single member owner under §301.7701-1 through §301.7701-3. The comment stated that to disregard an entity that is “regarded” for purposes of claiming treaty benefits would be inconsistent with the policy and purpose of the anti-conduit financing regulations.

As relates to hybrid instruments, the comment did not support either approach raised in the preamble to the proposed regulations, expressing both policy and administrative concerns with each. The comment stated that any specific abuses that the Treasury Department and the IRS were concerned about could be better addressed by a more targeted rule that described the specific transactions and limited the application of the regulations to those transactions. In light of the wide array of considerations raised, the Treas-

ury Department and the IRS have decided to continue to study the area and not to provide any specific rules on hybrid instruments as part of this regulation package. Accordingly, these regulations are finalized without change, except to clarify that the effective date of the final regulations also applies to new *Example 3* and to make minor edits to *Example 3*. The Treasury Department and the IRS continue to solicit comments on the treatment of hybrid instruments in financing transactions.

No inference should be drawn from any provision of these final regulations as to the treatment of financing transactions entered into with disregarded entities before the effective date of these final regulations or involving hybrid instruments.

### 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 is hereby certified that this regulation will not have a significant economic impact on a substantial number of small entities. Accordingly, a regulatory flexibility analysis is not required. 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 business.

### Drafting Information

The principal author of these regulations is Quyen P. Huynh of the 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 continues to read in part as follows:  
Authority: 26 U.S.C. 7805 \* \* \*

Par. 2. Section 1.881-3 is amended by:

1. Removing the language “district director” throughout this section and adding “director of field operations” in its place.

2. Removing the language “§1.1441-3(j)” throughout this section and adding “§1.1441-3(g)” in its place.

3. Removing the language “§1.1441-7(d)” throughout this section and adding “§1.1441-7(f)” in its place.

4. In the last sentence of paragraph (a)(3)(ii)(B), removing the second “financed” and adding “financing” in its place.

5. Removing the parenthetical language “(or a similar interest in a partnership or trust)” in paragraphs (a)(2)(ii)(A)(2) and (a)(2)(ii)(B)(1) and adding “(or a similar interest in a partnership, trust, or other person)” in its place.

6. Adding a new paragraph (a)(2)(i)(C).

7. In paragraph (e), redesignating *Examples 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, and 25* as *Examples 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, and 26*, respectively.

8. Adding a new *Example 3* in paragraph (e).

9. Revising the paragraph heading and adding a new sentence at the end of paragraph (f).

The revisions and additions read as follows:

#### §1.881-3 Conduit financing arrangements.

\* \* \* \* \*

(a) \* \* \*

(2) \* \* \*

(i) \* \* \*

(C) *Treatment of disregarded entities.*

For purposes of this section, the term person includes a business entity that is disregarded as an entity separate from its single member owner under §301.7701-1 through §301.7701-3.

\* \* \* \* \*

(e) *Examples.* \* \* \*

*Example 3. Participation of a disregarded intermediate entity.* The facts are the same as in *Example 2*, except that FS is an entity that is disregarded as an entity separate from its owner, FP, under §301.7701-3. Under paragraph (a)(2)(i)(C) of this section, FS is a person and, therefore, may itself be an intermediate entity that is linked by financing transactions to other persons in a financing arrangement. The DS note held by FS and the FS note held by FP

are financing transactions within the meaning of paragraph (a)(2)(ii) of this section, and together constitute a financing arrangement within the meaning of paragraph (a)(2)(i) of this section.

\* \* \* \* \*

(f) *Effective/applicability date.* \* \* \* Paragraph (a)(2)(i)(C) and *Example 3* of paragraph (e) of this section apply to payments made on or after December 9, 2011.

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

Approved November 29, 2011.

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

(Filed by the Office of the Federal Register on December 8, 2011, 8:45 a.m., and published in the issue of the Federal Register for December 9, 2011, 76 F.R. 76895)

## Section 1275.—Other Definitions and Special Rules

26 CFR 1.1275–7T: *Inflation-indexed debt instruments (temporary).*

### T.D. 9561

## Treasury Inflation-Protected Securities Issued at a Premium

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Temporary regulations.

SUMMARY: This document contains temporary regulations that provide guidance on the tax treatment of Treasury Inflation-Protected Securities issued with more than a *de minimis* amount of premium. The text of these temporary regulations also serves as the text of the proposed regulations (REG–130777–11) set forth in this issue of the Bulletin.

DATES: *Effective Date:* These regulations are effective on December 5, 2011.

*Applicability Date:* For the date of applicability, see §1.1275–7T(k).

FOR FURTHER INFORMATION CONTACT: William E. Blanchard, (202) 622–3950 (not a toll-free number).

## SUPPLEMENTARY INFORMATION:

### Background

Treasury Inflation-Protected Securities (TIPS) are securities issued by the Department of the Treasury. The principal amount of a TIPS is adjusted for any inflation or deflation that occurs over the term of the security. The rules for the taxation of inflation-indexed debt instruments, including TIPS, are contained in §1.1275–7 of the Income Tax Regulations. See also §1.171–3(b) (rules for inflation-indexed debt instruments with bond premium).

The coupon bond method described in §1.1275–7(d) has applied to TIPS rather than the more complex discount bond method described in §1.1275–7(e). Under §1.1275–7(d)(2)(i), however, the coupon bond method is not available with respect to inflation-indexed debt instruments that are issued with more than a *de minimis* amount of premium (that is, an amount greater than .0025 times the stated principal amount of the security times the number of complete years to the security's maturity).

In Notice 2011–21, 2011–19 I.R.B. 761, to provide a more uniform method for the federal income taxation of TIPS, the Department of the Treasury and the Internal Revenue Service announced that regulations would be issued to provide that taxpayers must use the coupon bond method described in §1.1275–7(d) for TIPS issued with more than a *de minimis* amount of premium. As a result, the discount bond method described in §1.1275–7(e) would not apply to TIPS issued with more than a *de minimis* amount of premium. Notice 2011–21 provided that the regulations would be effective for TIPS issued on or after April 8, 2011.

### Explanation of Provisions

The temporary regulations in this document contain the rules described in Notice 2011–21. Under the temporary regulations, a taxpayer must use the coupon bond method described in §1.1275–7(d) for a TIPS that is issued with more than a *de minimis* amount of premium. The temporary regulations contain an example of how to apply the coupon bond method to a TIPS issued with more than a *de minimis*

amount of premium. As stated in Notice 2011–21, the temporary regulations apply to TIPS issued on or after April 8, 2011. See §601.601(d)(2)(ii)(b).

### Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, 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 their impact on small business.

### Drafting Information

The principal author of these regulations is William E. Blanchard, Office of Associate Chief Counsel (Financial Institutions and Products). However, other personnel from the IRS and the Treasury Department participated in their development.

\* \* \* \* \*

### Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

#### PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:  
Authority: 26 U.S.C. 7805 \* \* \*

Section 1.1275–7T also issued under 26 U.S.C. 1275(d). \* \* \*

Par. 2. Section 1.1275–7T is added to read as follows:

§1.1275–7T *Inflation-indexed debt instruments (temporary).*

(a) through (h) [Reserved]. For further guidance, see §1.1275–7(a) through (h).

(i) [Reserved]

(j) *Treasury Inflation-Protected Securities issued with more than a de minimis amount of premium—(1) Coupon bond method.* Notwithstanding §1.1275-7(d)(2)(i), the coupon bond method described in §1.1275-7(d) applies to Treasury Inflation-Protected Securities (TIPS) issued with more than a *de minimis* amount of premium. For this purpose, the *de minimis* amount is determined using the principles of §1.1273-1(d).

(2) *Example.* The following example illustrates the application of the bond premium rules to a TIPS issued with bond premium:

*Example.* (i) *Facts.* X, a calendar year taxpayer, purchases at original issuance TIPS with a stated principal amount of \$100,000 and a stated interest rate of .125 percent, compounded semiannually. For purposes of this example, assume that the TIPS are issued in Year 1 on January 1, stated interest is payable on June 30 and December 31 of each year, and that the TIPS mature on December 31, Year 5. X pays \$102,000 for the TIPS, which is the issue price for the TIPS as determined under §1.1275-2(d)(1). Assume that the inflation-adjusted principal amount for the first coupon in Year 1 is \$101,225 (resulting in an interest payment of \$63.27) and for the second coupon in Year 1 is \$102,500 (resulting in an interest payment of \$64.06). X elects to amortize bond premium under §1.171-4. (For simplicity, contrary to actual practice, the TIPS in this example were issued on the date with respect to which the calculation of the first coupon began.)

(ii) *Bond premium.* The stated interest on the TIPS is qualified stated interest under §1.1273-1(c). X acquired the TIPS with bond premium of \$2,000 (basis of \$102,000 minus the TIPS' stated principal amount of \$100,000). See §§1.171-1(d), 1.171-3(b), and 1.1275-7(f)(3). The \$2,000 is more than the *de*

*minimis* amount of premium for the TIPS of \$1,250 (.0025 times the stated principal amount of the TIPS (\$100,000) times the number of complete years to the TIPS' maturity (5 years)). Under paragraph (j)(1) of this section, X must use the coupon bond method to determine X's income from the TIPS.

(iii) *Allocation of bond premium.* Under §1.171-3(b), the bond premium of \$2,000 is allocable to each semiannual accrual period by assuming that there will be no inflation or deflation over the term of the TIPS. Moreover, for purposes of §1.171-2, the yield of the securities is determined by assuming that there will be no inflation or deflation over their term. Based on this assumption, for purposes of section 171, the TIPS provide for semiannual interest payments of \$62.50 and a \$100,000 payment at maturity. As a result, the yield of the securities for purposes of section 171 is -0.2720 percent, compounded semiannually. Under §1.171-2, the bond premium allocable to an accrual period is the excess of the qualified stated interest allocable to the accrual period (\$62.50 for each accrual period) over the product of the taxpayer's adjusted acquisition price at the beginning of the accrual period (determined without regard to any inflation or deflation) and the taxpayer's yield. Therefore, the \$2,000 of bond premium is allocable to each semiannual accrual period in Year 1 as follows: \$201.22 to the accrual period ending on June 30, Year 1 (the excess of the stated interest of \$62.50 over  $(\$102,000 \times -0.002720/2)$ ); and \$200.95 to the accrual period ending on December 31, Year 1 (the excess of the stated interest of \$62.50 over  $(\$101,798.78 \times -0.002720/2)$ ). The adjusted acquisition price at the beginning of the accrual period ending on December 31, Year 1 is \$101,798.78 (the adjusted acquisition price of \$102,000 at the beginning of the accrual period ending on June 30, Year 1 reduced by the \$201.22 of premium allocable to that accrual period).

(iv) *Income determined by applying the coupon bond method and the bond premium rules.* Under §1.1275-7(d)(4), the application of the coupon bond method to the TIPS results in a positive inflation ad-

justment in Year 1 of \$2,500, which is includible in X's income for Year 1. However, because X acquired the TIPS at a premium and elected to amortize the premium, the premium allocable to Year 1 will offset the income on the TIPS as follows: The premium allocable to the first accrual period of \$201.22 first offsets the interest payable for that period of \$63.27. The remaining \$137.95 of premium is treated as a deflation adjustment that offsets the positive inflation adjustment. See §1.171-3(b). The premium allocable to the second accrual period of \$200.95 first offsets the interest payable for that period of \$64.06. The remaining \$136.89 of premium is treated as a deflation adjustment that further offsets the positive inflation adjustment. As a result, X does not include in income any of the stated interest received in Year 1 and includes in Year 1 income only \$2,225.16 of the positive inflation adjustment for Year 1 ( $\$2,500 - \$137.94 - \$136.89$ ).

(k) *Effective/applicability date.* Notwithstanding §1.1275-7(h), this section applies to Treasury Inflation-Protected Securities issued on or after April 8, 2011.

(l) *Expiration date.* The applicability of this section expires on or before December 2, 2014.

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

Approved November 21, 2011.

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

(Filed by the Office of the Federal Register on December 2, 2011, 8:45 a.m., and published in the issue of the Federal Register for December 5, 2011, 76 F.R. 75781)

# Part III. Administrative, Procedural, and Miscellaneous

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

### Notice 2012-10

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 notice provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning before 2008, the 30-year Treasury weighted average rate under § 431(c)(6)(E)(ii)(I), and the min-

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

#### CORPORATE BOND WEIGHTED AVERAGE INTEREST RATE

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

Notice 2004-34, 2004-1 C.B. 848, provides guidelines for determining the cor-

porate 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 December 2011 is 4.71 percent. Pursuant to Notice 2004-34, the Service has determined this rate as the average of the monthly yields for the included corporate bond indices for that month.

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

For Plan Years Beginning in		Corporate Bond Weighted Average	Permissible Range	
Month	Year		90%	100%
January	2012	5.72	5.15	5.72

#### 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, 2007-2 C.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 December 2011 data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of December 2011 are, respectively, 2.07, 4.45, and 5.24. The three 24-month average corporate bond segment rates applicable for January 2012 are as follows:

First Segment	Second Segment	Third Segment
1.98	5.07	6.19

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 January 2012, the funding segment rates are the three 24-month aver-

age corporate bond segment rates applicable for January 2012, 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 securities 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 December 2011 is 2.98 percent. The Service has determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in November 2041.

Generally for plan years beginning after 2007, § 431 specifies the minimum 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%
January	2012	4.08	3.67	4.29

**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 de-

termining the minimum present value segment rates. Pursuant to that notice, the minimum present value transitional segment rates determined for December 2011, taking into account the December 2011 30-year Treasury rate of 2.98 stated above, are as follows:

For Plan Years Beginning in	First Segment	Second Segment	Third Segment
2011	2.25	4.16	4.79
2012	2.07	4.45	5.24

**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 December 2011  
 Derived from December 2011 Data

<i>Maturity</i>	<i>Yield</i>								
0.5	0.67	20.5	5.03	40.5	5.27	60.5	5.36	80.5	5.40
1.0	1.10	21.0	5.04	41.0	5.27	61.0	5.36	81.0	5.40
1.5	1.49	21.5	5.05	41.5	5.28	61.5	5.36	81.5	5.40
2.0	1.83	22.0	5.06	42.0	5.28	62.0	5.36	82.0	5.40
2.5	2.11	22.5	5.07	42.5	5.28	62.5	5.36	82.5	5.40
3.0	2.34	23.0	5.08	43.0	5.29	63.0	5.36	83.0	5.40
3.5	2.54	23.5	5.09	43.5	5.29	63.5	5.36	83.5	5.40
4.0	2.72	24.0	5.10	44.0	5.29	64.0	5.37	84.0	5.40
4.5	2.89	24.5	5.11	44.5	5.30	64.5	5.37	84.5	5.40
5.0	3.04	25.0	5.11	45.0	5.30	65.0	5.37	85.0	5.41
5.5	3.20	25.5	5.12	45.5	5.30	65.5	5.37	85.5	5.41
6.0	3.34	26.0	5.13	46.0	5.30	66.0	5.37	86.0	5.41
6.5	3.49	26.5	5.14	46.5	5.30	66.5	5.37	86.5	5.41
7.0	3.62	27.0	5.14	47.0	5.31	67.0	5.37	87.0	5.41
7.5	3.75	27.5	5.15	47.5	5.31	67.5	5.37	87.5	5.41
8.0	3.87	28.0	5.16	48.0	5.31	68.0	5.37	88.0	5.41
8.5	3.98	28.5	5.16	48.5	5.31	68.5	5.38	88.5	5.41
9.0	4.09	29.0	5.17	49.0	5.32	69.0	5.38	89.0	5.41
9.5	4.19	29.5	5.17	49.5	5.32	69.5	5.38	89.5	5.41
10.0	4.28	30.0	5.18	50.0	5.32	70.0	5.38	90.0	5.41
10.5	4.36	30.5	5.19	50.5	5.32	70.5	5.38	90.5	5.41
11.0	4.44	31.0	5.19	51.0	5.32	71.0	5.38	91.0	5.41
11.5	4.51	31.5	5.20	51.5	5.33	71.5	5.38	91.5	5.41
12.0	4.57	32.0	5.20	52.0	5.33	72.0	5.38	92.0	5.41
12.5	4.63	32.5	5.21	52.5	5.33	72.5	5.38	92.5	5.42
13.0	4.68	33.0	5.21	53.0	5.33	73.0	5.39	93.0	5.42
13.5	4.72	33.5	5.22	53.5	5.33	73.5	5.39	93.5	5.42
14.0	4.76	34.0	5.22	54.0	5.33	74.0	5.39	94.0	5.42
14.5	4.80	34.5	5.23	54.5	5.34	74.5	5.39	94.5	5.42
15.0	4.83	35.0	5.23	55.0	5.34	75.0	5.39	95.0	5.42
15.5	4.86	35.5	5.23	55.5	5.34	75.5	5.39	95.5	5.42
16.0	4.89	36.0	5.24	56.0	5.34	76.0	5.39	96.0	5.42
16.5	4.91	36.5	5.24	56.5	5.34	76.5	5.39	96.5	5.42
17.0	4.93	37.0	5.25	57.0	5.35	77.0	5.39	97.0	5.42
17.5	4.95	37.5	5.25	57.5	5.35	77.5	5.39	97.5	5.42
18.0	4.97	38.0	5.26	58.0	5.35	78.0	5.39	98.0	5.42
18.5	4.98	38.5	5.26	58.5	5.35	78.5	5.40	98.5	5.42
19.0	5.00	39.0	5.26	59.0	5.35	79.0	5.40	99.0	5.42
19.5	5.01	39.5	5.26	59.5	5.35	79.5	5.40	99.5	5.42
20.0	5.02	40.0	5.27	60.0	5.35	80.0	5.40	100.0	5.42

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## Transitional Relief for Section 6045B Issuer Returns and Statements for 2011 Organizational Actions

### Notice 2012-11

#### PURPOSE

This notice provides transitional relief from information reporting requirements in section 6045B of the Internal Revenue Code that apply to issuers of stock with respect to organizational actions that affect the basis of the stock. This notice provides that posting either Form 8937, *Report of Organizational Actions Affecting Basis of Securities*, or the required information in a readily accessible format to an issuer's primary public Web site will satisfy an issuer's requirement to file and furnish Form 8937 for organizational actions occurring in 2011. This notice also provides that the Internal Revenue Service will not impose penalties for reporting incorrect information against issuers under sections 6721 or 6722 related to filing and furnishing Form 8937 for 2011 organizational actions provided that they make good-faith efforts in timely posting the Form 8937 or the required information on the issuers' primary public Web sites or filing accurate Forms 8937 and furnishing the corresponding issuer statements.

#### BACKGROUND

Section 403 of the Energy Improvement and Extension Act of 2008, Div. B of Pub. L. No. 110-343, 122 Stat. 3765, enacted on October 3, 2008, added section 6045B to the Code. Section 6045B provides that, for organizational actions beginning in 2011, an issuer of stock must

file a return with the Service to describe any organizational action (such as a stock split, merger, or acquisition) that affects the basis of a specified security. Under section 6045B(d) and section 6045(g)(3)(B), in 2011, a specified security is limited to stock in a corporation. The issuer generally must file the return within 45 days after the organizational action. The issuer must also furnish a corresponding statement to each nominee of the stockholder (or to each stockholder if there is no nominee) by January 15th of the year following the calendar year of the organizational action.

Because January 15, 2012, is a Sunday and January 16, 2012, is a Federal holiday, issuers must furnish the required statements to stockholders or nominees by January 17, 2012. Further, the Service announced that issuers may report 2011 organizational actions without penalty if Form 8937 is filed by January 17, 2012. Notice 2011-18, 2011-11 I.R.B. 549 (March 14, 2011).

An issuer is not required to file an issuer return with the Service or furnish issuer statements to stockholders or nominees if it posts the return on its primary public Web site in a readily accessible format by the filing date. Treas. Reg. § 1.6045B-1(a)(3), (b)(4).

The requirements under section 6045B do not apply to issuers of stock in a regulated investment company until 2012.

#### TRANSITIONAL INFORMATION REPORTING REQUIREMENTS FOR ISSUERS OF STOCK REPORTING ORGANIZATIONAL ACTIONS TAKEN IN 2011

Section 6721 imposes a penalty on any issuer of stock that does not timely file a correct issuer return with the Service as required by section 6045B(a). Section 6722 imposes a penalty on any issuer of stock that does not timely furnish correct issuer statements to stockholders or nominees as

required by section 6045B(c). The Service has learned that a number of questions have arisen following the release of the final Form 8937 and instructions and recognizes that the release date provides a very limited timeframe remaining before the due date of the form.

Accordingly, the Service will permit an issuer to publicly report an organizational action by posting either Form 8937 or the required information in a readily accessible format to an area of its primary public Web site. The Service will treat the issuer as having filed Form 8937 and furnished issuer statements to stockholders or nominees on the date of posting of the Form 8937 or the required information.

Further, the Service will not impose penalties for reporting incorrect information under sections 6721 and 6722 on issuers that must file information returns and furnish statements under section 6045B provided that they make good-faith efforts to timely post the Form 8937 or the required information on their primary public Web sites or file accurate Forms 8937 and furnish the corresponding issuer statements. The potential impact of the issues addressed in this notice will be considered in assessing reasonable cause with respect to broker reporting required under section 6045(g).

This transitional relief is limited to reporting organizational actions occurring in 2011. This transitional relief does not apply to issuers of stock in a regulated investment company, which are not subject to the issuer reporting requirements for 2011 organizational actions.

#### DRAFTING INFORMATION

The principal author of this notice is Carlton King of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this notice, please contact Carlton King at (202) 622-4910 (not a toll-free call).

## Part IV. Items of General Interest

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

### Treasury Inflation-Protected Securities Issued at a Premium

#### REG-130777-11

AGENCY: Internal Revenue Service (IRS), Treasury.

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

SUMMARY: In this issue of the Bulletin, the IRS is issuing temporary regulations (T.D. 9561) that provide guidance on the tax treatment of Treasury Inflation-Protected Securities issued with more than a *de minimis* amount of premium. The text of those regulations also serves as the text of these proposed regulations. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written or electronic comments must be received by March 5, 2012. Outlines of topics to be discussed at the public hearing scheduled for March 28, 2012, must be received by March 7, 2012.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-130777-11), room 5203, Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-130777-11), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC, or sent electronically, via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (IRS REG-130777-11).

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, William E. Blanchard, (202) 622-3950; concerning submissions of

comments, the hearing, and/or to be placed on the building access list to attend the hearing, Oluwafunmilayo (Funmi) Taylor, (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

#### Background and Explanation of Provisions

Temporary regulations in this issue of the Bulletin amend the Income Tax Regulations (26 CFR part 1) relating to section 1275. The temporary regulations provide that the coupon bond method described in §1.1275-7(d) applies to Treasury Inflation-Protected Securities (TIPS) issued with more than a *de minimis* amount of premium. The temporary regulations apply to TIPS issued on or after April 8, 2011. The text of the temporary regulations also serves as the text of these proposed regulations. In addition to comments on the text of the temporary regulations, the IRS and the Treasury Department request comments on whether the rules in the temporary regulations should be extended to other types of inflation-indexed debt instruments.

#### Special Analyses

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

#### Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies)

or electronic comments that are submitted timely to the IRS. The IRS and the Treasury Department specifically request comments on the clarity of the proposed rule and how it may be made easier to understand. All comments will be available for public inspection and copying.

A public hearing has been scheduled for March 28, 2012, beginning at 10 a.m. in the IRS Auditorium, Internal Revenue Building, 1111 Constitution Avenue, N.W., Washington, DC. Due to building security procedures, visitors must enter through the Constitution Avenue entrance. In addition, all visitors must present photo identification to enter the building. Because of access restrictions, visitors will not be admitted beyond the immediate entrance area more than 30 minutes before the hearing starts. For information about having your name placed on the building access list to attend the hearing, see the “**FOR FURTHER INFORMATION CONTACT**” section of this preamble.

The rules of 26 CFR 601.601(a)(3) apply to the hearing. Persons who wish to present oral comments at the hearing must submit written or electronic comments by March 5, 2012 and submit an outline of the topics to be discussed and the time to be devoted to each topic (signed original and eight (8) copies) by March 7, 2012. A period of 10 minutes will be allotted to each person for making comments. An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

#### Drafting Information

The principal author of these regulations is William E. Blanchard, Office of Associate Chief Counsel (Financial Institutions and Products). However, other personnel from the IRS and the Treasury Department participated in their development.

\* \* \* \* \*

#### Proposed Amendments to the Regulations

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

**PART 1—INCOME TAXES**

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

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

Par. 2. Section 1.1275-7 is revised to read as follows:

*§1.1275-7 Inflation-indexed debt instruments.*

[The text of the proposed amendments to §1.1275-7 is the same as the text for §1.1275-7T(i) through (k) published elsewhere in this issue of the Bulletin].

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

(Filed by the Office of the Federal Register on December 2, 2011, 8:45 a.m., and published in the issue of the Federal Register for December 5, 2011, 76 F.R. 75829)

**Regulations Governing the Performance of Actuarial Services Under the Employee Retirement Income Security Act of 1974; Correction**

**Announcement 2012-5**

AGENCY: Joint Board for the Enrollment of Actuaries.

ACTION: Correcting amendment.

SUMMARY: This document describes correcting amendments to final regulations (T.D. 9517, 2011-15 I.R.B. 610) relating to the enrollment of actuaries. These regulations were published in the **Federal Register** on Thursday, March 31, 2011 (76 FR 17762).

DATES: This correction is effective on December 28, 2011, and is applicable on March 31, 2011.

FOR FURTHER INFORMATION CONTACT: Patrick McDonough, Executive Director, Joint Board for the Enrollment of Actuaries, at (202) 622-8229 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

**Background**

The final regulations (T.D. 9517) that are the subject of this correction are under section 3042 of the Employee Retirement Income Security Act of 1974 (88 Stat. 829), Public Law 93-406 (ERISA).

**Need for Correction**

As published, final regulations (T.D. 9517) contain errors that may prove to be misleading and are in need of clarification.

\* \* \* \* \*

**Correction of Publication**

Accordingly, 20 CFR part 901 is corrected by making the following correcting amendments:

**PART 901—REGULATIONS GOVERNING THE PERFORMANCE OF ACTUARIAL SERVICES UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974**

Paragraph 1. The authority citation for part 901 continues to read in part as follows:

Authority: These rules are issued under authority of 88 Stat.1002; 29 U.S.C. 1241, 1242. See also 5 U.S.C. 301; 31 U.S.C. 330; and 31 U.S.C. 321.

Par. 2. Section 901.11 is amended by:

1. Revising the first sentence of paragraph (f)(1)(i).
2. Revising paragraph (l)(4)(ii).
3. Revising the last sentence of paragraph (o) *Example 4* (i), and paragraphs (o) *Example 6* (iii) and (o) *Example 7* (ii).

The revisions read as follows:

*§901-11 Enrollment procedures*

\* \* \* \* \*

- (f) \* \* \*
- (1) \* \* \*

(i) Core subject matter is program content and knowledge that is integral and necessary to the satisfactory performance of pension actuarial services and actuarial certifications under ERISA and the Internal Revenue Code. \* \* \*

\* \* \* \* \*

- (1) \* \* \*
- (4) \* \* \*

(ii) *Placement on the inactive roster after notice and right to respond.* The Executive Director will move an enrolled actuary who does not submit a timely application of renewal that shows timely completion of the required continuing professional education to the inactive roster only after giving the enrolled actuary 60 days to respond as described in paragraph (l)(1) of this section.

\* \* \* \* \*

- (o) \* \* \*

*Example 4.* (i) \* \* \* Accordingly, effective April 1, 2014, H is placed on the roster of inactive enrolled actuaries and is ineligible to perform pension actuarial services as an enrolled actuary under ERISA and the Internal Revenue Code.

\* \* \* \* \*

*Example 6.* \* \* \*

(iii) Note that the total of 15 hours of continuing professional education credit that H completes between January 1, 2011, and December 31, 2013, as well as the 10 hours of continuing professional education credit between January 1, 2014, and December 31, 2016, are not counted toward H's return to active status and are not taken into account toward the additional hours of continuing professional education credit that H must complete between January 1, 2020, and December 31, 2022, in order to be eligible to file an application for renewal of enrollment active status effective April 1, 2023.

*Example 7.* \* \* \*

(ii) J completes 5 hours of core continuing professional education credit and 4 hours of non-core continuing professional education credit between January 1, 2014, and October 6, 2014. Because J did not complete the required 12 hours of continuing professional education (of which at least 6 hours must consist of core subject matter) during J's initial enrollment cycle, J is not eligible to file an application for a return to active enrollment on October 6, 2014, notwithstanding the fact that had J completed such hours between January 1, 2012, and December 31, 2013, J would have satisfied the requirements for renewed enrollment effective April 1, 2014.

\* \* \* \* \*

Guy R. Traynor,  
*Acting Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration).*

(Filed by the Office of the Federal Register on December 27, 2011, 8:45 a.m., and published in the issue of the Federal Register for December 28, 2011, 76 F.R. 81362)

# 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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### Key to Abbreviations:

Ann	Announcement
CD	Court Decision
DO	Delegation Order
EO	Executive Order
PL	Public Law
PTE	Prohibited Transaction Exemption
RP	Revenue Procedure
RR	Revenue Ruling
SPR	Statement of Procedural Rules
TC	Tax Convention
TD	Treasury Decision
TDO	Treasury Department Order

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