

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.

EMPLOYEE PLANS

Notice 2012-64, page 528.

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 October 2012; the 24-month average segment rates; the funding transitional segment rates applicable for October 2012; and the minimum present value transitional rates for September 2012. The rates in this notice reflect certain changes implemented by the Moving Ahead for Progress in the 21st Century Act, Public Law 112-141 (MAP-21).

EXEMPT ORGANIZATIONS

Announcement 2012-41, page 532.

This announcement provides notice of public hearing on proposed regulations, (REG-130266-11, 2012-32 I.R.B. 126), that provide guidance regarding the requirements for charitable hospital organizations relating to financial assistance and emergency medical care policies, charges for certain care provided to individual eligible for financial assistance, and billing and collections under section 501 of the Code. Announcements 2012-29 and 2012-38 corrected. A public hearing is scheduled for December 5, 2012.

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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 III. Administrative, Procedural, and Miscellaneous

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

Notice 2012-64

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 minimum present value segment rates under § 417(e)(3)(D) as in effect for plan years

beginning after 2007. These rates reflect certain changes implemented by the Moving Ahead for Progress in the 21st Century Act, Public Law 112-141 (MAP-21). MAP-21 provides that for purposes of § 430(h)(2), the segment rates are limited by the applicable maximum percentage or the applicable minimum percentage based on the average of segment rates over a 25 year period.

CORPORATE BOND WEIGHTED AVERAGE INTEREST RATE

Sections 412(b)(5)(B)(ii) and 412(l)(7)(C)(i) 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 September 2012 is 4.05 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%
October	2012	5.20	4.68	5.20

YIELD CURVE AND SEGMENT RATES

Generally, except for certain plans under sections 104 and 105 of the Pension Protection Act of 2006, § 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. To the extent provided under § 430(h)(2)(C)(iv), these segment rates are adjusted by the applicable percentage of the 25-year average segment rates for the period ending September 30 of the year preceding the calendar year in which the plan year begins. However, an election may be made under § 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates.

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 seg-

ment 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 September 2012 data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of September 2012 are, respectively, 1.02, 3.71, and 4.67. The three 24-month average corporate bond segment rates applicable for October 2012, without adjustment by the applicable percentage of the 25-year average segment rates, are as follows:

24-Month Segment Rates Without Adjustment by 25-Year Average Segment Rates		
First Segment	Second Segment	Third Segment
1.72	4.58	5.67

For plan years beginning in 2012, the 24-month average segment rates determined under § 430(h)(2)(C)(iv) must be not less than 90% nor greater than 110% of the 25-year average segment rates. Pursuant to Notice 2012–55, 2012–36 I.R.B.

332, the first, second, and third 25-year segment rates applicable for plan years beginning in 2012 are 6.15, 7.61, and 8.35, respectively. Therefore, for plan years beginning in 2012, the three adjusted 24-month average corporate bond segment

rates applicable for October 2012, taking into account the applicable percentage of the 25-year average segment rates, are as follows:

Adjusted 24-Month Average Segment Rates,
Using Applicable Percentage of 25-Year Average Segment Rates

Applicable Month	For Plan Years Beginning in	First Segment	Second Segment	Third Segment
October 2012	2012	5.54	6.85	7.52

The 25-year average segment rates for the period ending September 30, 2012 have not been determined yet. The Service will issue additional guidance on the October 2012 adjusted 24-month average segment rates applicable for plan years beginning in 2013 when those 25-year average segment rates are determined.

**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 September 2012 is 2.88 percent. The Service has determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in August 2042.

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

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

For Plan Years Beginning in		30-Year Treasury Weighted Average	Permissible Range		
<i>Month</i>	<i>Year</i>		90%	to	105%
October	2012	3.69	3.32		3.88

**MINIMUM PRESENT VALUE
SEGMENT RATES**

In general, 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 September 2012, taking into account the September 2012 30-year Treasury rate of 2.88 stated above, are as follows:

<u>For Plan Years Beginning in</u>	<u>First Segment</u>	<u>Second Segment</u>	<u>Third Segment</u>
2011	1.39	3.54	4.31
2012	1.02	3.71	4.67
2013	1.02	3.71	4.67

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 September 2012
 Derived from September 2012 Data

<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>
0.5	0.36	20.5	4.51	40.5	4.69	60.5	4.76	80.5	4.80
1.0	0.54	21.0	4.52	41.0	4.69	61.0	4.76	81.0	4.80
1.5	0.71	21.5	4.53	41.5	4.69	61.5	4.76	81.5	4.80
2.0	0.85	22.0	4.53	42.0	4.70	62.0	4.76	82.0	4.80
2.5	0.97	22.5	4.54	42.5	4.70	62.5	4.76	82.5	4.80
3.0	1.08	23.0	4.54	43.0	4.70	63.0	4.77	83.0	4.80
3.5	1.20	23.5	4.55	43.5	4.70	63.5	4.77	83.5	4.80
4.0	1.33	24.0	4.55	44.0	4.70	64.0	4.77	84.0	4.80
4.5	1.47	24.5	4.56	44.5	4.71	64.5	4.77	84.5	4.80
5.0	1.64	25.0	4.56	45.0	4.71	65.0	4.77	85.0	4.80
5.5	1.81	25.5	4.57	45.5	4.71	65.5	4.77	85.5	4.80
6.0	2.00	26.0	4.57	46.0	4.71	66.0	4.77	86.0	4.80
6.5	2.20	26.5	4.58	46.5	4.72	66.5	4.77	86.5	4.80
7.0	2.40	27.0	4.58	47.0	4.72	67.0	4.77	87.0	4.80
7.5	2.59	27.5	4.59	47.5	4.72	67.5	4.78	87.5	4.81
8.0	2.79	28.0	4.59	48.0	4.72	68.0	4.78	88.0	4.81
8.5	2.97	28.5	4.60	48.5	4.72	68.5	4.78	88.5	4.81
9.0	3.14	29.0	4.60	49.0	4.73	69.0	4.78	89.0	4.81
9.5	3.31	29.5	4.61	49.5	4.73	69.5	4.78	89.5	4.81
10.0	3.46	30.0	4.61	50.0	4.73	70.0	4.78	90.0	4.81
10.5	3.59	30.5	4.62	50.5	4.73	70.5	4.78	90.5	4.81
11.0	3.72	31.0	4.62	51.0	4.73	71.0	4.78	91.0	4.81
11.5	3.83	31.5	4.63	51.5	4.73	71.5	4.78	91.5	4.81
12.0	3.93	32.0	4.63	52.0	4.74	72.0	4.78	92.0	4.81
12.5	4.02	32.5	4.63	52.5	4.74	72.5	4.78	92.5	4.81
13.0	4.10	33.0	4.64	53.0	4.74	73.0	4.78	93.0	4.81
13.5	4.17	33.5	4.64	53.5	4.74	73.5	4.79	93.5	4.81
14.0	4.22	34.0	4.65	54.0	4.74	74.0	4.79	94.0	4.81
14.5	4.27	34.5	4.65	54.5	4.74	74.5	4.79	94.5	4.81
15.0	4.32	35.0	4.65	55.0	4.75	75.0	4.79	95.0	4.81
15.5	4.35	35.5	4.66	55.5	4.75	75.5	4.79	95.5	4.81
16.0	4.38	36.0	4.66	56.0	4.75	76.0	4.79	96.0	4.81
16.5	4.41	36.5	4.66	56.5	4.75	76.5	4.79	96.5	4.81
17.0	4.43	37.0	4.67	57.0	4.75	77.0	4.79	97.0	4.81
17.5	4.45	37.5	4.67	57.5	4.75	77.5	4.79	97.5	4.82
18.0	4.46	38.0	4.67	58.0	4.75	78.0	4.79	98.0	4.82
18.5	4.48	38.5	4.68	58.5	4.75	78.5	4.79	98.5	4.82
19.0	4.49	39.0	4.68	59.0	4.76	79.0	4.79	99.0	4.82
19.5	4.50	39.5	4.68	59.5	4.76	79.5	4.79	99.5	4.82
20.0	4.51	40.0	4.68	60.0	4.76	80.0	4.80	100.0	4.82

Part IV. Items of General Interest

Additional Requirements for Charitable Hospitals; Hearing; Correction

Announcement 2012-41

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of public hearing on notice proposed rulemaking.

SUMMARY: This document changes the date of a public hearing on proposed regulations (REG-130266-11, 2012-32 I.R.B. 126) that provide guidance regarding the requirements for charitable hospital organizations relating to financial assistance and emergency medical care policies, charges for certain care provided to individuals eligible for financial assistance, and billing and collections.

DATES: The public hearing originally scheduled for Monday, October 29, 2012, at 10 a.m. is rescheduled for Wednesday, December 5, 2012, at 10 a.m. Outlines of topics to be discussed at the public hearing must be received by November 7, 2012.

ADDRESSES: The public hearing is being held in the IRS Auditorium, Internal Revenue Service Building, 1111 Con-

stitution Avenue NW, Washington, DC 20224. Due to building security procedures, visitors must enter at the Constitution Avenue entrance. In addition, all visitors must present photo identification to enter the building. Send Submissions to CC:PA:LPD:PR (REG-130266-11), Room 5205, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday to CC:PA:LPD:PR (REG-130266-11), Couriers Desk, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, DC or sent electronically via the Federal eRulemaking Portal at www.regulations.gov (REG-130266-11).

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Amber L. Mackenzie or Preston J. Quesenberry at (202) 622-6070; concerning submissions of comments, the hearing and/or to be placed on the building access list to attend the hearing, Oluwafunmilayo Taylor at (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION: A notice of public hearing on proposed rulemaking appearing in the Federal Register on Monday, October 1, 2012 (77 FR 59878), announced that a public hearing

on proposed regulations regarding the requirements for charitable hospital organizations, would be held on Monday, October 29, 2012, beginning at 10 a.m. in the auditorium of the Internal Revenue Service Building at 1111 Constitution Avenue NW, Washington, DC.

The date of the public hearing has been changed. The hearing is now scheduled for Wednesday, December 5, 2012, beginning at 10 a.m. in the auditorium of the Internal Revenue Service at 1111 Constitution Avenue NW, Washington, DC. Outlines of topics to be discussed at the public hearing must be received by November 7, 2012.

Because of access restrictions, the IRS will not admit visitors 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 document.

LaNita VanDyke,
Chief,
Publications and Regulations Branch,
Legal Processing Division,
Associate Chief Counsel
(Procedure and Administration).

(Filed by the Office of the Federal Register on October 15, 2012, 8:45 a.m., and published in the issue of the Federal Register for October 16, 2012, 77 F.R. 63287)

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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