

# Internal Revenue bulletin

Bulletin No. 2014-10  
March 3, 2014

## 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

### **Announcement 2014-13, page 620.**

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions involving attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers. These individuals are subject to the regulations governing practice before the Internal Revenue Service (IRS), which are set out in Title 31, Code of Federal Regulations, Part 10, and which are published in pamphlet form as Treasury Department Circular No. 230. The regulations prescribe the duties and restrictions relating to such practice and prescribe the disciplinary sanctions for violating the regulations.

## EMPLOYEE PLANS

### **Notice 2014-13, page 616.**

This notice contains updates for the corporate bond weighted average interest rate for plan years beginning in February 2014; the 24-month average segment rates; the funding segment rates applicable for February 2014; and the minimum present value rates for January 2014. 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).

### **Rev. Proc. 2014-19, page 619.**

Revenue Procedure 2014-4 as published on January 2, 2014 (2014-1 I.R.B. 125) contains errors regarding expedited handling of EO Determination Letter requests in sections 2.06 and 9.03(3). This revenue procedure corrects those errors to clarify that EO Determination Letters are still eligible for expedited handling under section 9 of Revenue Procedure 2014-4.

Finding Lists begin on page ii.  
Index for July through March begins on page iv.



Department of the Treasury  
Internal Revenue Service

# The IRS Mission

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

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned

against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

### **Part I.—1986 Code.**

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

### **Part II.—Treaties and Tax Legislation.**

This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

### **Part III.—Administrative, Procedural, and Miscellaneous.**

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

### **Part IV.—Items of General Interest.**

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

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

# Part III. Administrative, Procedural, and Miscellaneous

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

### Notice 2014-13

This notice 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) of the Internal Revenue Code. 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.

#### 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, 2007-44 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 January 2014 data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of January 2014 are, respectively, 1.24, 4.42, and 5.40. For plan years beginning on or after January 1, 2012, the 24-month average segment rates determined under § 430(h)(2)(C)(iv) must be adjusted by the applicable percentage of the corresponding 25-year average segment rates. The 25-year average segment rates for plan years beginning in 2012, 2013, and 2014 were published in Notice 2012-55, 2012-36 I.R.B. 332, Notice 2013-11, 2013-11 I.R.B. 610, and Notice 2013-58, 2013-40 I.R.B. 294, respectively. The three 24-month average corporate bond segment rates applicable for February 2014 without adjustment, and the adjusted 24-month average segment rates taking into account the applicable percentages of the corresponding 25-year average segment rates, are as follows:

For Plan Years Beginning In	24-Month Average Segment Rates Not Adjusted					Adjusted 24-Month Average Segment Rates, Based on Applicable Percentage of 25-Year Average Rates		
	Applicable Month		First Segment	Second Segment	Third Segment	First Segment	Second Segment	Third Segment
2013	February	2014	1.22	4.06	5.09	4.94	6.15	6.76
2014	February	2014	1.22	4.06	5.09	4.43	5.62	6.22

#### 30-YEAR TREASURY SECURITIES INTEREST RATES

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 rate of interest on 30-year Treasury securities for January 2014 is 3.77 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 2043. 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%
February	2014	3.46	3.12		3.63

**MINIMUM PRESENT VALUE  
SEGMENT RATES**

computed without regard to a 24-month average. Notice 2007-81 provides guidelines for determining the minimum present value segment rates. Pursuant to that notice, the minimum present value seg-

ment rates determined for January 2014 are as follows:

In general, the applicable interest rates under § 417(e)(3)(D) are segment rates

First Segment	Second Segment	Third Segment
1.24	4.42	5.40

**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 January 2014  
 Derived from January 2014 Data

<i>Maturity</i>	<i>Yield</i>								
0.5	0.23	20.5	5.19	40.5	5.43	60.5	5.52	80.5	5.56
1.0	0.43	21.0	5.20	41.0	5.43	61.0	5.52	81.0	5.56
1.5	0.63	21.5	5.21	41.5	5.43	61.5	5.52	81.5	5.56
2.0	0.86	22.0	5.22	42.0	5.44	62.0	5.52	82.0	5.56
2.5	1.09	22.5	5.23	42.5	5.44	62.5	5.52	82.5	5.56
3.0	1.34	23.0	5.23	43.0	5.44	63.0	5.52	83.0	5.56
3.5	1.59	23.5	5.24	43.5	5.44	63.5	5.52	83.5	5.57
4.0	1.84	24.0	5.25	44.0	5.45	64.0	5.53	84.0	5.57
4.5	2.09	24.5	5.26	44.5	5.45	64.5	5.53	84.5	5.57
5.0	2.34	25.0	5.26	45.0	5.45	65.0	5.53	85.0	5.57
5.5	2.57	25.5	5.27	45.5	5.46	65.5	5.53	85.5	5.57
6.0	2.80	26.0	5.28	46.0	5.46	66.0	5.53	86.0	5.57
6.5	3.02	26.5	5.29	46.5	5.46	66.5	5.53	86.5	5.57
7.0	3.22	27.0	5.29	47.0	5.46	67.0	5.53	87.0	5.57
7.5	3.42	27.5	5.30	47.5	5.47	67.5	5.53	87.5	5.57
8.0	3.60	28.0	5.31	48.0	5.47	68.0	5.54	88.0	5.57
8.5	3.77	28.5	5.31	48.5	5.47	68.5	5.54	88.5	5.57
9.0	3.93	29.0	5.32	49.0	5.47	69.0	5.54	89.0	5.57
9.5	4.07	29.5	5.32	49.5	5.47	69.5	5.54	89.5	5.57
10.0	4.20	30.0	5.33	50.0	5.48	70.0	5.54	90.0	5.57
10.5	4.32	30.5	5.34	50.5	5.48	70.5	5.54	90.5	5.58
11.0	4.43	31.0	5.34	51.0	5.48	71.0	5.54	91.0	5.58
11.5	4.53	31.5	5.35	51.5	5.48	71.5	5.54	91.5	5.58
12.0	4.62	32.0	5.35	52.0	5.49	72.0	5.54	92.0	5.58
12.5	4.70	32.5	5.36	52.5	5.49	72.5	5.55	92.5	5.58
13.0	4.77	33.0	5.36	53.0	5.49	73.0	5.55	93.0	5.58
13.5	4.83	33.5	5.37	53.5	5.49	73.5	5.55	93.5	5.58
14.0	4.88	34.0	5.37	54.0	5.49	74.0	5.55	94.0	5.58
14.5	4.93	34.5	5.38	54.5	5.50	74.5	5.55	94.5	5.58
15.0	4.97	35.0	5.38	55.0	5.50	75.0	5.55	95.0	5.58
15.5	5.00	35.5	5.39	55.5	5.50	75.5	5.55	95.5	5.58
16.0	5.03	36.0	5.39	56.0	5.50	76.0	5.55	96.0	5.58
16.5	5.06	36.5	5.40	56.5	5.50	76.5	5.55	96.5	5.58
17.0	5.08	37.0	5.40	57.0	5.50	77.0	5.55	97.0	5.58
17.5	5.10	37.5	5.40	57.5	5.51	77.5	5.55	97.5	5.58
18.0	5.12	38.0	5.41	58.0	5.51	78.0	5.56	98.0	5.58
18.5	5.14	38.5	5.41	58.5	5.51	78.5	5.56	98.5	5.59
19.0	5.15	39.0	5.42	59.0	5.51	79.0	5.56	99.0	5.59
19.5	5.17	39.5	5.42	59.5	5.51	79.5	5.56	99.5	5.59
20.0	5.18	40.0	5.42	60.0	5.51	80.0	5.56	100.0	5.59

## Rev. Proc. 2014-19

### SECTION 1. BACKGROUND

.01 Revenue Procedure 2014-4 as published on January 2, 2014 (2014-1 I.R.B. 125) contains unintentional errors in sections 2.06 and 9.03(3). The errors are:

1. Section 2.06 of Rev. Proc. 2014-4 should have stated that section 9.03(3) has been modified only with respect to EP determination letter requests and not EO determination letter requests, and
2. Section 9.03(3) of Rev. Proc. 2014-4 should have stated that only EP Determination Letter requests (and not EO determination letter requests) are not eligible for expedited handling, and
3. All references in Section 9.03(3) of Rev. Proc. 2014-4 to “letter ruling”

should have also included references to “determination letter.”

### SECTION 2. MODIFICATIONS TO REVENUE PROCEDURE 2014-4

.01 Section 2.06 of Rev. Proc. 2014-4 is modified to add “EP” before “determination letter requests are not eligible for expedited handling.”

.02 The second sentence of the first paragraph of Section 9.03(3) of Rev. Proc. 2014-4 is modified to add “EP” before “Determination Letter requests are not eligible for expedited handling.”

.03 Section 9.03(3) of Rev. Proc. 2014-4 is modified to add the phrase “or EO determination letter” after all references to the phrase “letter ruling” in this Section.

### SECTION 3. EFFECTIVE DATE

.01 The modification in this revenue procedure will be treated as in effect as of

the effective date of Rev. Proc. 2014-4, January 2, 2014.

### SECTION 4. EFFECT ON OTHER DOCUMENTS

.01 This Rev. Proc. modifies Rev. Proc. 2014-4 to ensure that EO Determination Letters remain eligible for expedited handling under Section 9.03(3) of Rev. Proc. 2014-4.

### SECTION 5. DRAFTING INFORMATION

The principal author of this Revenue Procedure is Dave Rifkin of Exempt Organizations, Tax Exempt and Government Entities Division. For further information regarding this Revenue Procedure, contact Dave Rifkin at (202) 317-8525 (not a toll-free number).

## Part IV. Items of General Interest

### Announcement of Disciplinary Sanctions From the Office of Professional Responsibility

#### Announcement 2014–13

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions involving attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers. These individuals are subject to the regulations governing practice before the Internal Revenue Service (IRS), which are set out in Title 31, Code of Federal Regulations, Part 10, and which are published in pamphlet form as Treasury Department Circular No. 230. The regulations prescribe the duties and restrictions relating to such practice and prescribe the disciplinary sanctions for violating the regulations.

The disciplinary sanctions to be imposed for violation of the regulations are:

**Disbarred from practice before the IRS**—An individual who is disbarred is not eligible to practice before the IRS as defined at 31 C.F.R. § 10.2(a)(4).

**Suspended from practice before the IRS**—An individual who is suspended is not eligible to practice before the IRS as defined at 31 C.F.R. § 10.2(a)(4) during the term of the suspension.

**Censured in practice before the IRS**—Censure is a public reprimand. Unlike disbarment or suspension, censure does not affect an individual's eligibility to practice before the IRS, but OPR may subject the individual's future practice rights to conditions designed to promote high standards of conduct.

**Monetary penalty**—A monetary penalty may be imposed on an individual who engages in conduct subject to sanction or on an employer, firm, or entity if the individual was acting on its behalf and if it knew, or reasonably should have known, of the individual's conduct.

**Disqualification of appraiser**—An appraiser who is disqualified is barred

from presenting evidence or testimony in any administrative proceeding before the Department of the Treasury or the IRS.

Under the regulations, attorneys, certified public accountants, enrolled agents, enrolled actuaries, and enrolled retirement plan agents may not assist, or accept assistance from, individuals who are suspended or disbarred with respect to matters constituting practice (*i.e.*, representation) before the IRS, and they may not aid or abet suspended or disbarred individuals to practice before the IRS.

Disciplinary sanctions are described in these terms:

**Disbarred by decision, Suspended by decision, Censured by decision, Monetary penalty imposed, and Disqualified after hearing**—An administrative law judge (ALJ) either 1) granted the government's summary judgment motion or 2) conducted an evidentiary hearing upon OPR's complaint alleging violation of the regulations; and 3) issued a decision imposing one of these sanctions. After 30 days from the issuance of the decision, in the absence of an appeal, the ALJ's decision became the final agency decision.

**Disbarred by default decision, Suspended by default decision, Censured by default decision, Monetary penalty imposed by default decision, and Disqualified by default decision**—An ALJ, after finding that no answer to OPR's complaint had been filed, granted OPR's motion for a default judgment and issued a decision imposing one of these sanctions.

**Disbarment by decision on appeal, Suspended by decision on appeal, Censured by decision on appeal, Monetary penalty imposed by decision on appeal, and Disqualified by decision on appeal**—The decision of the ALJ was appealed to the agency appeal authority, acting as the delegate of the Secretary of the Treasury, and the appeal authority issued a decision imposing one of these sanctions.

**Disbarred by consent, Suspended by consent, Censured by consent, Monetary penalty imposed by consent, and**

**Disqualified by consent**—In lieu of a disciplinary proceeding being instituted or continued, an individual offered a consent to one of these sanctions and OPR accepted the offer. Typically, an offer of consent will provide for: suspension for an indefinite term; conditions that the individual must observe during the suspension; and the individual's opportunity, after a stated number of months, to file with OPR a petition for reinstatement affirming compliance with the terms of the consent and affirming current eligibility to practice (*i.e.*, an active professional license or active enrollment status).

**Suspended indefinitely by decision in expedited proceeding, Suspended indefinitely by default decision in expedited proceeding, Suspended by consent in expedited proceeding**—OPR instituted an expedited proceeding for suspension (based on certain limited grounds, including loss of a professional license for cause, and criminal convictions).

OPR has authority to disclose the grounds for disciplinary sanctions in these situations: (1) an ALJ or the Secretary's delegate on appeal has issued a decision on or after September 26, 2007, which was the effective date of amendments to the regulations that permit making such decisions publicly available; (2) the individual has settled a disciplinary case by signing OPR's "consent to sanction" form, which requires consenting individuals to admit to one or more violations of the regulations and to consent to the disclosure of the individual's own return information related to the admitted violations (for example, failure to file Federal income tax returns); or (3) OPR has issued a decision in an expedited proceeding for indefinite suspension.

Announcements of disciplinary sanctions appear in the Internal Revenue Bulletin at the earliest practicable date. The sanctions announced below are alphabetized first by the names of states and second by the last names of individuals. Unless otherwise indicated, section numbers (*e.g.*, § 10.51) refer to the regulations.

<b>City &amp; State</b>	<b>Name</b>	<b>Professional Designation</b>	<b>Disciplinary Sanction</b>	<b>Effective Date(s)</b>
<b>Arizona</b>				
Tucson	Heckinger, Robert F.	Enrolled Agent	Suspended by consent (guilty plea in USDC of Arizona for 18 U.S.C. § 371 and 1014, conspiracy to provide false statements to influence a bank) (31 C.F.R. § 10.51(a)(2))	Indefinite from June 24, 2013
<b>California</b>				
Visalia	Frantz, Mark A.	CPA	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82 (conviction under 26 U.S.C § 7206(2), aiding and assisting the preparation of a false income tax return)	Indefinite from August 19, 2013
<b>Connecticut</b>				
Milford	Thorndike, Thomas	Unenrolled Return Preparer	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (conviction under 26 U.S.C § 7206(2), aiding and assisting the preparation of a false income tax return, and 26 U.S.C. § 7206(1), making and subscribing a false income tax return)	Indefinite from August 23, 2013
<b>Florida</b>				
Sunrise	Gass, Daniel G.	Attorney/CPA	Disbarred by default decision (failure to pay Federal Individual Income Tax Return for tax years 1999, 2004, and 2010; failure to pay Quarterly Federal Employment Tax Returns for 1 <sup>st</sup> quarter 2009, 1 <sup>st</sup> and 2 <sup>nd</sup> quarters 2010, and 4 <sup>th</sup> quarter 2011; failed to file Form 941 for the 2 <sup>nd</sup> quarter 2012; failure to pay Trust Fund Recovery Penalty under 26 U.S.C. § 6672 for the 4 <sup>th</sup> quarter 1997, 2 <sup>nd</sup> and 3 <sup>rd</sup> quarters 1998, 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> quarters 2001, 2 <sup>nd</sup> , 3 <sup>rd</sup> , and 4 <sup>th</sup> quarters 2007, all quarters 2008 and 2009, 3 <sup>rd</sup> and 4 <sup>th</sup> quarters 2010, 1 <sup>st</sup> and 2 <sup>nd</sup> quarters 2011; and failure to pay past due Federal Employment Taxes for four businesses in excess of \$85,386.00. (31 C.F.R. § 10.51(a)(6))	Indefinite from September 29, 2013
<b>Louisiana</b>				
Baton Rouge	Blackwell, Brian R.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (revocation of CPA license)	Indefinite from July 23, 2013

<b>City &amp; State</b>	<b>Name</b>	<b>Professional Designation</b>	<b>Disciplinary Sanction</b>	<b>Effective Date(s)</b>
<b>Michigan</b>				
Ada	Rominger, Charles S.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (conviction under 26 U.S.C § 7201, tax evasion)	Indefinite from October 25, 2013
Dowagiac	Ross, Jr., Charles C.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (suspension of CPA license)	Indefinite from July 15, 2013
<b>Minnesota</b>				
Brooklyn Park	Sea, Bobby G.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (conviction under 26 U.S.C § 7206(1), filing false income tax return)	Indefinite from September 9, 2013
<b>New Jersey</b>				
Fair Lawn	Casale, Michael A.	Attorney	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (suspension of attorney license)	Indefinite from September 9, 2013
<b>New York</b>				
Long Beach	Feerst, Barry R.	Attorney		Reinstated to practice before the IRS, effective August 23, 2013
<b>New Jersey</b>				
Rutherford	Gallagher, Joseph W.	Unenrolled Return Preparer	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (conviction under 26 U.S.C § 7201, tax evasion)	Indefinite from October 30, 2013
<b>North Carolina</b>				
Waxhaw	Ashley, Cynthia S.	Enrolled Agent	Disbarred by decision (failure to timely file Federal Individual Income Tax Returns for tax years 2007–2011) (31 C.F.R. § 10.51(a)(6))	Indefinite from October 9, 2013
<b>Ohio</b>				
Solon	Davis, Scott E.	CPA		Reinstated to practice before the IRS, effective August 23, 2013
<b>Pennsylvania</b>				
Butler	Sulkoske, Jr., Edward B.	Enrolled Agent	Disbarred by decision (failure to file timely Federal income tax returns for tax years 2008–2011, failure to estimate taxes and pay tax liabilities for tax years 2009–2011, (31 C.F.R. § 10.51(a)(6)), and failing to respond to requests from IRS (31 C.F.R. § 10.20))	Indefinite from August 18, 2013

<b>City &amp; State</b>	<b>Name</b>	<b>Professional Designation</b>	<b>Disciplinary Sanction</b>	<b>Effective Date(s)</b>
<b>Tennessee</b> Springfield	Bell, Robert E.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (revocation of CPA license)	Indefinite from November 8, 2013
<b>Texas</b> Cotulla	Box, Cheryl A.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (suspension of CPA license)	Indefinite from September 9, 2013
Southlake	Ybarra (aka Mondrianh), Karena	Unenrolled Re- turn Preparer	Disbarred by consent (permanent injunction in U.S. District Court barring practitioner from preparing and/or filing any federal tax returns, amended returns or other federal tax documents; and from representing anyone other than herself before the IRS) (31 C.F.R. § 10.8(a))	Indefinite from November 8, 2013
<b>Washington</b> Vancouver	Christensen, David O.	CPA	Disbarred by decision (felony conviction for theft in Washington State Superior Court (31 C.F.R. § 10.51(a)(2)), and revocation of CPA license in Washington State and Oregon) (31 C.F.R. § 10.51(a)(10))	Indefinite from August 23, 2013

# 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 sub-

stance of a prior ruling, a combination of terms is used. For example, modified and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

*Supplemented* is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

*Suspended* is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

## Abbreviations

*The following abbreviations in current use and formerly used will appear in material published in the Bulletin.*

A—Individual.  
Acq.—Acquiescence.  
B—Individual.  
BE—Beneficiary.  
BK—Bank.  
B.T.A.—Board of Tax Appeals.  
C—Individual.  
C.B.—Cumulative Bulletin.  
CFR—Code of Federal Regulations.  
CI—City.  
COOP—Cooperative.  
Ct.D.—Court Decision.  
CY—County.  
D—Decedent.  
DC—Dummy Corporation.  
DE—Donee.  
Del. Order—Delegation Order.  
DISC—Domestic International Sales Corporation.  
DR—Donor.  
E—Estate.  
EE—Employee.  
E.O.—Executive Order.  
ER—Employer.

ERISA—Employee Retirement Income Security Act.  
EX—Executor.  
F—Fiduciary.  
FC—Foreign Country.  
FICA—Federal Insurance Contributions Act.  
FISC—Foreign International Sales Company.  
FPH—Foreign Personal Holding Company.  
F.R.—Federal Register.  
FUTA—Federal Unemployment Tax Act.  
FX—Foreign corporation.  
G.C.M.—Chief Counsel’s Memorandum.  
GE—Grantee.  
GP—General Partner.  
GR—Grantor.  
IC—Insurance Company.  
I.R.B.—Internal Revenue Bulletin.  
LE—Lessee.  
LP—Limited Partner.  
LR—Lessor.  
M—Minor.  
Nonacq.—Nonacquiescence.  
O—Organization.  
P—Parent Corporation.  
PHC—Personal Holding Company.  
PO—Possession of the U.S.  
PR—Partner.  
PRS—Partnership.

PTE—Prohibited Transaction Exemption.  
Pub. L.—Public Law.  
REIT—Real Estate Investment Trust.  
Rev. Proc.—Revenue Procedure.  
Rev. Rul.—Revenue Ruling.  
S—Subsidiary.  
S.P.R.—Statement of Procedural Rules.  
Stat.—Statutes at Large.  
T—Target Corporation.  
T.C.—Tax Court.  
T.D.—Treasury Decision.  
TFE—Transferee.  
TFR—Transferor.  
T.I.R.—Technical Information Release.  
TP—Taxpayer.  
TR—Trust.  
TT—Trustee.  
U.S.C.—United States Code.  
X—Corporation.  
Y—Corporation.  
Z—Corporation.

## Numerical Finding List<sup>1</sup>

Bulletins 2014–1 through 2014–10

### Announcements

2014-1, 2014-2 I.R.B. 393  
2014-2, 2014-4 I.R.B. 448  
2014-4, 2014-7 I.R.B. 523  
2014-05, 2014-6 I.R.B. 507  
2014-06, 2014-6 I.R.B. 508  
2014-07, 2014-6 I.R.B. 508  
2014-08, 2014-6 I.R.B. 508  
2014-09, 2014-6 I.R.B. 508  
2014-10, 2014-6 I.R.B. 508  
2014-11, 2014-6 I.R.B. 508  
2014-12, 2014-6 I.R.B. 509  
2014-13, 2014-10 I.R.B. 620

### Notices

2014-1, 2014-2 I.R.B. 270  
2014-2, 2014-3 I.R.B. 407  
2014-3, 2014-3 I.R.B. 408  
2014-4, 2014-2 I.R.B. 274  
2014-5, 2014-2 I.R.B. 276  
2014-6, 2014-2 I.R.B. 279  
2014-7, 2014-4 I.R.B. 445  
2014-8, 2014-5 I.R.B. 452  
2014-9, 2014-5 I.R.B. 455  
2014-10, 2014-9 I.R.B. 605  
2014-12, 2014-9 I.R.B. 606  
2014-13, 2014-10 I.R.B. 616

### Proposed Regulations

REG-154890-03, 2014-6 I.R.B. 504  
REG-159420-04, 2014-2 I.R.B. 374  
REG-144468-05, 2014-6 I.R.B. 474  
REG-119305-11, 2014-8 I.R.B. 524  
REG-140974-11, 2014-3 I.R.B. 438  
REG-121534-12, 2014-6 I.R.B. 473  
REG-136984-12, 2014-2 I.R.B. 378  
REG-113350-13, 2014-3 I.R.B. 440  
REG-141036-13, 2014-7 I.R.B. 516  
REG-143172-13, 2014-2 I.R.B. 383

### Revenue Procedures

2014-1, 2014-1 I.R.B. 1  
2014-2, 2014-1 I.R.B. 90  
2014-3, 2014-1 I.R.B. 111  
2014-4, 2014-1 I.R.B. 125  
2014-5, 2014-1 I.R.B. 169  
2014-6, 2014-1 I.R.B. 198  
2014-7, 2014-1 I.R.B. 238  
2014-8, 2014-1 I.R.B. 242  
2014-9, 2014-2 I.R.B. 281  
2014-10, 2014-2 I.R.B. 293  
2014-11, 2014-3 I.R.B. 411  
2014-12, 2014-3 I.R.B. 415

## Revenue Procedures—Continued

2014-13, 2014-3 I.R.B. 419  
2014-14, 2014-2 I.R.B. 295  
2014-15, 2014-5 I.R.B. 456  
2014-16, 2014-9 I.R.B. 606  
2014-18, 2014-7 I.R.B. 513  
2014-19, 2014-10 I.R.B. 619  
2014-20, 2014-9 I.R.B. 614

### Revenue Rulings

2014-1, 2014-2 I.R.B. 263  
2014-2, 2014-2 I.R.B. 255  
2014-3, 2014-2 I.R.B. 259  
2014-4, 2014-5 I.R.B. 449  
2014-6, 2014-7 I.R.B. 510

### Treasury Decisions

9649, 2014-2 I.R.B. 265  
9650, 2014-3 I.R.B. 394  
9651, 2014-4 I.R.B. 441  
9653, 2014-6 I.R.B. 460  
9654, 2014-6 I.R.B. 461  
9655, 2014-9 I.R.B. 541

<sup>1</sup>A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2013–27 through 2013–52 is in Internal Revenue Bulletin 2013–52, dated December 23, 2013.

## **Finding List of Current Actions on Previously Published Items<sup>1</sup>**

Bulletins 2014–1 through 2014–10

### **Announcements:**

#### **2007-44**

Modified by  
Ann. 2014-4, 2014-7 I.R.B. 523

#### **2011-49**

Modified by  
Ann. 2014-4, 2014-7 I.R.B. 523

### **Notices:**

#### **2006-109**

Modified by  
Notice 2014-4, 2014-2 I.R.B. 274

#### **2009-78**

Superseded by  
T.D. 9654 2014-6 I.R.B. 461

#### **2013-17**

Amplified by  
Notice 2014-1, 2014-2 I.R.B. 270

### **Revenue Procedures:**

#### **2003-49**

Modified and superseded by  
Rev. Proc. 2014-14, 2014-2 I.R.B. 295

#### **2011-14**

Modified by  
Rev. Proc. 2014-16, 2014-9 I.R.B. 606

#### **2011-14**

Clarified by  
Rev. Proc. 2014-16, 2014-9 I.R.B. 606

#### **2011-44**

Modified and Superseded by  
Rev. Proc. 2014-11, 2014-3 I.R.B. 411

#### **2011-49**

Modified by  
Rev. Proc. 2014-6, 2014-1 I.R.B. 198

#### **2012-19**

Modified by  
Rev. Proc. 2014-16, 2014-9 I.R.B. 606

#### **2012-19**

Superseded by  
Rev. Proc. 2014-16, 2014-9 I.R.B. 606

#### **2013-1**

Superseded by  
Rev. Proc. 2014-1, 2014-1 I.R.B. 1

## **Revenue Procedures—Continued:**

#### **2013-2**

Superseded by  
Rev. Proc. 2014-2, 2014-1 I.R.B. 90

#### **2013-3**

Superseded by  
Rev. Proc. 2014-3, 2014-1 I.R.B. 111

#### **2013-4**

Superseded by  
Rev. Proc. 2014-4, 2014-1 I.R.B. 125

#### **2013-5**

Superseded by  
Rev. Proc. 2014-5, 2014-1 I.R.B. 169

#### **2013-6**

Superseded by  
Rev. Proc. 2014-6, 2014-1 I.R.B. 198

#### **2013-7**

Superseded by  
Rev. Proc. 2014-7, 2014-1 I.R.B. 238

#### **2013-8**

Superseded by  
Rev. Proc. 2014-8, 2014-1 I.R.B. 242

#### **2013-9**

Superseded by  
Rev. Proc. 2014-9, 2014-2 I.R.B. 281

#### **2013-10**

Superseded by  
Rev. Proc. 2014-10, 2014-2 I.R.B. 293

#### **2013-32**

Superseded in part by  
Rev. Proc. 2014-1, 2014-1 I.R.B. 1, and  
Rev. Proc. 2014-3, 2014-1 I.R.B. 111

#### **2014-1**

Amplified by  
Rev. Proc. 2014-18, 2014-7 I.R.B. 513

#### **2014-3**

Amplified by  
Rev. Proc. 2014-18, 2014-7 I.R.B. 513

#### **2014-4**

Modified by  
Rev. Proc. 2014-19, 2014-10 I.R.B. 619

### **Proposed Regulations:**

#### **209054-87**

A portion withdrawn by  
REG-113350-13 2014-3 I.R.B. 440

<sup>1</sup>A cumulative list of current actions on previously published items in Internal Revenue Bulletins 2013–27 through 2013–52 is in Internal Revenue Bulletin 2013–52, dated December 23, 2013.

# INDEX

## Internal Revenue Bulletins 2014–1 through 2014–10

The abbreviation and number in parenthesis following the index entry refer to the specific item; numbers in roman and italic type following the parentheses refer to the Internal Revenue Bulletin in which the item may be found and the page number on which it appears.

### 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

## ADMINISTRATIVE

Extension of time to file estate tax return to elect portability of a deceased spousal unused exclusion amount under section 2010(c)(5)(A). (RP 18) 7, 513

## EMPLOYEE PLANS

Domestic areas in which the Service will not issue letter rulings or determination letters (RP 3) 1, 111

Excepted benefits (REG–143172–13) 2, 383

Letter rulings:

And determination letters:

Areas which will not be issued from Associate Chief Counsel and Division counsel (TE/GE) (RP 3) 1, 111

Exemption application determination letter rulings under sections 501 and 521 (RP 9) 2, 281

And general information letters; procedures (RP 4) 1, 125

User fees, request for letter rulings (RP 8) 1, 242

Letter rulings and general information letters (RP 4) 1, 125

Letter rulings or determination letters (RP 1) 1, 1

Qualification, determination letters (RP 6) 1, 198

Qualified plans:

Discrimination (Notice 5) 2, 276

Opinion letters (Ann 4) 7, 523

Determination Letters (RP 19) 10, 619

Qualified retirement plans covered compensation, permitted disparity (RR 3) 2, 259

Rulings and determination letters, user fees (RP 8) 1, 242

Technical advice memorandum or TAM (RP 2) 1, 90

Technical advice procedures (RP 5) 1, 169

Full funding limitations, weighted average interest rates, segment rates for:

January 2014 (Notice 8) 5, 452

Weighted average interest rates

Segment rates for February 2014 (Notice 13) 10, 616

## EMPLOYMENT TAX

Domestic areas in which the Service will not issue letter rulings or determination letters (RP 3) 1, 111

Employment tax liability of agents authorized under section 3504 (TD 9649) 2, 265

Letter rulings or determination letters (RP 1) 1, 1

Technical Advice Memorandum (TAM) (RP 2) 1, 90

## ESTATE TAX

Domestic areas in which the Service will not issue letter rulings or determination letters (RP 3) 1, 111

Extension of time to file estate tax return to elect portability of a deceased spousal unused exclusion amount under section 2010(c)(5)(A) (RP 18) 7, 513

Letter rulings or determination letters (RP 1) 1, 1

Technical Advice Memorandum (TAM) (RP 2) 1, 90

## EXCISE TAX

Domestic areas in which the Service will not issue letter rulings or determination letters (RP 3) 1, 111

Interim guidance regarding supporting organizations (Notice 4) 2, 274

Letter rulings or determination letters (RP 1) 1, 1

Technical Advice Memorandum (TAM) (RP 2) 1, 90

## EXEMPT ORGANIZATIONS

Domestic areas in which the Service will not issue letter rulings or determination letters (RP 3) 1, 111

Interim guidance regarding supporting organizations (Notice 4) 2, 274

Letter rulings:

And determination letters:

Areas which will not be issued from Associate Chief Counsel and Division counsel (TE/GE) (RP 3) 1, 111

Exemption application determination letter rulings under sections 501 and 521 (RP 9) 2, 281

And general information letters; procedures (RP 4) 1, 125

User fees, request for letter rulings (RP 8) 1, 242

Letter rulings (RP 10) 2, 293; (RP 9) 2, 281

Letter rulings or determination letters (RP 1) 1, 1

Proposed procedures for charitable hospitals to correct and disclose failures to meet section 501(r) (Notice 3) 3, 408

Reliance on proposed regulations for tax-exempt hospitals (Notice 2) 3, 407

Rulings and determination letters, user fees (RP 8) 1, 242

Technical Advice Memorandum (TAM) (RP 2) 1, 90

Technical advice procedures (RP 5) 1, 169

## INCOME TAX

Adequate disclosure revenue procedure (RP 15) 5, 456

Allocation of section 47 credits by a partnership to its partners (RP 12) 3, 415

Allocation of section 752 recourse liabilities among related parties (REG–136984–12) 2, 378

## INCOME TAX—Cont.

Amount of the life insurance reserves taken into account under § 807 of the Internal Revenue Code for variable contracts (RR 7) 9, 539

Areas in which rulings will not be issued; Associate Chief Counsel (International) (RP 7) 1, 238

Basis in assets of tax exempt trusts (REG–154890–03) 6, 504

Bond premium carryforward (TD 9653) 6, 460

Cafeteria plans, FSA reimbursements, and HSA contribution limits for same-sex spouses (Notice 1) 2, 270

2014 Census Count (Notice 12) 9, 606

Current refunding of Recovery Zone facility bonds (Notice 9) 5, 455

Declaratory judgement suits (Ann 5) 6, 507; (Ann 6) 6, 508; (Ann 7) 6, 508; (Ann 8) 6, 508; (Ann 9) 6, 508; (Ann 10) 6, 508; (Ann 12) 6, 509

Definitions applicable to U.S. persons owning interests in passive foreign investment companies (REG–113350–13) 3, 440

Determination of ownership in a passive foreign investment company; annual filing requirements for shareholders of passive foreign investment companies; filing requirements for constructive owners in certain foreign corporations (REG–140974–11) 3, 438; (TD 9650) 3, 394

Determining stock ownership for purposes of whether an entity is a surrogate foreign corporation (TD 9654) 6, 461; (REG–121534–12) 6, 473

Discharge of indebtedness secured by real property (RP 20) 9, 614

Disciplinary actions involving attorneys, certified public accountants, enrolled agents, and enrolled actuaries (Ann 13) 10, 620

Contribution of built-in lost property to a partnership; mandatory basis adjustments in the event of a substantial built-in loss or substantial basis reduction; modification of basis allocation rules (REG–144468–05) 6, 474

Domestic areas in which the Service will not issue letter rulings or determination letters (RP 3) 1, 111

FATCA financial institution registration update (Ann 1) 2, 393

Interest:

- Investment:
  - Federal short-term, mid-term, and long-term rates for:
    - January 2014 (RR 1) 2, 263
    - February 2014 (RR 6) 7, 510

Final FFI agreement for participating FFI and reporting Model 2 FFI (RP 13) 3, 419

Guidance regarding reinstatement following auto revocation of tax-exempt status under section 6033(j) (RP 11) 3, 411

Intra-group gross receipts (REG–159420–04) 2, 374

Insurance tax, insurance companies, interest rate tables (RR 4) 5, 449

Letter rulings or determination letters (RP 1) 1, 1

Principal residence, treatment of National Mortgage Settlement payments (RR 2) 2, 255

Qualified census tracts (RP 14) 2, 295

Regarding disguised sales, generally (REG–119305–11) 8, 524

Revocations, exempt organization (Ann 11) 6, 508

Shared responsibility for employers regarding health coverage (TD 9655) 9, 541

## INCOME TAX—Cont.

Shared responsibility payment for not maintaining minimum essential coverage (REG–141036–13) 7, 516

Tangible property regulations method change guidance (RP 16) 9, 606

Technical Advice Memorandum (TAM) (RP 2) 1, 90

Transition relief for the tax credit for employee health insurance expenses of certain small employers (Notice 6) 2, 279

Transition relief under section 5000A for certain individuals without minimum essential coverage (Notice 10) 9, 605

# Internal Revenue Service

## Washington, DC 20224

---

Official Business  
Penalty for Private Use, \$300

---

## INTERNAL REVENUE BULLETIN

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at [www.irs.gov/irb/](http://www.irs.gov/irb/).

## CUMULATIVE BULLETINS

The contents of the weekly Bulletins were consolidated semiannually into permanent, indexed, Cumulative Bulletins through the 2008–2 edition.

---

## INTERNAL REVENUE BULLETINS ON CD-ROM

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

---

## We Welcome Comments About the Internal Revenue Bulletin

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