

## 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 2014–20, page 1027.**

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.

#### **Announcement 2014–21, page 1030.**

This announcement contains corrections to the final and temporary regulations (TD 9658) that were published in the Federal Register on March 6, 2014 (79 FR 12726). The instruction in the temporary regulations to amend § 1.6045–1T is incorrect. Instead, § 1.6045–1T is added.

#### **Rev. Proc. 2014–30, page 1009.**

This revenue procedure provides the 2015 inflation adjusted amounts for Health Savings Accounts (HSAs) under section 223 of the Internal Revenue Code.

#### **Notice 2014–31, page 1006.**

This notice extends the guidance provided in Notice 2012–45 regarding the treatment of income from certain government bonds held by certain active banks for purposes of determining whether a foreign corporation is a passive foreign investment company (PFIC) to taxable years of foreign corporations beginning in 2014, 2015, and 2016.

#### **Rev. Proc. 2014–31, page 1009.**

This procedure provides issuers of qualified mortgage bonds (QMBs) and qualified mortgage credit certificates (MCCs) with average area purchase price safe harbors for statistical areas in the United States and with a nationwide average purchase price for residences in the United States for purposes of the QMB rules under section 143 of the Code and the MCC rules under section 25. Rev. Proc. 2013–28 is obsolete except as provided in section 6 of this revenue procedure.

#### **Notice 2014–32, page 1006.**

This notice announces modifications to the regulations under section 367(b) of the Internal Revenue Code relating to the treatment of property used to acquire parent stock or securities in certain triangular reorganizations involving foreign corporations.

### ADMINISTRATIVE

#### **Rev. Proc. 2014–31, page 1009.**

This procedure provides issuers of qualified mortgage bonds (QMBs) and qualified mortgage credit certificates (MCCs) with average area purchase price safe harbors for statistical areas in the United States and with a nationwide average purchase price for residences in the United States for purposes of the QMB rules under section 143 of the Code and the MCC rules under section 25. Rev. Proc. 2013–28 is obsolete except as provided in section 6 of this revenue procedure.

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



# 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.

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## Part III. Administrative, Procedural, and Miscellaneous

### Extension of Notice 2012–45 Treatment of Income from Certain Government Bonds for Purposes of the Passive Foreign Investment Company Rules

#### Notice 2014–31

##### SECTION 1. PURPOSE

This notice extends the application of Notice 2012–45, 2012–29 I.R.B. 59 (July 1, 2012), which provides guidance regarding the treatment of certain government bonds for purposes of determining whether a foreign corporation is a passive foreign investment company (PFIC) under section 1297 of the Code, to taxable years of foreign corporations beginning in 2014, 2015, and 2016.

##### SECTION 2. BACKGROUND

Recent economic conditions have resulted in a shift in the assets held by some non-U.S. financial institutions. As a result of these conditions, certain non-U.S. financial institutions continue to hold government bonds at higher than historical levels. These increased levels raise an issue concerning the treatment of these financial institutions, and specifically the treatment of government bonds, under the PFIC rules.

##### SECTION 3. NOTICE 2012–45

The Department of the Treasury and the Internal Revenue Service published Notice 2012–45, which provides that for certain taxable years and solely for purposes of section 1297, income from “Qualifying Government Bonds” held by an “Active Bank” qualifies for the active banking exception, as those terms are defined in the notice. Notice 2012–45 applies only to taxable years of foreign corporations beginning in 2011, 2012, and 2013.

##### SECTION 4. EXTENSION OF NOTICE 2012–45

Notice 2012–45 is extended to apply to taxable years of foreign corporations be-

ginning in 2014, 2015, and 2016 in addition to taxable years of foreign corporations beginning in 2011, 2012, and 2013.

##### SECTION 5. DRAFTING INFORMATION

The principal author of this notice is Melinda E. Harvey of the Office of Associate Chief Counsel (International). For further information regarding this notice contact Melinda E. Harvey at (202) 317-6934 (not a toll-free number).

### Treatment of Property Used To Acquire Parent Stock or Securities in Certain Triangular Reorganizations Involving Foreign Corporations

#### Notice 2014–32

##### SECTION 1. OVERVIEW

This notice announces that the Internal Revenue Service (IRS) and the Department of the Treasury (Treasury Department) will issue regulations under section 367 of the Internal Revenue Code (Code) relating to the treatment of property used to acquire parent stock or securities in certain triangular reorganizations involving one or more foreign corporations.

##### SECTION 2. BACKGROUND

###### *.01 Issuance of Regulations*

On May 27, 2008, the IRS and the Treasury Department published temporary and proposed regulations (T.D. 9400, 2008–1 C.B. 1139 [73 FR 30301]) (2008 regulations) under section 367 that applied to certain triangular reorganizations in which a subsidiary (S) acquires stock of its parent corporation (P) in exchange for property (the P acquisition), and S exchanges the P stock so acquired for stock or property of a target corporation (T), but only if P or S (or both) is a foreign corporation. On May 19, 2011, the IRS and the Treasury Department finalized the proposed 2008 regulations (T.D. 9526,

2011–24 I.R.B. 869 [76 FR 28890]), with certain modifications (final regulations).

###### *.02 Deemed Distribution and Contribution Rules*

In the case of a triangular reorganization subject to § 1.367(b)–10, the final regulations require that adjustments be made that are consistent with the adjustments that would have been made if S had in fact distributed property to P under section 301 (deemed distribution). § 1.367(b)–10(b)(1). For this purpose, the amount of the deemed distribution generally is the amount of property that was transferred by S to acquire the P stock and securities in the P acquisition. In addition, the final regulations require that adjustments be made that are consistent with the adjustments that would have been made if P had in fact contributed that same property to S (deemed contribution). § 1.367(b)–10(b)(2). The deemed contribution has the effect of increasing P’s basis in its S stock by the amount of the deemed distribution. § 1.367(b)–10(c)(2). For purposes of making the required adjustments, the deemed distribution and deemed contribution are treated as separate transactions that occur before the P acquisition or, if P does not control S at the time of the P acquisition, immediately after P acquires control of S, but before the triangular reorganization. § 1.367(b)–10(b)(3). Furthermore, the final regulations provide that P’s adjustment to the basis in its S stock under § 1.358–6 is determined consistent with treating S as having acquired the P stock or securities in exchange for property from P or a person other than P, as the case may be. § 1.367(b)–10(b)(4).

###### *.03 Triangular Reorganizations Exempt from Final Regulations*

Under § 1.367(b)–10(a)(2), the final regulations do not apply to a triangular reorganization if:

(i) P and S are foreign corporations and neither P nor S is a controlled foreign corporation (within the meaning of § 1.367(b)–2(a)) immediately before or immediately after the triangular reorganization;

(ii) S is a domestic corporation, P's stock in S is not a United States real property interest (within the meaning of section 897(c)), and P would not be subject to U.S. tax on a dividend from S under either section 881 (for example, by reason of an applicable treaty) or section 882 (no-U.S.-tax exception); or

(iii) In an exchange under section 354 or 356, one or more U.S. persons exchange stock or securities of T and the amount of gain in the T stock or securities recognized by such U.S. persons under section 367(a)(1) is equal to or greater than the sum of the amount of the deemed distribution that would be treated by P as a dividend under section 301(c)(1) and the amount of such deemed distribution that would be treated by P as gain from the sale or exchange of property under section 301(c)(3) (together, section 367(b) income) if § 1.367(b)-10 would otherwise apply to the triangular reorganization (section 367(a) priority rule).

As the corollary to the section 367(a) priority rule, the final regulations under section 367(a) also provide a priority rule in § 1.367(a)-3(a)(2)(iv) (section 367(b) priority rule). The section 367(b) priority rule turns off the application of section 367(a)(1) to an exchange under section 354 or 356 that occurs in connection with a triangular reorganization described in § 1.367(b)-10 if the amount of gain that would otherwise be recognized under section 367(a)(1) (without regard to any exceptions thereto) is less than the amount of the section 367(b) income recognized under § 1.367(b)-10.

#### *.04 Anti-Abuse Rule*

The final regulations provide that appropriate adjustments shall be made if, in connection with a triangular reorganization, a transaction is engaged in with a view to avoid the purpose of § 1.367(b)-10 (anti-abuse rule). § 1.367(b)-10(d). One example is given where the earnings and profits of S will be deemed to include the earnings and profits of a corporation related to P or S for purposes of determining the consequences of the adjustments provided in the final regulations, if S is created, organized, or funded to avoid the application of this section with respect to the earnings and profits of that related corporation.

### SECTION 3. TRANSACTIONS AT ISSUE

The IRS and the Treasury Department are aware that taxpayers are engaging in transactions designed to avoid U.S. tax by exploiting the deemed contribution provided under the final regulations. The IRS and the Treasury Department believe that the deemed contribution is inconsistent with the purpose of § 1.367(b)-10, regardless of whether S acquires P stock or securities from P or from a person other than P.

The IRS and the Treasury Department also are aware that the priority rules may facilitate certain transactions designed to avoid recognizing gain under § 1.367(a)-3(c). For example, FP, a foreign corporation, intends to acquire all the stock of UST, a domestic corporation owned by U.S. persons, in exchange for FP stock in a reorganization described in section 368(a)(1)(B). FP forms USS, a domestic corporation. USS generates a small amount of earnings and profits. USS acquires FP stock from FP in exchange for a note and uses the FP stock to acquire all the stock of UST. The shareholders of UST receive 75 percent of the outstanding FP stock. The stock in USS is not a United States real property interest (within the meaning of section 897(c)), and FP would not be subject to U.S. tax under section 882 on a disposition of the stock of USS. The transaction is structured to result in a small amount of dividend income that would be subject to U.S. withholding tax on a distribution and in a significant amount of section 367(b) income in the form of section 301(c)(3) gain. The taxpayer takes the position that the transaction avoids the application of the no-U.S.-tax exception because of the small amount of dividend income. In addition, the taxpayer takes the position that the section 367(b) priority rule applies because the section 367(b) income recognized by FP by reason of the application of § 1.367(b)-10 exceeds the amount of gain that would be recognized by shareholders of UST under section 367(a)(1) with respect to the UST stock. This position is taken even though the section 301(c)(3) gain that FP recognizes by reason of the application of § 1.367(b)-10 (and therefore takes into account in determining section 367(b) income) is not subject to U.S.

tax. Finally, the taxpayer takes the position that the anti-abuse rule does not apply with respect to the earnings and profits of UST (see further discussion of this position below).

Based on the policy underlying the priority rules, the IRS and the Treasury Department believe that section 367(b) income should include only dividend income and gain that are subject to U.S. tax or dividend income and gain that give rise to an income inclusion under section 951(a)(1)(A) that is subject to U.S. tax.

The IRS and the Treasury Department are also concerned that some taxpayers may be taking the position that the no-U.S.-tax exception is inapplicable when S (the stock of which is not a United States real property interest) has no current or accumulated earnings and profits based on the fact that if S instead did have current or accumulated earnings and profits, the resulting dividend would be subject to U.S. tax. The IRS and the Treasury Department disagree with this interpretation of the no-U.S.-tax exception.

Finally, the IRS and the Treasury Department are concerned that some taxpayers may be interpreting the anti-abuse rule too narrowly, including with respect to what constitutes a funding for purposes of invoking the anti-abuse rule. In addition, the IRS and the Treasury Department understand that taxpayers may be taking the position that the anti-abuse rule does not apply with respect to the earnings and profits of T, including in cases where T is unrelated to P and S before the triangular reorganization or where T is acquired pursuant to a triangular asset reorganization. The IRS and the Treasury Department disagree with these interpretations.

The IRS and the Treasury Department believe that these transactions raise significant policy concerns and will revise the final regulations in the manner described in Section 4 of this notice.

### SECTION 4. REGULATIONS TO BE ISSUED

#### *.01 Deemed Distribution and Contribution Rules*

The rules in § 1.367(b)-10(b)(2) and -10(c)(2) (regarding deemed contributions) will be removed. Conforming changes will be made to other parts of the



final regulations. For example, the rule in § 1.367(b)–10(b)(3) will be modified so that it refers only to a deemed distribution occurring as a separate transaction. In addition, the rule in § 1.367(b)–10(b)(4) will be modified to provide that P’s adjustment to the basis in its S stock under § 1.358–6 will be determined as if P provided the P stock or securities pursuant to the plan of reorganization, notwithstanding that S in fact acquired the P stock or securities in exchange for property in the P acquisition.

#### *.02 Triangular Reorganizations Exempt from the Final Regulations*

The section 367(a) priority rule under § 1.367(b)–10 will be modified by adjusting the amount of income or gain that is considered section 367(b) income for this purpose. Regulations will provide that section 367(b) income includes a section 301(c)(1) dividend or section 301(c)(3) gain that would arise if § 1.367(b)–10 applied to the triangular reorganization only to the extent such dividend income or gain would be subject to U.S. tax or would give rise to an income inclusion under section 951(a)(1)(A) that would be subject to U.S. tax. A conforming change will be made to the section 367(b) priority rule under § 1.367(a)–3(a)(2)(iv).

In addition, the no-U.S.-tax exception will be modified to provide that the exception will not be available if P is a controlled foreign corporation. Furthermore, where P is not a controlled foreign corporation, S is a domestic corporation, and P’s stock in S is not a United States real property interest, the regulations will clarify that the no-U.S.-tax exception will apply if the deemed distribution that would result from application of § 1.367(b)–10 to the triangular reorganization would not be treated as a dividend under section 301(c)(1) that would be subject to U.S. tax (for example, by reason of an applicable treaty or by reason of an absence of earnings and profits).

#### *.03 Anti-Abuse Rule*

The anti-abuse rule in § 1.367(b)–10(d) will be clarified to provide that S’s acquisition of P stock or securities in exchange for a note may invoke the anti-abuse rule. In addition, § 1.367(b)–10(d) will be clar-

ified to provide that the earnings and profits of a corporation (or a successor corporation) may be taken into account for purposes of determining the consequences of the adjustments provided in the final regulations, as modified by the rules announced in this notice, regardless of whether such corporation is related to P or S before the triangular reorganization. Thus, the earnings and profits of T (or a successor to T) or a subsidiary of S or T may be taken into account for purposes of determining the consequences of the adjustments provided in the final regulations, as modified by the rules announced in this notice. Section 1.367(b)–10(d) also will be clarified to provide that a funding of S may occur after the triangular reorganization and that a funding of S includes capital contributions, loans, and distributions.

#### *.04 Example*

The following example illustrates certain clarifications and modifications to the final regulations announced in section 4 of this notice:

(i) *Facts.* FP is a foreign corporation that wholly owns USS, a domestic corporation with no assets and no earnings and profits. FP transfers \$100x of newly issued FP stock to USS in exchange for \$10x of USS stock and a \$90x note issued by USS. FP would be subject to U.S. tax under section 881 on a distribution from USS if, contrary to the facts here, USS had earnings and profits for purposes of applying section 301(c)(1) to the distribution. USS acquires all the stock of UST, an unrelated domestic corporation that is wholly owned by a foreign person, in exchange for the \$100x of FP stock in a triangular reorganization described in section 368(a)(1)(B). At the time of the acquisition, UST has \$100x of earnings and profits. USS’s purchase of the FP stock for its note in connection with the triangular reorganization is engaged in with a view to avoid the purpose of § 1.367(b)–10 because the parties seek to transfer property to FP without incurring U.S. tax.

(ii) *Analysis.* The triangular reorganization is described in § 1.367(b)–10(a) of the final regulations. Pursuant to § 1.367(b)–10(b)(1) of the final regulations, as modified by the rules announced in this notice, adjustments must be made that are consistent with the adjustments that would have been made if USS had in fact distributed the \$90x note to FP in a distribution to which section 301 would apply. Because USS’s purchase of the FP stock for its note is engaged in with a view to avoid the purposes of § 1.367(b)–10, the anti-abuse rule applies and therefore appropriate adjustments are made. In particular, for purposes of determining the consequences of the adjustments provided in the final regulations, as modified by the rules announced in this notice, the earnings and profits of USS are deemed to include the earnings and profits of UST. The \$90x deemed distribution is treated as separate from, and occurring

immediately before, USS’s acquisition of the FP stock used in the triangular reorganization. Pursuant to this notice, § 1.367(b)–10(b)(2) and –10(c)(2) of the final regulations (regarding a deemed contribution) are removed. Therefore, no adjustments are made by FP to its USS stock except as provided in § 1.358–6. Pursuant to this notice, FP’s adjustment to the basis in its USS stock under § 1.358–6 is determined as if FP provided the FP stock pursuant to the plan of reorganization.

## SECTION 5. EFFECTIVE DATE

Except as otherwise provided in this section 5, the regulations described in section 4 of this notice will apply to a triangular reorganization that is completed on or after April 25, 2014. The regulations described in this notice will not apply if (i) T was not related to P or S (within the meaning of section 267(b)) immediately before the triangular reorganization; (ii) the triangular reorganization was entered into either pursuant to a written agreement that was (subject to customary conditions) binding before April 25, 2014 and all times afterward, or pursuant to a tender offer announced before April 25, 2014 that is subject to section 14(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78n(d)(1)) and Regulation 14(D) (17 CFR 240.14d–1 through 240.14d–101) or that is subject to comparable foreign laws; and (iii) to the extent the P acquisition that occurs pursuant to the plan of reorganization is not completed before April 25, 2014, the P acquisition was included as part of the plan before April 25, 2014.

No inference is intended regarding the treatment of transactions described in section 3 of this notice under current law, and the IRS may challenge such transactions under applicable Code provisions or judicial doctrines.

## SECTION 6. DRAFTING INFORMATION

The principal author of this notice is Shane McCarrick of the Office of Associate Chief Counsel (International). However, other personnel from the IRS and the Treasury Department participated in its development. For further information regarding this notice, contact Mr. McCarrick at (202) 317-6937 (not a toll-free number).

## Rev. Proc. 2014-30

### SECTION 1. PURPOSE

This revenue procedure provides the 2015 inflation adjusted amounts for Health Savings Accounts (HSAs) as determined under § 223 of the Internal Revenue Code.

### SECTION 2. 2015 INFLATION ADJUSTED ITEMS

*Annual contribution limitation.* For calendar year 2015, the annual limitation on deductions under § 223(b)(2)(A) for an individual with self-only coverage under a high deductible health plan is \$3,350. For calendar year 2015, the annual limitation on deductions under § 223(b)(2)(B) for an individual with family coverage under a high deductible health plan is \$6,650.

*High deductible health plan.* For calendar year 2015, a “high deductible health plan” is defined under § 223(c)(2)(A) as a health plan with an annual deductible that is not less than \$1,300 for self-only coverage or \$2,600 for family coverage, and the annual out-of-pocket expenses (deductibles, co-payments, and other amounts, but not premiums) do not exceed \$6,450 for self-only coverage or \$12,900 for family coverage.

### SECTION 3. EFFECTIVE DATE

This revenue procedure is effective for calendar year 2015.

### SECTION 4. DRAFTING INFORMATION

The principal author of this revenue procedure is Bill Ruane of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding § 223 and HSAs, contact Karen Levin at (202) 317-5500 (not a toll free number). For further information regarding the calculation of the inflation adjustments in this revenue procedure, contact Mr. Ruane at (202) 317-4718 (not a toll free number).

## Rev. Proc. 2014-31

### SECTION 1. PURPOSE

This revenue procedure provides issuers of qualified mortgage bonds, as defined in section 143(a) of the Internal Revenue Code, and issuers of mortgage credit certificates, as defined in section 25(c), with (1) the nationwide average purchase price for residences located in the United States, and (2) average area purchase price safe harbors for residences located in statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam.

### SECTION 2. BACKGROUND

.01 Section 103(a) provides that, except as provided in section 103(b), gross income does not include interest on any state or local bond. Section 103(b)(1) provides that section 103(a) shall not apply to any private activity bond that is not a “qualified bond” within the meaning of section 141. Section 141(e) provides, in part, that the term “qualified bond” means any private activity bond if such bond (1) is a qualified mortgage bond under section 143, (2) meets the volume cap requirements under section 146, and (3) meets the applicable requirements under section 147.

.02 Section 143(a)(1) provides that the term “qualified mortgage bond” means a bond that is issued as part of a qualified mortgage issue. Section 143(a)(2)(A) provides that the term “qualified mortgage issue” means an issue of one or more bonds by a state or political subdivision thereof, but only if: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve) are to be used to finance owner-occupied residences; (ii) the issue meets the requirements of subsections (c), (d), (e), (f), (g), (h), (i), and (m)(7) of section 143; (iii) the issue does not meet the private business tests of paragraphs (1) and (2) of section 141(b); and (iv) with respect to amounts received more than 10 years after the date of issuance, repayments of \$250,000 or more of principal on mortgage financing provided by the issue are used by the close of the

first semiannual period beginning after the date the prepayment (or complete repayment) is received to redeem bonds that are part of the issue.

#### *Average Area Purchase Price*

.03 Section 143(e)(1) provides that an issue of bonds meets the purchase price requirements of section 143(e) if the acquisition cost of each residence financed by the issue does not exceed 90 percent of the average area purchase price applicable to such residence. Section 143(e)(5) provides that, in the case of a targeted area residence (as defined in section 143(j)), section 143(e)(1) shall be applied by substituting 110 percent for 90 percent.

.04 Section 143(e)(2) provides that the term “average area purchase price” means, with respect to any residence, the average purchase price of single-family residences (in the statistical area in which the residence is located) that were purchased during the most recent 12-month period for which sufficient statistical information is available. Under sections 143(e)(3) and (4), respectively, separate determinations are to be made for new and existing residences, and for two-, three-, and four-family residences.

.05 Section 143(e)(2) provides that the determination of the average area purchase price for a statistical area shall be made as of the date on which the commitment to provide the financing is made or, if earlier, the date of the purchase of the residence.

.06 Section 143(k)(2)(A) provides that the term “statistical area” means (i) a metropolitan statistical area (MSA), and (ii) any county (or the portion thereof) that is not within an MSA. Section 143(k)(2)(C) further provides that if sufficient recent statistical information with respect to a county (or portion thereof) is unavailable, the Secretary may substitute another area for which there is sufficient recent statistical information for such county (or portion thereof). In the case of any portion of a State which is not within a county, section 143(k)(2)(D) provides that the Secretary may designate as a county any area that is the equivalent of a county. Section 6a.103A-1(b)(4)(i) of the Temporary Income Tax Regulations (issued under section 103A of the Internal Revenue Code of 1954, the predecessor of section 143)

provides that the term “State” includes a possession of the United States and the District of Columbia.

.07 Section 6a.103A–2(f)(5)(i) provides that an issuer may rely upon the average area purchase price safe harbors published by the Department of the Treasury for the statistical area in which a residence is located. Section 6a.103A–2(f)(5)(i) further provides that an issuer may use an average area purchase price limitation different from the published safe harbor if the issuer has more accurate and comprehensive data for the statistical area.

#### *Qualified Mortgage Credit Certificate Program*

.08 Section 25(c) permits a state or political subdivision to establish a qualified mortgage credit certificate program. In general, a qualified mortgage credit certificate program is a program under which the issuing authority elects not to issue an amount of private activity bonds that it may otherwise issue during the calendar year under section 146, and in their place, issues mortgage credit certificates to taxpayers in connection with the acquisition of their principal residences. Section 25(a)(1) provides, in general, that the holder of a mortgage credit certificate may claim a federal income tax credit equal to the product of the credit rate specified in the certificate and the interest paid or accrued during the tax year on the remaining principal of the indebtedness incurred to acquire the residence. Section 25(c)(2)(A)(iii)(III) generally provides that residences acquired in connection with the issuance of mortgage credit certificates must meet the purchase price requirements of section 143(e).

#### *Income Limitations for Qualified Mortgage Bonds and Mortgage Credit Certificates*

.09 Section 143(f) imposes limitations on the income of mortgagors for whom financing may be provided by qualified mortgage bonds. In addition, section 25(c)(2)(A)(iii)(IV) provides that holders of mortgage credit certificates must meet the income requirement of section 143(f). Generally, under sections 143(f)(1) and 25(c)(2)(A)(iii)(IV), the income requirement is met only if all owner-financing

under a qualified mortgage bond and all mortgage credit certificates issued under a qualified mortgage credit certificate program are provided to mortgagors whose family income is 115 percent or less of the applicable median family income. Section 143(f)(5), however, generally provides for an upward adjustment to the percentage limitation in high housing cost areas. High housing cost areas are defined in section 143(f)(5)(C) as any statistical area for which the housing cost/income ratio is greater than 1.2.

.10 Under section 143(f)(5)(D), the housing cost/income ratio with respect to any statistical area is determined by dividing (a) the applicable housing price ratio for such area by (b) the ratio that the area median gross income for such area bears to the median gross income for the United States. The applicable housing price ratio is the new housing price ratio (new housing average area purchase price divided by the new housing average purchase price for the United States) or the existing housing price ratio (existing housing average area purchase price divided by the existing housing average purchase price for the United States), whichever results in the housing cost/income ratio being closer to 1.

#### *Average Area and Nationwide Purchase Price Limitations*

.11 Average area purchase price safe harbors for each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam were last published in Rev. Proc. 2013–28, 2013–27 I.R.B. 28.

.12 The nationwide average purchase price limitation was last published in section 4.02 of Rev. Proc. 2013–28. Guidance with respect to the United States and area median gross income figures that are to be used in computing the housing cost/income ratio described in section 143(f)(5) was last published in Rev. Proc. 2014–23, 2014–12 I.R.B. 684.

.13 This revenue procedure uses FHA loan limits for a given statistical area to calculate the average area purchase price safe harbor for that area. FHA sets limits on the dollar value of loans it will insure based on median home prices and conforming loan limits established by the Federal Home Loan Mortgage Corpora-

tion. In particular, FHA sets an area’s loan limit at 95 percent of the median home sales price for the area, subject to certain floors and caps measured against conforming loan limits.

.14 To calculate the average area purchase price safe harbors in this revenue procedure, the FHA loan limits are adjusted to take into account the differences between average and median purchase prices. Because FHA loan limits do not differentiate between new and existing residences, this revenue procedure contains a single average area purchase price safe harbor for both new and existing residences in a statistical area. The Treasury Department and the Internal Revenue Service have determined that FHA loan limits provide a reasonable basis for determining average area purchase price safe harbors. If the Treasury Department and the Internal Revenue Service become aware of other sources of average purchase price data, including data that differentiate between new and existing residences, consideration will be given as to whether such data provide a more accurate method for calculating average area purchase price safe harbors.

.15 The average area purchase price safe harbors listed in section 4.01 of this revenue procedure are based on FHA loan limits released December 6, 2013. FHA loan limits are available for statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam. See section 3.03 of this revenue procedure with respect to FHA loan limits revised after December 6, 2013.

.16 OMB Bulletin No. 03–04, dated and effective June 6, 2003, revised the definitions of the nation’s metropolitan areas and recognized 49 new metropolitan statistical areas. The OMB bulletin no longer includes primary metropolitan statistical areas.

### **SECTION 3. APPLICATION**

#### *Average Area Purchase Price Safe Harbors*

.01 Average area purchase price safe harbors for statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American



Samoa, the Virgin Islands, and Guam are set forth in section 4.01 of this revenue procedure. Average area purchase price safe harbors are provided for single-family and two to four-family residences. For each type of residence, section 4.01 of this revenue procedure contains a single safe harbor that may be used for both new and existing residences. Issuers of qualified mortgage bonds and issuers of mortgage credit certificates may rely on these safe harbors to satisfy the requirements of sections 143(e) and (f). Section 4.01 of this revenue procedure provides safe harbors for MSAs and for certain counties and county equivalents. If no purchase price safe harbor is available for a statistical area, the safe harbor for “ALL OTHER AREAS” may be used for that statistical area.

.02 If a residence is in an MSA, the safe harbor applicable to it is the limitation of that MSA. If an MSA falls in more than one state, the MSA is listed in section 4.01 of this revenue procedure under each state.

.03 If the FHA revises the FHA loan limit for any statistical area after December 6, 2013, an issuer of qualified mortgage bonds or mortgage credit certificates may use the revised FHA loan limit for that statistical area to compute (as provided in the next sentence) a revised average area purchase price safe harbor for the statistical area provided that the issuer maintains records evidencing the revised FHA loan limit. The revised average area purchase price safe harbor for that statistical area is computed by dividing the revised FHA loan limit by .92.

.04 If, pursuant to section 6a.103A–2(f)(5)(i), an issuer uses more accurate and comprehensive data to determine the average area purchase price for a statistical area, the issuer must make separate average area purchase price determinations for new and existing residences. Moreover, when computing the average area purchase price for a statistical area that is an MSA, as defined in OMB Bulletin No. 03–04, the issuer must make the computation for the entire applicable MSA. When computing the average area purchase price for a statistical area that is not an MSA, the issuer must make the computation for the entire statistical area and may not combine statistical areas. Thus, for example, the issuer may not combine two or more counties.

.05 If an issuer receives a ruling permitting it to rely on an average area purchase price limitation that is higher than the applicable safe harbor in this revenue procedure, the issuer may rely on that higher limitation for the purpose of satisfying the requirements of section 143(e) and (f) for bonds sold, and mortgage credit certificates issued, not more than 30 months following the termination date of the 12-month period used by the issuer to compute the limitation.

*Nationwide Average Purchase Price*

.06 Section 4.02 of this revenue procedure sets forth a single nationwide average purchase price for purposes of computing the housing cost/income ratio under section 143(f)(5).

.07 Issuers must use the nationwide average purchase price set forth in section

4.02 of this revenue procedure when computing the housing cost/income ratio under section 143(f)(5) regardless of whether they are relying on the average area purchase price safe harbors contained in this revenue procedure or using more accurate and comprehensive data to determine average area purchase prices for new and existing residences for a statistical area that are different from the published safe harbors in this revenue procedure.

.08 If, pursuant to section 6.02 of this revenue procedure, an issuer relies on the average area purchase price safe harbors contained in Rev. Proc. 2013–28, the issuer must use the nationwide average purchase price set forth in section 4.02 of Rev. Proc. 2013–28 in computing the housing cost/income ratio under section 143(f)(5). Likewise, if, pursuant to section 6.05 of this revenue procedure, an issuer relies on the nationwide average purchase price published in Rev. Proc. 2013–28, the issuer may not rely on the average area purchase price safe harbors published in this revenue procedure.

**SECTION 4. AVERAGE AREA AND NATIONWIDE AVERAGE PURCHASE PRICES**

.01 Average area purchase prices for single-family and two to four-family residences in MSAs, and for certain counties and county equivalents are set forth below. The safe harbor for “ALL OTHER AREAS” (found at the end of the table below) may be used for a statistical area that is not listed below.

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
ALEUTIANS WEST CENSUS	AK	\$418,750	\$536,087	\$647,989	\$805,272
ANCHORAGE MUNICIPALITY	AK	\$386,250	\$494,457	\$597,663	\$742,772
BRISTOL BAY BOROUGH	AK	\$318,750	\$408,043	\$493,207	\$612,989
DENALI BOROUGH	AK	\$323,750	\$414,457	\$500,978	\$622,609
FAIRBANKS NORTH STAR	AK	\$298,750	\$382,446	\$462,283	\$574,511
HAINES BOROUGH	AK	\$308,750	\$395,217	\$477,772	\$593,750
JUNEAU CITY AND BOROUGH	AK	\$393,750	\$504,076	\$609,293	\$757,228
KETCHIKAN GATEWAY BOROUGH	AK	\$350,000	\$448,043	\$541,576	\$673,098



**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
KODIAK ISLAND BOROUGH	AK	\$415,000	\$531,250	\$642,174	\$798,098
MATANUSKA-SUSITNA BOROUGH	AK	\$386,250	\$494,457	\$597,663	\$742,772
NOME CENSUS AREA	AK	\$298,750	\$382,446	\$462,283	\$574,511
NORTH SLOPE BOROUGH	AK	\$361,250	\$462,446	\$559,022	\$694,728
PETERSBURG CENSUS AREA	AK	\$361,250	\$462,446	\$559,022	\$694,728
SITKA CITY AND BOROUGH	AK	\$436,250	\$558,478	\$675,054	\$838,967
VALDEZ-CORDOVA CENSUS	AK	\$318,750	\$408,043	\$493,207	\$612,989
WRANGELL CITY AND BOROUGH	AK	\$361,250	\$462,446	\$559,022	\$694,728
YAKUTAT CITY AND BOROUGH	AK	\$457,500	\$585,652	\$707,935	\$879,837
RUSSELL	AL	\$315,000	\$403,261	\$487,446	\$605,761
COCONINO	AZ	\$393,750	\$504,076	\$609,293	\$757,228
ALAMEDA	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
ALPINE	CA	\$503,750	\$644,891	\$779,511	\$968,750
AMADOR	CA	\$361,250	\$462,446	\$559,022	\$694,728
BUTTE	CA	\$318,750	\$408,043	\$493,207	\$612,989
CALAVERAS	CA	\$406,250	\$520,054	\$628,641	\$781,250
CONTRA COSTA	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
EL DORADO	CA	\$516,250	\$660,870	\$798,859	\$992,772
FRESNO	CA	\$306,250	\$392,065	\$473,913	\$588,913
HUMBOLDT	CA	\$356,250	\$456,033	\$551,250	\$685,109
INYO	CA	\$401,250	\$513,641	\$620,924	\$771,630
LOS ANGELES	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
MARIN	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
MARIPOSA	CA	\$350,000	\$448,043	\$541,576	\$673,098
MENDOCINO	CA	\$406,250	\$520,054	\$628,641	\$781,250
MONO	CA	\$575,000	\$736,087	\$889,783	\$1,105,761
MONTEREY	CA	\$525,000	\$672,065	\$812,391	\$1,009,620
NAPA	CA	\$643,750	\$824,130	\$996,141	\$1,237,989
NEVADA	CA	\$518,750	\$664,076	\$802,717	\$997,609
ORANGE	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
PLACER	CA	\$516,250	\$660,870	\$798,859	\$992,772
PLUMAS	CA	\$366,250	\$468,859	\$566,739	\$704,348
RIVERSIDE	CA	\$386,250	\$494,457	\$597,663	\$742,772
SACRAMENTO	CA	\$516,250	\$660,870	\$798,859	\$992,772
SAN BENITO	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SAN BERNARDINO	CA	\$386,250	\$494,457	\$597,663	\$742,772
SAN DIEGO	CA	\$593,750	\$760,109	\$918,804	\$1,141,848
SAN FRANCISCO	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SAN JOAQUIN	CA	\$331,250	\$424,022	\$512,554	\$637,011
SAN LUIS OBISPO	CA	\$610,000	\$780,924	\$943,913	\$1,173,098
SAN MATEO	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
SANTA BARBARA	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SANTA CLARA	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SANTA CRUZ	CA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SHASTA	CA	\$297,500	\$380,815	\$460,326	\$572,120
SIERRA	CA	\$331,250	\$424,022	\$512,554	\$637,011
SOLANO	CA	\$435,000	\$556,848	\$673,152	\$836,522
SONOMA	CA	\$566,250	\$724,891	\$876,250	\$1,088,967
STANISLAUS	CA	\$300,000	\$384,022	\$464,239	\$576,902
TUOLUMNE	CA	\$360,000	\$460,870	\$557,065	\$692,283
VENTURA	CA	\$650,000	\$832,120	\$1,005,815	\$1,250,000
YOLO	CA	\$516,250	\$660,870	\$798,859	\$992,772
ADAMS	CO	\$425,000	\$544,076	\$657,663	\$817,283
ARAPAHOE	CO	\$425,000	\$544,076	\$657,663	\$817,283
ARCHULETA	CO	\$310,000	\$396,848	\$479,674	\$596,141
BOULDER	CO	\$443,750	\$568,043	\$686,685	\$853,370
BROOMFIELD	CO	\$425,000	\$544,076	\$657,663	\$817,283
CHAFFEE	CO	\$298,750	\$382,446	\$462,283	\$574,511
CLEAR CREEK	CO	\$425,000	\$544,076	\$657,663	\$817,283
DENVER	CO	\$425,000	\$544,076	\$657,663	\$817,283
DOUGLAS	CO	\$425,000	\$544,076	\$657,663	\$817,283
EAGLE	CO	\$679,891	\$870,408	\$1,052,120	\$1,307,527
ELBERT	CO	\$425,000	\$544,076	\$657,663	\$817,283
GARFIELD	CO	\$679,891	\$870,408	\$1,052,120	\$1,307,527
GILPIN	CO	\$425,000	\$544,076	\$657,663	\$817,283
GRAND	CO	\$362,500	\$464,076	\$560,924	\$697,120
GUNNISON	CO	\$388,750	\$497,663	\$601,576	\$747,609
HINSDALE	CO	\$465,000	\$595,272	\$719,565	\$894,239
JEFFERSON	CO	\$425,000	\$544,076	\$657,663	\$817,283
LA PLATA	CO	\$412,500	\$528,043	\$638,315	\$793,261
LARIMER	CO	\$300,000	\$384,022	\$464,239	\$576,902
MESA	CO	\$307,500	\$393,641	\$475,815	\$591,359
OURAY	CO	\$462,500	\$592,065	\$715,707	\$889,402
PARK	CO	\$425,000	\$544,076	\$657,663	\$817,283
PITKIN	CO	\$679,891	\$870,408	\$1,052,120	\$1,307,527
ROUTT	CO	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SAN MIGUEL	CO	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SUMMIT	CO	\$679,891	\$870,408	\$1,052,120	\$1,307,527
FAIRFIELD	CT	\$653,750	\$836,902	\$1,011,630	\$1,257,228
HARTFORD	CT	\$383,750	\$491,250	\$593,804	\$737,989
LITCHFIELD	CT	\$388,750	\$497,663	\$601,576	\$747,609
MIDDLESEX	CT	\$383,750	\$491,250	\$593,804	\$737,989
NEW HAVEN	CT	\$332,500	\$425,652	\$514,511	\$639,402

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
NEW LONDON	CT	\$305,000	\$390,435	\$471,957	\$586,522
TOLLAND	CT	\$383,750	\$491,250	\$593,804	\$737,989
WINDHAM	CT	\$310,000	\$396,848	\$479,674	\$596,141
COLUMBIA	DC	\$679,891	\$870,408	\$1,052,120	\$1,307,527
NEW CASTLE	DE	\$412,500	\$528,043	\$638,315	\$793,261
SUSSEX	DE	\$343,750	\$440,054	\$531,902	\$661,033
BAKER	FL	\$331,250	\$424,022	\$512,554	\$637,011
BROWARD	FL	\$375,000	\$480,054	\$580,272	\$721,141
CLAY	FL	\$331,250	\$424,022	\$512,554	\$637,011
COLLIER	FL	\$487,500	\$624,076	\$754,348	\$937,500
DUVAL	FL	\$331,250	\$424,022	\$512,554	\$637,011
LAKE	FL	\$298,750	\$382,446	\$462,283	\$574,511
MANATEE	FL	\$310,000	\$396,848	\$479,674	\$596,141
MARTIN	FL	\$343,750	\$440,054	\$531,902	\$661,033
MIAMI-DADE	FL	\$375,000	\$480,054	\$580,272	\$721,141
MONROE	FL	\$575,000	\$736,087	\$889,783	\$1,105,761
NASSAU	FL	\$331,250	\$424,022	\$512,554	\$637,011
OKALOOSA	FL	\$353,750	\$452,826	\$547,391	\$680,272
ORANGE	FL	\$298,750	\$382,446	\$462,283	\$574,511
OSCEOLA	FL	\$298,750	\$382,446	\$462,283	\$574,511
PALM BEACH	FL	\$375,000	\$480,054	\$580,272	\$721,141
SARASOTA	FL	\$310,000	\$396,848	\$479,674	\$596,141
SEMINOLE	FL	\$298,750	\$382,446	\$462,283	\$574,511
ST. JOHNS	FL	\$331,250	\$424,022	\$512,554	\$637,011
ST. LUCIE	FL	\$343,750	\$440,054	\$531,902	\$661,033
WALTON	FL	\$353,750	\$452,826	\$547,391	\$680,272
BARROW	GA	\$348,750	\$446,467	\$539,674	\$670,652
BARTOW	GA	\$348,750	\$446,467	\$539,674	\$670,652
BUTTS	GA	\$348,750	\$446,467	\$539,674	\$670,652
CARROLL	GA	\$348,750	\$446,467	\$539,674	\$670,652
CHATTAHOOCHEE	GA	\$315,000	\$403,261	\$487,446	\$605,761
CHEROKEE	GA	\$348,750	\$446,467	\$539,674	\$670,652
CLARKE	GA	\$348,750	\$446,467	\$539,674	\$670,652
CLAYTON	GA	\$348,750	\$446,467	\$539,674	\$670,652
COBB	GA	\$348,750	\$446,467	\$539,674	\$670,652
COWETA	GA	\$348,750	\$446,467	\$539,674	\$670,652
DAWSON	GA	\$348,750	\$446,467	\$539,674	\$670,652
DEKALB	GA	\$348,750	\$446,467	\$539,674	\$670,652
DOUGLAS	GA	\$348,750	\$446,467	\$539,674	\$670,652
FAYETTE	GA	\$348,750	\$446,467	\$539,674	\$670,652



**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
FORSYTH	GA	\$348,750	\$446,467	\$539,674	\$670,652
FULTON	GA	\$348,750	\$446,467	\$539,674	\$670,652
GREENE	GA	\$560,000	\$716,902	\$866,576	\$1,076,957
GWINNETT	GA	\$348,750	\$446,467	\$539,674	\$670,652
HARALSON	GA	\$348,750	\$446,467	\$539,674	\$670,652
HARRIS	GA	\$315,000	\$403,261	\$487,446	\$605,761
HEARD	GA	\$348,750	\$446,467	\$539,674	\$670,652
HENRY	GA	\$348,750	\$446,467	\$539,674	\$670,652
JASPER	GA	\$348,750	\$446,467	\$539,674	\$670,652
LAMAR	GA	\$348,750	\$446,467	\$539,674	\$670,652
MADISON	GA	\$348,750	\$446,467	\$539,674	\$670,652
MARION	GA	\$315,000	\$403,261	\$487,446	\$605,761
MERIWETHER	GA	\$348,750	\$446,467	\$539,674	\$670,652
MORGAN	GA	\$348,750	\$446,467	\$539,674	\$670,652
MUSCOGEE	GA	\$315,000	\$403,261	\$487,446	\$605,761
NEWTON	GA	\$348,750	\$446,467	\$539,674	\$670,652
OCONEE	GA	\$348,750	\$446,467	\$539,674	\$670,652
OGLETHORPE	GA	\$348,750	\$446,467	\$539,674	\$670,652
PAULDING	GA	\$348,750	\$446,467	\$539,674	\$670,652
PICKENS	GA	\$348,750	\$446,467	\$539,674	\$670,652
PIKE	GA	\$348,750	\$446,467	\$539,674	\$670,652
ROCKDALE	GA	\$348,750	\$446,467	\$539,674	\$670,652
SPALDING	GA	\$348,750	\$446,467	\$539,674	\$670,652
WALTON	GA	\$348,750	\$446,467	\$539,674	\$670,652
HAWAII	HI	\$400,000	\$512,065	\$618,967	\$769,239
HONOLULU	HI	\$783,750	\$1,003,315	\$1,212,826	\$1,507,228
KALAWAO	HI	\$715,000	\$915,326	\$1,106,413	\$1,375,000
KAUAI	HI	\$775,000	\$992,120	\$1,199,293	\$1,490,380
MAUI	HI	\$715,000	\$915,326	\$1,106,413	\$1,375,000
BLAINE	ID	\$679,891	\$870,408	\$1,052,120	\$1,307,527
CAMAS	ID	\$679,891	\$870,408	\$1,052,120	\$1,307,527
LINCOLN	ID	\$679,891	\$870,408	\$1,052,120	\$1,307,527
TETON	ID	\$679,891	\$870,408	\$1,052,120	\$1,307,527
VALLEY	ID	\$296,250	\$379,239	\$458,424	\$569,728
BOONE	IL	\$368,750	\$472,065	\$570,598	\$709,130
COOK	IL	\$397,500	\$508,859	\$615,109	\$764,402
DEKALB	IL	\$397,500	\$508,859	\$615,109	\$764,402
DUPAGE	IL	\$397,500	\$508,859	\$615,109	\$764,402
GRUNDY	IL	\$397,500	\$508,859	\$615,109	\$764,402
KANE	IL	\$397,500	\$508,859	\$615,109	\$764,402
KENDALL	IL	\$397,500	\$508,859	\$615,109	\$764,402

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
LAKE	IL	\$397,500	\$508,859	\$615,109	\$764,402
MCHENRY	IL	\$397,500	\$508,859	\$615,109	\$764,402
WILL	IL	\$397,500	\$508,859	\$615,109	\$764,402
WINNEBAGO	IL	\$368,750	\$472,065	\$570,598	\$709,130
JASPER	IN	\$397,500	\$508,859	\$615,109	\$764,402
LAKE	IN	\$397,500	\$508,859	\$615,109	\$764,402
NEWTON	IN	\$397,500	\$508,859	\$615,109	\$764,402
PORTER	IN	\$397,500	\$508,859	\$615,109	\$764,402
JOHNSON	KS	\$302,500	\$387,228	\$468,098	\$581,739
LEAVENWORTH	KS	\$302,500	\$387,228	\$468,098	\$581,739
LINN	KS	\$302,500	\$387,228	\$468,098	\$581,739
MIAMI	KS	\$302,500	\$387,228	\$468,098	\$581,739
WYANDOTTE	KS	\$302,500	\$387,228	\$468,098	\$581,739
BARNSTABLE	MA	\$441,250	\$564,891	\$682,826	\$848,533
BRISTOL	MA	\$463,750	\$593,696	\$717,609	\$891,848
DUKES	MA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
ESSEX	MA	\$511,250	\$654,457	\$791,141	\$983,152
HAMPDEN	MA	\$298,750	\$382,446	\$462,283	\$574,511
HAMPSHIRE	MA	\$298,750	\$382,446	\$462,283	\$574,511
MIDDLESEX	MA	\$511,250	\$654,457	\$791,141	\$983,152
NANTUCKET	MA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
NORFOLK	MA	\$511,250	\$654,457	\$791,141	\$983,152
PLYMOUTH	MA	\$511,250	\$654,457	\$791,141	\$983,152
SUFFOLK	MA	\$511,250	\$654,457	\$791,141	\$983,152
WORCESTER	MA	\$310,000	\$396,848	\$479,674	\$596,141
ANNE ARUNDEL	MD	\$537,500	\$688,098	\$831,739	\$1,033,641
BALTIMORE	MD	\$537,500	\$688,098	\$831,739	\$1,033,641
BALTIMORE CITY	MD	\$537,500	\$688,098	\$831,739	\$1,033,641
CALVERT	MD	\$679,891	\$870,408	\$1,052,120	\$1,307,527
CARROLL	MD	\$537,500	\$688,098	\$831,739	\$1,033,641
CECIL	MD	\$412,500	\$528,043	\$638,315	\$793,261
CHARLES	MD	\$679,891	\$870,408	\$1,052,120	\$1,307,527
FREDERICK	MD	\$679,891	\$870,408	\$1,052,120	\$1,307,527
HARFORD	MD	\$537,500	\$688,098	\$831,739	\$1,033,641
HOWARD	MD	\$537,500	\$688,098	\$831,739	\$1,033,641
KENT	MD	\$316,250	\$404,837	\$489,348	\$608,152
MONTGOMERY	MD	\$679,891	\$870,408	\$1,052,120	\$1,307,527
PRINCE GEORGE'S	MD	\$679,891	\$870,408	\$1,052,120	\$1,307,527
QUEEN ANNE'S	MD	\$537,500	\$688,098	\$831,739	\$1,033,641
SOMERSET	MD	\$343,750	\$440,054	\$531,902	\$661,033

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
ST. MARY'S	MD	\$377,500	\$483,261	\$584,130	\$725,978
TALBOT	MD	\$416,250	\$532,880	\$644,130	\$800,489
WICOMICO	MD	\$343,750	\$440,054	\$531,902	\$661,033
WORCESTER	MD	\$343,750	\$440,054	\$531,902	\$661,033
CUMBERLAND	ME	\$308,750	\$395,217	\$477,772	\$593,750
HANCOCK	ME	\$295,000	\$377,663	\$456,467	\$567,283
KNOX	ME	\$303,750	\$388,859	\$470,000	\$584,130
SAGadahoc	ME	\$308,750	\$395,217	\$477,772	\$593,750
YORK	ME	\$308,750	\$395,217	\$477,772	\$593,750
ANOKA	MN	\$346,250	\$443,261	\$535,815	\$665,870
CARVER	MN	\$346,250	\$443,261	\$535,815	\$665,870
CHISAGO	MN	\$346,250	\$443,261	\$535,815	\$665,870
COOK	MN	\$307,500	\$393,641	\$475,815	\$591,359
DAKOTA	MN	\$346,250	\$443,261	\$535,815	\$665,870
HENNEPIN	MN	\$346,250	\$443,261	\$535,815	\$665,870
ISANTI	MN	\$346,250	\$443,261	\$535,815	\$665,870
LE SUEUR	MN	\$346,250	\$443,261	\$535,815	\$665,870
MILLE LACS	MN	\$346,250	\$443,261	\$535,815	\$665,870
RAMSEY	MN	\$346,250	\$443,261	\$535,815	\$665,870
SCOTT	MN	\$346,250	\$443,261	\$535,815	\$665,870
SHERBURNE	MN	\$346,250	\$443,261	\$535,815	\$665,870
SIBLEY	MN	\$346,250	\$443,261	\$535,815	\$665,870
WASHINGTON	MN	\$346,250	\$443,261	\$535,815	\$665,870
WRIGHT	MN	\$346,250	\$443,261	\$535,815	\$665,870
BATES	MO	\$302,500	\$387,228	\$468,098	\$581,739
CALDWELL	MO	\$302,500	\$387,228	\$468,098	\$581,739
CASS	MO	\$302,500	\$387,228	\$468,098	\$581,739
CLAY	MO	\$302,500	\$387,228	\$468,098	\$581,739
CLINTON	MO	\$302,500	\$387,228	\$468,098	\$581,739
JACKSON	MO	\$302,500	\$387,228	\$468,098	\$581,739
LAFAYETTE	MO	\$302,500	\$387,228	\$468,098	\$581,739
PLATTE	MO	\$302,500	\$387,228	\$468,098	\$581,739
RAY	MO	\$302,500	\$387,228	\$468,098	\$581,739
COPIAH	MS	\$300,000	\$384,022	\$464,239	\$576,902
HINDS	MS	\$300,000	\$384,022	\$464,239	\$576,902
MADISON	MS	\$300,000	\$384,022	\$464,239	\$576,902
RANKIN	MS	\$300,000	\$384,022	\$464,239	\$576,902
SIMPSON	MS	\$300,000	\$384,022	\$464,239	\$576,902
YAZOO	MS	\$300,000	\$384,022	\$464,239	\$576,902



**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
FLATHEAD	MT	\$327,500	\$419,239	\$506,793	\$629,783
GALLATIN	MT	\$376,250	\$481,630	\$582,228	\$723,533
JEFFERSON	MT	\$311,250	\$398,424	\$481,630	\$598,533
LEWIS AND CLARK	MT	\$311,250	\$398,424	\$481,630	\$598,533
MADISON	MT	\$353,750	\$452,826	\$547,391	\$680,272
MISSOULA	MT	\$307,500	\$393,641	\$475,815	\$591,359
SWEET GRASS	MT	\$315,000	\$403,261	\$487,446	\$605,761
CAMDEN	NC	\$679,891	\$870,408	\$1,052,120	\$1,307,527
CHATHAM	NC	\$363,750	\$465,652	\$562,880	\$699,511
CURRITUCK	NC	\$498,750	\$638,478	\$771,793	\$959,130
DARE	NC	\$425,000	\$544,076	\$657,663	\$817,283
DURHAM	NC	\$363,750	\$465,652	\$562,880	\$699,511
FRANKLIN	NC	\$305,000	\$390,435	\$471,957	\$586,522
GATES	NC	\$498,750	\$638,478	\$771,793	\$959,130
HYDE	NC	\$525,000	\$672,065	\$812,391	\$1,009,620
JOHNSTON	NC	\$305,000	\$390,435	\$471,957	\$586,522
ORANGE	NC	\$363,750	\$465,652	\$562,880	\$699,511
PASQUOTANK	NC	\$679,891	\$870,408	\$1,052,120	\$1,307,527
PERQUIMANS	NC	\$679,891	\$870,408	\$1,052,120	\$1,307,527
PERSON	NC	\$363,750	\$465,652	\$562,880	\$699,511
TYRRELL	NC	\$425,000	\$544,076	\$657,663	\$817,283
WAKE	NC	\$305,000	\$390,435	\$471,957	\$586,522
WATAUGA	NC	\$298,750	\$382,446	\$462,283	\$574,511
BILLINGS	ND	\$331,250	\$424,022	\$512,554	\$637,011
STARK	ND	\$297,500	\$380,815	\$460,326	\$572,120
WILLIAMS	ND	\$300,000	\$384,022	\$464,239	\$576,902
HILLSBOROUGH	NH	\$321,250	\$411,250	\$497,120	\$617,772
ROCKINGHAM	NH	\$511,250	\$654,457	\$791,141	\$983,152
STRAFFORD	NH	\$511,250	\$654,457	\$791,141	\$983,152
ATLANTIC	NJ	\$343,750	\$440,054	\$531,902	\$661,033
BERGEN	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
BURLINGTON	NJ	\$412,500	\$528,043	\$638,315	\$793,261
CAMDEN	NJ	\$412,500	\$528,043	\$638,315	\$793,261
CAPE MAY	NJ	\$450,000	\$576,087	\$696,359	\$865,380
ESSEX	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
GLOUCESTER	NJ	\$412,500	\$528,043	\$638,315	\$793,261
HUDSON	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
HUNTERDON	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
MERCER	NJ	\$375,000	\$480,054	\$580,272	\$721,141
MIDDLESEX	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
MONMOUTH	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
MORRIS	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
OCEAN	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
PASSAIC	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SALEM	NJ	\$412,500	\$528,043	\$638,315	\$793,261
SOMERSET	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SUSSEX	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
UNION	NJ	\$679,891	\$870,408	\$1,052,120	\$1,307,527
WARREN	NJ	\$405,000	\$518,478	\$626,685	\$778,859
LOS ALAMOS	NM	\$413,750	\$529,674	\$640,217	\$795,652
SANTA FE	NM	\$400,000	\$512,065	\$618,967	\$769,239
TAOS	NM	\$311,250	\$398,424	\$481,630	\$598,533
CARSON CITY	NV	\$311,250	\$398,424	\$481,630	\$598,533
CLARK	NV	\$312,500	\$400,054	\$483,587	\$600,978
DOUGLAS	NV	\$381,250	\$488,043	\$589,946	\$733,152
STOREY	NV	\$353,750	\$452,826	\$547,391	\$680,272
WASHOE	NV	\$353,750	\$452,826	\$547,391	\$680,272
ALBANY	NY	\$317,500	\$406,467	\$491,304	\$610,543
BRONX	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
DUTCHESS	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
KINGS	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
NASSAU	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
NEW YORK	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
ORANGE	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
PUTNAM	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
QUEENS	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
RENSSELAER	NY	\$317,500	\$406,467	\$491,304	\$610,543
RICHMOND	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
ROCKLAND	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SARATOGA	NY	\$317,500	\$406,467	\$491,304	\$610,543
SCHENECTADY	NY	\$317,500	\$406,467	\$491,304	\$610,543
SCHOHARIE	NY	\$317,500	\$406,467	\$491,304	\$610,543
SUFFOLK	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
WESTCHESTER	NY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
DELAWARE	OH	\$337,500	\$432,065	\$522,228	\$649,022
FAIRFIELD	OH	\$337,500	\$432,065	\$522,228	\$649,022
FRANKLIN	OH	\$337,500	\$432,065	\$522,228	\$649,022
HOCKING	OH	\$337,500	\$432,065	\$522,228	\$649,022
LICKING	OH	\$337,500	\$432,065	\$522,228	\$649,022
MADISON	OH	\$337,500	\$432,065	\$522,228	\$649,022

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
MORROW	OH	\$337,500	\$432,065	\$522,228	\$649,022
PERRY	OH	\$337,500	\$432,065	\$522,228	\$649,022
PICKAWAY	OH	\$337,500	\$432,065	\$522,228	\$649,022
UNION	OH	\$337,500	\$432,065	\$522,228	\$649,022
BENTON	OR	\$325,000	\$416,033	\$502,880	\$625,000
CLACKAMAS	OR	\$393,750	\$504,076	\$609,293	\$757,228
CLATSOP	OR	\$306,250	\$392,065	\$473,913	\$588,913
COLUMBIA	OR	\$393,750	\$504,076	\$609,293	\$757,228
CURRY	OR	\$356,250	\$456,033	\$551,250	\$685,109
DESCHUTES	OR	\$332,500	\$425,652	\$514,511	\$639,402
HOOD RIVER	OR	\$403,750	\$516,848	\$624,783	\$776,467
JACKSON	OR	\$303,750	\$388,859	\$470,000	\$584,130
LINCOLN	OR	\$300,000	\$384,022	\$464,239	\$576,902
MULTNOMAH	OR	\$393,750	\$504,076	\$609,293	\$757,228
TILLAMOOK	OR	\$312,500	\$400,054	\$483,587	\$600,978
WASHINGTON	OR	\$393,750	\$504,076	\$609,293	\$757,228
YAMHILL	OR	\$393,750	\$504,076	\$609,293	\$757,228
BUCKS	PA	\$412,500	\$528,043	\$638,315	\$793,261
CARBON	PA	\$405,000	\$518,478	\$626,685	\$778,859
CHESTER	PA	\$412,500	\$528,043	\$638,315	\$793,261
DELAWARE	PA	\$412,500	\$528,043	\$638,315	\$793,261
LEHIGH	PA	\$405,000	\$518,478	\$626,685	\$778,859
MONTGOMERY	PA	\$412,500	\$528,043	\$638,315	\$793,261
NORTHAMPTON	PA	\$405,000	\$518,478	\$626,685	\$778,859
PHILADELPHIA	PA	\$412,500	\$528,043	\$638,315	\$793,261
PIKE	PA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
BRISTOL	RI	\$463,750	\$593,696	\$717,609	\$891,848
KENT	RI	\$463,750	\$593,696	\$717,609	\$891,848
NEWPORT	RI	\$463,750	\$593,696	\$717,609	\$891,848
PROVIDENCE	RI	\$463,750	\$593,696	\$717,609	\$891,848
WASHINGTON	RI	\$463,750	\$593,696	\$717,609	\$891,848
BEAUFORT	SC	\$381,250	\$488,043	\$589,946	\$733,152
BERKELEY	SC	\$335,000	\$428,859	\$518,370	\$644,239
CHARLESTON	SC	\$335,000	\$428,859	\$518,370	\$644,239
DORCHESTER	SC	\$335,000	\$428,859	\$518,370	\$644,239
GEORGETOWN	SC	\$356,250	\$456,033	\$551,250	\$685,109
JASPER	SC	\$381,250	\$488,043	\$589,946	\$733,152
CANNON	TN	\$427,500	\$547,283	\$661,522	\$822,120
CHEATHAM	TN	\$427,500	\$547,283	\$661,522	\$822,120



**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
DAVIDSON	TN	\$427,500	\$547,283	\$661,522	\$822,120
DICKSON	TN	\$427,500	\$547,283	\$661,522	\$822,120
HICKMAN	TN	\$427,500	\$547,283	\$661,522	\$822,120
MACON	TN	\$427,500	\$547,283	\$661,522	\$822,120
MAURY	TN	\$427,500	\$547,283	\$661,522	\$822,120
ROBERTSON	TN	\$427,500	\$547,283	\$661,522	\$822,120
RUTHERFORD	TN	\$427,500	\$547,283	\$661,522	\$822,120
SMITH	TN	\$427,500	\$547,283	\$661,522	\$822,120
SUMNER	TN	\$427,500	\$547,283	\$661,522	\$822,120
TROUSDALE	TN	\$427,500	\$547,283	\$661,522	\$822,120
WILLIAMSON	TN	\$427,500	\$547,283	\$661,522	\$822,120
WILSON	TN	\$427,500	\$547,283	\$661,522	\$822,120
ATASCOSA	TX	\$343,750	\$440,054	\$531,902	\$661,033
AUSTIN	TX	\$321,250	\$411,250	\$497,120	\$617,772
BANDERA	TX	\$343,750	\$440,054	\$531,902	\$661,033
BASTROP	TX	\$332,500	\$425,652	\$514,511	\$639,402
BEXAR	TX	\$343,750	\$440,054	\$531,902	\$661,033
BRAZORIA	TX	\$321,250	\$411,250	\$497,120	\$617,772
CALDWELL	TX	\$332,500	\$425,652	\$514,511	\$639,402
CHAMBERS	TX	\$321,250	\$411,250	\$497,120	\$617,772
COLLIN	TX	\$312,500	\$400,054	\$483,587	\$600,978
COMAL	TX	\$343,750	\$440,054	\$531,902	\$661,033
DALLAS	TX	\$312,500	\$400,054	\$483,587	\$600,978
DENTON	TX	\$312,500	\$400,054	\$483,587	\$600,978
ELLIS	TX	\$312,500	\$400,054	\$483,587	\$600,978
FORT BEND	TX	\$321,250	\$411,250	\$497,120	\$617,772
GALVESTON	TX	\$321,250	\$411,250	\$497,120	\$617,772
GUADALUPE	TX	\$343,750	\$440,054	\$531,902	\$661,033
HARRIS	TX	\$321,250	\$411,250	\$497,120	\$617,772
HAYS	TX	\$332,500	\$425,652	\$514,511	\$639,402
HOOD	TX	\$312,500	\$400,054	\$483,587	\$600,978
HUNT	TX	\$312,500	\$400,054	\$483,587	\$600,978
JOHNSON	TX	\$312,500	\$400,054	\$483,587	\$600,978
KAUFMAN	TX	\$312,500	\$400,054	\$483,587	\$600,978
KENDALL	TX	\$343,750	\$440,054	\$531,902	\$661,033
LIBERTY	TX	\$321,250	\$411,250	\$497,120	\$617,772
MEDINA	TX	\$343,750	\$440,054	\$531,902	\$661,033
MONTGOMERY	TX	\$321,250	\$411,250	\$497,120	\$617,772
PARKER	TX	\$312,500	\$400,054	\$483,587	\$600,978
ROCKWALL	TX	\$312,500	\$400,054	\$483,587	\$600,978
SOMERVELL	TX	\$312,500	\$400,054	\$483,587	\$600,978
TARRANT	TX	\$312,500	\$400,054	\$483,587	\$600,978
TRAVIS	TX	\$332,500	\$425,652	\$514,511	\$639,402

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
WALLER	TX	\$321,250	\$411,250	\$497,120	\$617,772
WILLIAMSON	TX	\$332,500	\$425,652	\$514,511	\$639,402
WILSON	TX	\$343,750	\$440,054	\$531,902	\$661,033
WISE	TX	\$312,500	\$400,054	\$483,587	\$600,978
BOX ELDER	UT	\$423,750	\$542,446	\$655,707	\$814,891
DAGGETT	UT	\$328,750	\$420,870	\$508,696	\$632,228
DAVIS	UT	\$423,750	\$542,446	\$655,707	\$814,891
MORGAN	UT	\$423,750	\$542,446	\$655,707	\$814,891
RICH	UT	\$322,500	\$412,826	\$499,022	\$620,163
SALT LAKE	UT	\$326,250	\$417,663	\$504,837	\$627,391
SUMMIT	UT	\$652,500	\$835,326	\$1,009,728	\$1,254,837
TOOELE	UT	\$326,250	\$417,663	\$504,837	\$627,391
WASATCH	UT	\$360,000	\$460,870	\$557,065	\$692,283
WASHINGTON	UT	\$302,500	\$387,228	\$468,098	\$581,739
WEBER	UT	\$423,750	\$542,446	\$655,707	\$814,891
ALBEMARLE	VA	\$475,000	\$608,098	\$735,000	\$913,478
ALEXANDRIA CITY	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
AMELIA	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
AMHERST	VA	\$317,500	\$406,467	\$491,304	\$610,543
APPOMATTOX	VA	\$317,500	\$406,467	\$491,304	\$610,543
ARLINGTON	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
BEDFORD	VA	\$317,500	\$406,467	\$491,304	\$610,543
BEDFORD CITY	VA	\$317,500	\$406,467	\$491,304	\$610,543
BUCKINGHAM	VA	\$475,000	\$608,098	\$735,000	\$913,478
CAMPBELL	VA	\$317,500	\$406,467	\$491,304	\$610,543
CAROLINE	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
CHARLES CITY	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
CHARLOTTESVILLE CITY	VA	\$475,000	\$608,098	\$735,000	\$913,478
CHESAPEAKE CITY	VA	\$498,750	\$638,478	\$771,793	\$959,130
CHESTERFIELD	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
CLARKE	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
COLONIAL HEIGHTS CITY	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
CULPEPER	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
DINWIDDIE	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
FAIRFAX	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
FAIRFAX CITY	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
FALLS CHURCH CITY	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
FAUQUIER	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
FLOYD	VA	\$317,500	\$406,467	\$491,304	\$610,543
FLUVANNA	VA	\$475,000	\$608,098	\$735,000	\$913,478
FREDERICK	VA	\$295,000	\$377,663	\$456,467	\$567,283
FREDERICKSBURG CITY	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
GILES	VA	\$317,500	\$406,467	\$491,304	\$610,543
GLOUCESTER	VA	\$498,750	\$638,478	\$771,793	\$959,130
GOOCHLAND	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
GREENE	VA	\$475,000	\$608,098	\$735,000	\$913,478
HAMPTON CITY	VA	\$498,750	\$638,478	\$771,793	\$959,130
HANOVER	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
HARRISONBURG CITY	VA	\$301,250	\$385,652	\$466,141	\$579,293
HENRICO	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
HOPEWELL CITY	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
ISLE OF WIGHT	VA	\$498,750	\$638,478	\$771,793	\$959,130
JAMES CITY	VA	\$498,750	\$638,478	\$771,793	\$959,130
KING GEORGE	VA	\$381,250	\$488,043	\$589,946	\$733,152
KING WILLIAM	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
LANCASTER	VA	\$481,250	\$616,087	\$744,674	\$925,489
LOUDOUN	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
LYNCHBURG CITY	VA	\$317,500	\$406,467	\$491,304	\$610,543
MANASSAS CITY	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
MANASSAS PARK CITY	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
MATHEWS	VA	\$498,750	\$638,478	\$771,793	\$959,130
MONTGOMERY	VA	\$317,500	\$406,467	\$491,304	\$610,543
NELSON	VA	\$475,000	\$608,098	\$735,000	\$913,478
NEW KENT	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
NEWPORT NEWS CITY	VA	\$498,750	\$638,478	\$771,793	\$959,130
NORFOLK CITY	VA	\$498,750	\$638,478	\$771,793	\$959,130
NORTHUMBERLAND	VA	\$346,250	\$443,261	\$535,815	\$665,870
PETERSBURG CITY	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
POQUOSON CITY	VA	\$498,750	\$638,478	\$771,793	\$959,130
PORTSMOUTH CITY	VA	\$498,750	\$638,478	\$771,793	\$959,130
POWHATAN	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
PRINCE GEORGE	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
PRINCE WILLIAM	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
PULASKI	VA	\$317,500	\$406,467	\$491,304	\$610,543
RADFORD CITY	VA	\$317,500	\$406,467	\$491,304	\$610,543
RAPPAHANNOCK	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
RICHMOND CITY	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
ROCKINGHAM	VA	\$301,250	\$385,652	\$466,141	\$579,293
SPOTSYLVANIA	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
STAFFORD	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SUFFOLK CITY	VA	\$498,750	\$638,478	\$771,793	\$959,130
SUSSEX	VA	\$582,500	\$745,707	\$901,359	\$1,120,217
VIRGINIA BEACH CITY	VA	\$498,750	\$638,478	\$771,793	\$959,130
WARREN	VA	\$679,891	\$870,408	\$1,052,120	\$1,307,527
WILLIAMSBURG CITY	VA	\$498,750	\$638,478	\$771,793	\$959,130
WINCHESTER CITY	VA	\$295,000	\$377,663	\$456,467	\$567,283

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
YORK	VA	\$498,750	\$638,478	\$771,793	\$959,130
BENNINGTON	VT	\$301,250	\$385,652	\$466,141	\$579,293
CHITTENDEN	VT	\$372,500	\$476,848	\$576,413	\$716,359
FRANKLIN	VT	\$372,500	\$476,848	\$576,413	\$716,359
GRAND ISLE	VT	\$372,500	\$476,848	\$576,413	\$716,359
LAMOILLE	VT	\$300,000	\$384,022	\$464,239	\$576,902
CHELAN	WA	\$372,500	\$476,848	\$576,413	\$716,359
CLALLAM	WA	\$417,500	\$534,457	\$646,033	\$802,880
CLARK	WA	\$393,750	\$504,076	\$609,293	\$757,228
DOUGLAS	WA	\$372,500	\$476,848	\$576,413	\$716,359
ISLAND	WA	\$350,000	\$448,043	\$541,576	\$673,098
JEFFERSON	WA	\$350,000	\$448,043	\$541,576	\$673,098
KING	WA	\$550,000	\$704,076	\$851,087	\$1,057,717
KITSAP	WA	\$333,750	\$427,228	\$516,467	\$641,848
PIERCE	WA	\$550,000	\$704,076	\$851,087	\$1,057,717
SAN JUAN	WA	\$525,000	\$672,065	\$812,391	\$1,009,620
SKAGIT	WA	\$342,500	\$438,424	\$530,000	\$658,641
SKAMANIA	WA	\$393,750	\$504,076	\$609,293	\$757,228
SNOHOMISH	WA	\$550,000	\$704,076	\$851,087	\$1,057,717
THURSTON	WA	\$318,750	\$408,043	\$493,207	\$612,989
WHATCOM	WA	\$331,250	\$424,022	\$512,554	\$637,011
KENOSHA	WI	\$397,500	\$508,859	\$615,109	\$764,402
MILWAUKEE	WI	\$313,750	\$401,630	\$485,489	\$603,370
OZAUKEE	WI	\$313,750	\$401,630	\$485,489	\$603,370
PIERCE	WI	\$346,250	\$443,261	\$535,815	\$665,870
ST. CROIX	WI	\$346,250	\$443,261	\$535,815	\$665,870
WASHINGTON	WI	\$313,750	\$401,630	\$485,489	\$603,370
WAUKESHA	WI	\$313,750	\$401,630	\$485,489	\$603,370
HAMPSHIRE	WV	\$295,000	\$377,663	\$456,467	\$567,283
JEFFERSON	WV	\$679,891	\$870,408	\$1,052,120	\$1,307,527
SUBLETTE	WY	\$312,500	\$400,054	\$483,587	\$600,978
SWEETWATER	WY	\$318,750	\$408,043	\$493,207	\$612,989
TETON	WY	\$679,891	\$870,408	\$1,052,120	\$1,307,527
GUAM	GU	\$612,500	\$784,130	\$947,826	\$1,177,880
NORTHERN ISLANDS	MP	\$570,000	\$729,674	\$882,011	\$1,096,141
ROTA	MP	\$446,250	\$571,250	\$690,543	\$858,152
SAIPAN	MP	\$575,000	\$736,087	\$889,783	\$1,105,761

**2014 Average Area Purchase Prices for Mortgage Revenue Bonds**

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
TINIAN	MP	\$578,750	\$740,924	\$895,598	\$1,112,989
AGUAS BUENAS	PR	\$418,750	\$536,087	\$647,989	\$805,272
AIBONITO	PR	\$418,750	\$536,087	\$647,989	\$805,272
BARCELONETA	PR	\$418,750	\$536,087	\$647,989	\$805,272
BARRANQUITAS	PR	\$418,750	\$536,087	\$647,989	\$805,272
BAYAMON	PR	\$418,750	\$536,087	\$647,989	\$805,272
CAGUAS	PR	\$418,750	\$536,087	\$647,989	\$805,272
CANOVANAS	PR	\$418,750	\$536,087	\$647,989	\$805,272
CAROLINA	PR	\$418,750	\$536,087	\$647,989	\$805,272
CATANO	PR	\$418,750	\$536,087	\$647,989	\$805,272
CAYEY	PR	\$418,750	\$536,087	\$647,989	\$805,272
CEIBA	PR	\$418,750	\$536,087	\$647,989	\$805,272
CIALES	PR	\$418,750	\$536,087	\$647,989	\$805,272
CIDRA	PR	\$418,750	\$536,087	\$647,989	\$805,272
COMERIO	PR	\$418,750	\$536,087	\$647,989	\$805,272
COROZAL	PR	\$418,750	\$536,087	\$647,989	\$805,272
CULEBRA	PR	\$307,500	\$393,641	\$475,815	\$591,359
DORADO	PR	\$418,750	\$536,087	\$647,989	\$805,272
FAJARDO	PR	\$418,750	\$536,087	\$647,989	\$805,272
FLORIDA	PR	\$418,750	\$536,087	\$647,989	\$805,272
GUAYNABO	PR	\$418,750	\$536,087	\$647,989	\$805,272
GURABO	PR	\$418,750	\$536,087	\$647,989	\$805,272
HUMACAO	PR	\$418,750	\$536,087	\$647,989	\$805,272
JUNCOS	PR	\$418,750	\$536,087	\$647,989	\$805,272
LAS PIEDRAS	PR	\$418,750	\$536,087	\$647,989	\$805,272
LOIZA	PR	\$418,750	\$536,087	\$647,989	\$805,272
LUQUILLO	PR	\$418,750	\$536,087	\$647,989	\$805,272
MANATI	PR	\$418,750	\$536,087	\$647,989	\$805,272
MAUNABO	PR	\$418,750	\$536,087	\$647,989	\$805,272
MOROVIS	PR	\$418,750	\$536,087	\$647,989	\$805,272
NAGUABO	PR	\$418,750	\$536,087	\$647,989	\$805,272
NARANJITO	PR	\$418,750	\$536,087	\$647,989	\$805,272
OROCOVIS	PR	\$418,750	\$536,087	\$647,989	\$805,272
RIO GRANDE	PR	\$418,750	\$536,087	\$647,989	\$805,272
SAN JUAN	PR	\$418,750	\$536,087	\$647,989	\$805,272
SAN LORENZO	PR	\$418,750	\$536,087	\$647,989	\$805,272
TOA ALTA	PR	\$418,750	\$536,087	\$647,989	\$805,272
TOA BAJA	PR	\$418,750	\$536,087	\$647,989	\$805,272
TRUJILLO ALTO	PR	\$418,750	\$536,087	\$647,989	\$805,272
VEGA ALTA	PR	\$418,750	\$536,087	\$647,989	\$805,272
VEGA BAJA	PR	\$418,750	\$536,087	\$647,989	\$805,272
YABUCOA	PR	\$418,750	\$536,087	\$647,989	\$805,272



## 2014 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
ST. CROIX ISLAND	VI	\$356,250	\$456,033	\$551,250	\$685,109
ST. JOHN ISLAND	VI	\$677,500	\$867,337	\$1,048,370	\$1,302,880
ST. THOMAS ISLAND	VI	\$485,000	\$620,870	\$750,489	\$932,717
ALL OTHER AREAS (floor):		\$294,620	\$377,174	\$455,897	\$566,576

.02 The nationwide average purchase price (for use in the housing cost/income ratio for new and existing residences) is \$245,500.

### SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2013–28 is obsolete except as provided in section 6 of this revenue procedure.

### SECTION 6. EFFECTIVE DATES

.01 Issuers may rely on this revenue procedure to determine average area purchase price safe harbors for commitments to provide financing or issue mortgage credit certificates that are made, or (if the purchase precedes the commitment) for residences that are purchased, in the period that begins on April 25, 2014, and ends on the date as of which the safe harbors contained in section 4.01 of this revenue procedure are rendered obsolete by a new revenue procedure.

.02 Notwithstanding section 5 of this revenue procedure, issuers may continue to rely on the average area purchase price safe harbors contained in Rev. Proc. 2013–28, with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before May 25, 2014, if the commitments to provide financing or issue mortgage credit certificates are made on or before June 24, 2014.

.03 Except as provided in section 6.04, issuers must use the nationwide average

purchase price limitation contained in this revenue procedure for commitments to provide financing or issue mortgage credit certificates that are made, or (if the purchase precedes the commitment) for residences that are purchased, in the period that begins on April 25, 2014, and ends on the date when the nationwide average purchase price limitation is rendered obsolete by a new revenue procedure.

.04 Notwithstanding sections 5 and 6.03 of this revenue procedure, issuers may continue to rely on the nationwide average purchase price set forth in Rev. Proc. 2013–28 with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before May 25, 2014, if the commitments to provide financing or issue mortgage credit certificates are made on or before June 24, 2014.

### SECTION 7. PAPERWORK REDUCTION ACT

The collection of information contained in this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1877.

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

This revenue procedure contains a collection of information requirement in sec-

tion 3.03. The purpose of the collection of information is to verify the applicable FHA loan limit that issuers of qualified mortgage bonds and qualified mortgage certificates have used to calculate the average area purchase price for a given metropolitan statistical area for purposes of section 143(e) and 25(c). The collection of information is required to obtain the benefit of using revisions to FHA loan limits to determine average area purchase prices. The likely respondents are state and local governments.

The estimated total annual reporting and/or recordkeeping burden is: 15 hours.

The estimated annual burden per respondent and/or recordkeeper: 15 minutes.

The estimated number of respondents and/or recordkeepers: 60.

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

### SECTION 8. DRAFTING INFORMATION

The principal authors of this revenue procedure are David White and James Polfer of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure contact David E. White on (202) 317-4562 (not a toll free number).

## Part IV. Items of General Interest

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

#### Announcement 2014–20

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>California</b>				
Sierra Madre	Libman, Arnold	CPA		Reinstated to practice before the IRS, effective December 16, 2013
<b>Florida</b>				
Riverview	Middleton, Tyree	Unenrolled Return Preparer	Suspended by consent (stipulated order in the U.S. District Court for the Middle District of Florida)	Indefinite from December 10, 2013
<b>Kentucky</b>				
Lexington	Milslagle, Mark J.	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (convicted in Kentucky state court (KRS 516.030), forgery, 2 <sup>nd</sup> degree)	Indefinite from March 24, 2014
<b>New Jersey</b>				
Plainfield	Armbrister, John	Enrolled Agent	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (conviction under 26 U.S.C § 7202, willful failure to collect/pay over tax)	Indefinite from November 4, 2013
<b>New York</b>				
New York	Cummins, Virgil M.	Enrolled Agent	Suspended by decision (failure to file Federal income tax returns for tax years 2009–2010, and failure to timely file a Federal income tax return for tax year 2011, (31 C.F.R. § 10.51(a)(6)),	Indefinite from January 30, 2014
Highland	Pezzo, John J.	CPA	Disbarred by decision of IRS Appellate Authority (failure to file Federal income tax return (Form 1040) for tax years 2008–2010; failure to file an S Corporation Federal income tax return (Form 1120S) for tax years 2007–2011; failure file Federal employment tax return (Form 940) for tax years 2008–2011; failure to file employer’s quarterly Federal tax return (Form 941) on behalf of his firm for ten quarters in tax years 2008–2011; failure to respond to requests from IRS (31 C.F.R. § 10.20(b)); and failure to use Preparer Tax Identification Number (PTIN) on returns and claims for refund during 2012 (31 C.F.R § 10.51(a)(17)	Indefinite from January 17, 2014
Rye Brook	Shapiro, Richard	Attorney		Reinstated to practice before the IRS, effective February 22, 2014

<b>City &amp; State</b>	<b>Name</b>	<b>Professional Designation</b>	<b>Disciplinary Sanction</b>	<b>Effective Date(s)</b>
New Hartford	Turynowicz, Steven	CPA	Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82 (conviction under 26 U.S.C. § 7206(2), preparation and presentation of a false income tax return)	Indefinite from December 16, 2013
<b>Maryland</b>				
Timonium	Jacob, Felix	CPA	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. § 7203, failure to file individual tax return)	Indefinite from January 6, 2014
<b>Pennsylvania</b>				
Huntingdon Valley	Glick, Dennis	CPA	Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82 (conviction under 26 U.S.C. § 7212(a), corruptly endeavoring to obstruct and impede the due administration of the internal revenue laws, and 26 U.S.C. § 7206(2), aiding and abetting the preparation and filing of false tax returns)	Indefinite from February 22, 2014
<b>Virginia</b>				
Warrenton	Dibble, David	Enrolled Agent	Suspended by consent (willfully failing to make, or failing to file timely US individual income tax return, for tax years 2007–2010, and 2012; willfully evading or attempting to evade payments of Federal income taxes for tax years 2006–2012; willfully failing to file, or failing to file timely employer’s quarterly Federal employment tax returns for all quarters for tax years 2006, 2 <sup>nd</sup> –4 <sup>th</sup> quarters of tax year 2007, the 1 <sup>st</sup> , 2 <sup>nd</sup> and 4 <sup>th</sup> quarters of 2008, and 1 <sup>st</sup> –3 <sup>rd</sup> quarters of tax year 2009; willfully failing to file, or failing to file timely, US income tax return for an S Corporation for tax years 2006–2009; willfully evading quarterly Federal employment and tax payments for 4 <sup>th</sup> quarter of 2005, all quarters of 2006–2007, 1 <sup>st</sup> , 2 <sup>nd</sup> and 4 <sup>th</sup> quarters of 2008, and 1 <sup>st</sup> –3 <sup>rd</sup> quarters of 2009; willfully evading payments of Federal unemployment taxes for tax years 2007–2009; and willfully evading assessment of Federal individual income taxes for tax years 2007–2010 (31 C.F.R. § 10.51(a)(6));	Practice rights indefinitely suspended for 48 months from February 6, 2014 (reinstatement with conditions); PTIN revocation indefinite from 04/24/14

City & State	Name	Professional Designation	Disciplinary Sanction	Effective Date(s)
Warrenton (continued)	Dibble, David	Enrolled Agent	knowingly providing false and misleading information to the Department of the Treasury in connection with a pending matter, that is, OPR's investigation of reports concerning his misconduct (31 C.F.R. § 10.51(a)(4)); and willfully preparing all or substantially all of, or signing the tax returns or claims for refund of others when his PTIN was not current for tax years 2011–2012 (31 C.F.R. § 10.51(a)(17))	

## Withholding of Tax on Certain U.S. Source Income Paid to Foreign Persons, Information Reporting and Backup Withholding on Payments Made to Certain U.S. Persons, and Portfolio Interest Treatment; Correction

### Announcement 2014–21

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains corrections to final and temporary regulations (TD 9658), which were published in the **Federal Register** on Thursday, March 6, 2014 (79 FR 12726). The regulations relate to the withholding of tax on certain U.S. source income paid to foreign persons, information reporting and backup withholding with respect to payments made to certain U.S. persons, portfolio interest paid to nonresident alien individuals and foreign corporations, and the associated requirements governing collection, refunds, and credits of withheld amounts under these rules.

DATES: This correction is effective on April 22, 2014 and is applicable on March 6, 2014.

FOR FURTHER INFORMATION CONTACT: Nancy J. Lee, (202) 317-6942 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

#### Background

This document contains amendments to the Income Tax Regulations (26 CFR part 1) under section 6045 of the Code. The temporary regulation that is the subject of these corrections is § 1.6045–1T, promulgated under section 6045 of the Internal Revenue Code. This regulation affects persons that are brokers making certain returns of information with respect to their customers.

#### Need for Correction

As published, the temporary regulation contains errors in the instructions that need to be corrected. First, the instructions indicate that § 1.6045–1T is amended. However, the temporary regulation is added, not amended. Second, the instructions do not add paragraphs (m) through (o), which should be included in the temporary regulation by cross-reference to the final regulation. The correcting amendments add the temporary regulation, including paragraphs (m) through (o).

\* \* \* \* \*

#### Correction of Publication

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

#### 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 1.6045–1T is added to read as follows:

*§ 1.6045–1T Returns of information of brokers and barter exchanges (temporary).*

(a) through (c)(3)(i) [Reserved]. For further guidance, see § 1.6045–1(a) through (c)(3)(i)(C)(2)(iv).

(ii) *Excepted sales.* No return of information is required with respect to a sale effected by a broker for a customer if the sale is an excepted sale. For this purpose, a sale is an excepted sale if it is—

(A) So designated by the Internal Revenue Service in a revenue ruling or revenue procedure (see § 601.601(d)(2) of this chapter); or

(B) A sale with respect to which a return is not required by applying the rules of § 1.6049–4(c)(4) (by substituting the term *a sale subject to reporting under section 6045* for the term *an interest payment*).

(iii) through (xiii) [Reserved]. For further guidance, see § 1.6045–1(c)(3)(iii) through (xiii).

(xiv) *Certain redemptions.* No return of information is required under this section for payments made by a stock transfer agent (as described in § 1.6045–1(b)(iv)) with respect to a redemption of stock of a corporation described in section 1297(a)



with respect to a shareholder in the corporation if—

(A) The stock transfer agent obtains from the corporation a written certification signed by an officer of the corporation, that states that the corporation is described in section 1297(a) for each calendar year during which the stock transfer agent relies on the provisions of paragraph (c)(3)(xiv) of this section, and the stock transfer agent has no reason to know that the written certification is unreliable or incorrect;

(B) The stock transfer agent identifies, prior to payment, the corporation as a participating FFI (including a reporting Model 2 FFI (as defined in § 1.6049-4(f)(10) or (f)(14), respectively), or reporting Model 1 FFI (as defined in § 1.6049-4(f)(13)), in accordance with the requirements of § 1.1471-3(d)(4) (substituting the terms *stock transfer agent* and *corporation* for the terms *withholding agent* and *payee*);

(C) The stock transfer agent obtains, before each year the payment would otherwise be reported, a written certification representing that the corporation shall report the payment as part of its account holder reporting obligations under chapter 4 of the Code or an applicable IGA (as defined in § 1.6049-4(f)(7)) and provided the stock transfer agent does not know that the corporation is not reporting the payment as required. A stock transfer agent that knows that the corporation is not reporting the payment as required under chapter 4 of the Code or an applicable IGA must report all payments reportable under this section that it makes during the year in which it obtains such knowledge; and

(D) The stock transfer agent is not also acting in its capacity as a custodian, nominee, or other agent of the payee with respect to the payment.

(xv) *Effective/applicability date.* Paragraphs (c)(3)(ii) and (xiv) of this section apply to sales effected on or after July 1, 2014. (For sales effected before July 1, 2014, see paragraph (c)(3)(ii) of this section as in effect and contained in 26 CFR part 1 revised April 1, 2013.)

(c)(4) through (g)(1) [Reserved]. For further guidance, see § 1.6045-1(c)(4) through (g)(1).

(i) With respect to a sale effected at an office of a broker either inside or outside the United States, the broker may treat the customer as an exempt foreign person if the broker can, prior to the payment, reliably associate the payment with documentation upon which it can rely in order to treat the customer as a foreign beneficial owner in accordance with § 1.1441-1(e)(1)(ii), as made to a foreign payee in accordance with § 1.6049-5(d)(1), or presumed to be made to a foreign payee under § 1.6049-5(d)(2) or (3). For purposes of this paragraph (g)(1)(i), the provisions in § 1.6049-5(c) regarding rules applicable to documentation of foreign status shall apply with respect to a sale when the broker completes the acts necessary to effect the sale at an office outside the United States, as described in paragraph (g)(3)(iii)(A) of this section, and no office of the same broker within the United States negotiated the sale with the customer or received instructions with respect to the sale from the customer. The provisions in § 1.6049-5(c) regarding the definitions of U.S. payor, U.S. middleman, non-U.S. payor, and non-U.S. middleman shall also apply for purposes of this paragraph (g)(1)(i). The provisions of § 1.1441-1 shall apply by substituting the terms *broker* and *customer* for the terms *withholding agent* and *payee* and without regard for the fact that the provisions apply to amounts subject to withholding under chapter 3 of the Internal Revenue Code (Code). The provisions of § 1.6049-5(d) shall apply by substituting the terms *broker* and *customer* for the terms *payor* and *payee*. For purposes of this paragraph (g)(1)(i), a broker that is required to obtain, or chooses to obtain, a beneficial owner withholding certificate described in § 1.1441-1(e)(2)(i) from an individual may rely on the withholding certificate only to the extent the certificate includes a certification that the beneficial owner has not been, and at the time the certificate is furnished, reasonably expects not to be present in the United States for a period aggregating 183 days or more during each calendar year to which the certificate pertains. The certification is not required if a broker receives documentary evidence under § 1.6049-5(c)(1) or (4).

(ii) through (3)(iii) [Reserved]. For further guidance, see § 1.6045-1(g)(1)(ii) through (g)(3)(iii).

(iv) *Special rules where the customer is a foreign intermediary or certain U.S. branches.* A foreign intermediary, as defined in § 1.1441-1(c)(13), is an exempt foreign person, except when the broker has actual knowledge (within the meaning of § 1.6049-5(c)(3)) that the person for whom the intermediary acts is a U.S. person that is not exempt from reporting under paragraph (c)(3) of this section or the broker is required to presume under § 1.6049-5(d)(3) that the payee is a U.S. person that is not an exempt recipient. If a foreign intermediary, as described in § 1.1441-1(c)(13), or a U.S. branch that is not treated as a U.S. person receives a payment from a payor or middleman, which payment the payor or middleman can reliably associate with a valid withholding certificate described in § 1.1441-1(e)(3)(ii) or (iii) or § 1.1441-1(e)(3)(v), respectively, furnished by such intermediary or branch, then the intermediary or branch is not required to report such payment when it, in turn, pays the amount, unless, and to the extent, the intermediary or branch knows that the payment is required to be reported under this section and was not so reported. For example, if a U.S. branch described in § 1.1441-1(b)(2)(iv) fails to provide information regarding U.S. persons that are not exempt from reporting under paragraph (c)(3) of this section to the person from whom the U.S. branch receives the payment, the U.S. branch must report the payment on an information return. See, however, paragraph (c)(3)(ii) of this section for when reporting under section 6045 is coordinated with reporting under chapter 4 of the Code or an applicable IGA (as defined in § 1.6049-4(f)(7)). The exception of this paragraph (g)(3)(iv) for amounts paid by a foreign intermediary shall not apply to a qualified intermediary that assumes reporting responsibility under chapter 61 of the Code except as provided under the agreement described in § 1.1441-1(e)(5)(iii).

(4) *Examples.* The application of the provisions of this paragraph (g) may be illustrated by the following examples:

*Example 1.* FC is a foreign corporation that is not a U.S. payor or U.S. middleman described in § 1.6049-5(c)(5) that regularly issues and retires its

own debt obligations. A is an individual whose residence address is inside the United States, who holds a bond issued by FC that is in registered form (within the meaning of section 163(f) and the regulations under that section). The bond is retired by FP, a foreign corporation that is a broker within the meaning of paragraph (a)(1) of this section and the designated paying agent of FC. FP mails the proceeds to A at A's U.S. address. The sale would be considered to be effected at an office outside the United States under paragraph (g)(3)(iii)(A) of this section except that the proceeds of the sale are mailed to a U.S. address. For that reason, the sale is considered to be effected at an office of the broker inside the United States under paragraph (g)(3)(iii)(B) of this section. Therefore, FC is a broker under paragraph (a)(1) of this section with respect to this transaction because, although it is not a U.S. payor or U.S. middleman, as described in § 1.6049-5(c)(5), it is deemed to effect the sale in the United States. FP is a broker for the same reasons. However, under the multiple broker exception under paragraph (c)(3)(iii) of this section, FP, rather than FC, is required to report the payment because FP is responsible for paying the holder the proceeds from the retired obligations. Under paragraph (g)(1)(i) of this section, FP may not treat A as an exempt foreign person and must make an information return under section 6045 with respect to the retirement of the FC bond, unless FP obtains the certificate or documentation described in paragraph (g)(1)(i) of this section.

*Example 2.* The facts are the same as in *Example 1* except that FP mails the proceeds to A at an address outside the United States. Under paragraph (g)(3)(iii)(A) of this section, the sale is considered to be effected at an office of the broker outside the United States. Therefore, under paragraph (a)(1) of this section, neither FC nor FP is a broker with respect to the retirement of the FC bond. Accordingly, neither is required to make an information return under section 6045.

*Example 3.* The facts are the same as in *Example 2* except that FP is also the agent of A. The result is the same as in *Example 2*. Neither FP nor FC are brokers under paragraph (a)(1) of this section with respect to the sale since the sale is effected outside the United States and neither of them are U.S. payors (within the meaning of § 1.6049-5(c)(5)).

*Example 4.* The facts are the same as in *Example 1* except that the registered bond held by A was issued by DC, a domestic corporation that regularly issues and retires its own debt obligations. Also, FP mails the proceeds to A at an address outside the United States. Interest on the bond is not described in paragraph (g)(1)(ii) of this section. The sale is considered to be effected at an office outside the United States under paragraph (g)(3)(iii)(A) of this section. DC is a broker under paragraph (a)(1)(i)(B) of this section. DC is not required to report the payment under the multiple broker exception under paragraph (c)(3)(iii) of this section. FP is not required to make an information return under section 6045 because FP is not a U.S. payor described in § 1.6049-5(c)(5) and the sale is effected outside the United States. Accordingly, FP is not a broker under paragraph (a)(1) of this section.

*Example 5.* The facts are the same as in *Example 4* except that FP is also the agent of A. DC is a broker under paragraph (a)(1) of this section. DC is not required to report under the multiple broker exception under paragraph (c)(3)(iii) of this section. FP is not required to make an information return under section 6045 because FP is not a U.S. payor described in § 1.6049-5(c)(5) and the sale is effected outside the United States and therefore FP is not a broker under paragraph (a)(1) of this section.

*Example 6.* The facts are the same as in *Example 4* except that the bond is retired by DP, a broker within the meaning of paragraph (a)(1) of this section and the designated paying agent of DC. DP is a U.S. payor under § 1.6049-5(c)(5). DC is not required to report under the multiple broker exception under paragraph (c)(3)(iii) of this section. DP is required to make an information return under section 6045 because it is the person responsible for paying the proceeds from the retired obligations unless DP obtains the certificate or documentary evidence described in paragraph (g)(1)(i) of this section.

*Example 7.* Customer A owns U.S. corporate bonds issued in registered form after July 18, 1984, and carrying a stated rate of interest. The bonds are held through an account with foreign bank, X, and are held in street name. X is a wholly-owned subsidiary of a U.S. company and is not a qualified intermediary within the meaning of § 1.1441-1(e)(5)(ii). X has no documentation regarding A. A instructs X to sell the bonds. In order to effect the sale, X acts through its agent in the United States, Y. Y sells the bonds and remits the sales proceeds to X. X credits A's account in the foreign country. X does not provide documentation to Y and has no actual knowledge that A is a foreign person but it does appear that A is an entity (rather than an individual).

(i) *Y's obligations to withhold and report.* Y treats X as the customer, and not A, because Y cannot treat X as an intermediary because it has received no documentation from X. Y is not required to report the sales proceeds under the multiple broker exception under paragraph (c)(3)(iii) of this section, because X is an exempt recipient. Further, Y is not required to report the amount of accrued interest paid to X on Form 1042-S under § 1.1461-1(c)(2)(ii) because accrued interest is not an amount subject to reporting under chapter 3 unless the withholding agent knows that the obligation is being sold with a primary purpose of avoiding tax.

(ii) *X's obligations to withhold and report.* Although X has effected, within the meaning of paragraph (a)(1) of this section, the sale of a security at an office outside the United States under paragraph (g)(3)(iii) of this section, X is treated as a broker, under paragraph (a)(1) of this section, because as a wholly-owned subsidiary of a U.S. corporation, X is a controlled foreign corporation and therefore is a U.S. payor. See § 1.6049-5(c)(5). Under the presumptions described in § 1.6049-5(d)(2) (as applied to amounts not subject to withholding under chapter 3), X must apply the presumption rules of § 1.1441-1(b)(3)(i) through (iii), with respect to the sales proceeds, to treat A as a partnership that is a U.S. non-exempt recipient because the presumption of foreign status for offshore obligations under

§ 1.1441-1(b)(3)(iii)(D) does not apply. See paragraph (g)(1)(i) of this section. Therefore, unless X is an FFI (as defined in § 1.1471-1(b)(47)) that is exempted from reporting the sales proceeds under paragraph (c)(3)(ii) of this section, the payment of proceeds to A by X is reportable on a Form 1099 under paragraph (c)(2) of this section. X has no obligation to backup withhold on the payment based on the exemption under § 31.3406(g)-1(e) of this chapter, unless X has actual knowledge that A is a U.S. person that is not an exempt recipient. X is also required to separately report the accrued interest (see paragraph (d)(3) of this section) on Form 1099 under section 6049 because A is also presumed to be a U.S. person who is not an exempt recipient with respect to the payment because accrued interest is not an amount subject to withholding under chapter 3 and, therefore, the presumption of foreign status for offshore obligations under § 1.1441-1(b)(3)(iii)(D) does not apply. See § 1.6049-5(d)(2)(i).

*Example 8.* The facts are the same as in *Example 7*, except that X is a foreign corporation that is not a U.S. payor under § 1.6049-5(c).

(i) *Y's obligations to withhold and report.* Y is not required to report the sales proceeds under the multiple broker exception under paragraph (c)(3)(iii) of this section, because X is the person responsible for paying the proceeds from the sale to A.

(ii) *X's obligations to withhold and report.* Although A is presumed to be a U.S. payee under the presumptions of § 1.6049-5(d)(2), X is not considered to be a broker under paragraph (a)(1) of this section because it is not a U.S. payor under § 1.6049-5(c)(5). Therefore X is not required to report the sale under paragraph (c)(2) of this section.

(5) *Effective/applicability date*—(i) [Reserved]. For further guidance, see § 1.6045-1(g)(5)(i).

(ii) The provisions of paragraphs (g)(1)(i), (g)(3)(iv), and (g)(4) of this section apply to payments made on or after July 1, 2014.

(h) through (p) [Reserved]. For further guidance, see § 1.6045-1(h) through (p).

(q) *Expiration date.* The applicability of this section expires on February 28, 2017.

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# 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.



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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
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TD	Treasury Decision
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