

# INTERNAL REVENUE BULLETIN



## 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

#### **Rev. Proc. 2016-7, page 239.**

Areas in which rulings will not be issued, Associate Chief Counsel (International).

### EMPLOYEE PLANS

#### **Rev. Proc. 2016-4, page 142.**

Revised procedures are provided for furnishing guidance to taxpayers on issues under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division.

#### **Rev. Proc. 2016-6, page 200.**

Revised procedures are provided for issuing determination letters on the qualified status of employee plans under sections 401(a), 403(a), 409 and 4975 of the Code. Rev. Proc. 2015-6 is superseded.

#### **Rev. Proc. 2016-8, page 243.**

Current guidance for complying with the user fee program of the Service as it pertains to requests for employee plans letter rulings, determination letters, advisory letters and Voluntary Correction Program (VCP) submissions and for determination letters submitted by or on behalf of exempt organizations on matters under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division. Rev. Proc. 2015-8 is superseded.

**Bulletin No. 2016-1**  
**January 4, 2016**

### EXEMPT ORGANIZATIONS

#### **Rev. Proc. 2016-4, page 142.**

Revised procedures are provided for furnishing guidance to taxpayers on issues under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division.

#### **Rev. Proc. 2016-5, page 188.**

This revenue procedure updates and merges Rev. Proc. 2015-5, 2015-1 I.R.B. 186 and Rev. Proc. 2015-9, 2015-1 I.R.B. 249 into one annual revenue procedure and provides the procedures for issuing determination letters on the exempt status of organizations under § 501 and 521 of the Internal Revenue Code.

#### **Rev. Proc. 2016-8, page 243.**

Current guidance for complying with the user fee program of the Service as it pertains to requests for employee plans letter rulings, determination letters, advisory letters and Voluntary Correction Program (VCP) submissions and for determination letters submitted by or on behalf of exempt organizations on matters under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division. Rev. Proc. 2015-8 is superseded.

**(Continued on the next page)**

## **ADMINISTRATIVE**

### **Rev. Proc. 2016–1, page 1.**

This procedure contains revised procedures for letter rulings and information letters issued by the Associate Chief Counsel (Corporate), Associate Chief Counsel (Financial Institutions and Products), Associate Chief Counsel (Income Tax and Accounting), Associate Chief Counsel (International), Associate Chief Counsel (Passthroughs and Special Industries), Associate Chief Counsel (Procedure and Administration), and Associate Chief Counsel (Tax Exempt and Government Entities). This procedure also contains revised procedures for determination letters issued by the Large Business and International Division, Small Business/Self Employed Division, Wage and Investment Division, and Tax Exempt and Government Entities Division. Rev. Proc. 2015–1 superseded.

### **Rev. Proc. 2016–2, page 102.**

This procedure explains when and how the Associate Chief Counsel (Corporate), Associate Chief Counsel (Financial Institutions and Products), Associate Chief Counsel (Income Tax and Accounting), Associate Chief Counsel (International), Associate Chief Counsel (Passthroughs and Special Industries), Associate Chief Counsel (Procedure and Administration), and Associate Chief Counsel (Tax Exempt and Government Entities) provide technical advice memoranda (TAMs) to a Director or an Area Director. It also explains the rights that a taxpayer has when a field office requests a TAM regarding a tax matter. Rev. Proc. 2015–2 superseded.

### **Rev. Proc. 2016–3, page 126.**

This revenue procedure provides a revised list of areas of the Code under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), and the Associate Chief Counsel (Tax Exempt and Government Entities) relating to matters on which the Service will not issue letter rulings or determination letters. Rev. Proc. 2015–3, 2015–1 I.R.B. 129, is superseded.

# 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

26 CFR § 601.201: Rulings and determination letters.

## Rev. Proc. 2016-1

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**SECTION 1. WHAT IS THE PURPOSE OF THIS REVENUE PROCEDURE?**

This revenue procedure explains how the Service provides advice to taxpayers on issues under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), and the Associate Chief Counsel (Tax Exempt and Government Entities). It explains the forms of advice and the manner in which advice is requested by taxpayers and provided by the Service. A sample format for a letter ruling request is provided in Appendix B. See section 4 of this revenue procedure for information on certain issues outside the scope of this revenue procedure on which advice may be requested under a different revenue procedure.

**Description of terms used  
in this revenue procedure**

**.01** For purposes of this revenue procedure—

(1) the term “Service” includes the four operating divisions of the Internal Revenue Service and the Associate offices. The four operating divisions are:

(a) Large Business & International Division (LB&I), which generally serves corporations, including S corporations, and partnerships, with assets in excess of \$10 million;

(b) Small Business/Self-Employed Division (SB/SE), which generally serves corporations, including S corporations, and partnerships, with assets less than or equal to \$10 million; filers of gift, estate, excise, employment and fiduciary returns; individuals filing an individual Federal income tax return with accompanying Schedule C (Profit or Loss From Business (Sole Proprietorship)), Schedule E (Supplemental Income and Loss), Schedule F (Profit or Loss From Farming), Form 2106, *Employee Business Expenses*, or Form 2106–EZ, *Unreimbursed Employee Business Expenses*;

(c) Wage and Investment Division (W&I), which generally serves individuals with wage and investment income only (and with no international tax returns) filing an individual Federal income tax return without accompanying Schedule C, E, or F, or Form 2106 or Form 2106–EZ; and

(d) Tax Exempt and Government Entities Division (TE/GE), which serves three distinct taxpayer segments: employee plans (including IRAs), exempt organizations, and government entities.

(2) the term “Associate office” refers to the Office of Associate Chief Counsel (Corporate), the Office of Associate Chief Counsel (Financial Institutions and Products), the Office of Associate Chief Counsel (Income Tax and Accounting), the Office of Associate Chief Counsel (International), the Office of Associate Chief Counsel (Passthroughs and Special Industries), the Office of Associate Chief Counsel (Procedure and Administration), or the Office of Associate Chief Counsel (Tax Exempt and Government Entities), as appropriate.

(3) the term “Director” refers to the Director, Field Operations, LB&I; Director, Field Examination, SB/SE; Director, Specialty Examination Policy, SB/SE; Program Manager, Estate & Gift Tax Policy, SB/SE; Program Manager, Employment Tax Policy, SB/SE; Program Manager, Excise Tax Policy, SB/SE; Director, Compliance, W&I; Director, Employee Plans; Director, Employee Plans, Rulings and Agreements; Director, Employee Plans Examinations; Director, Exempt Organizations; Director, Exempt Organizations, Rulings and Agreements; Director, Exempt Organizations Examinations; Director, Federal, State & Local Governments; Director, Tax Exempt Bonds; or Director, Indian Tribal Governments, as appropriate.

(4) the term “Field office” refers to the respective offices of the Directors, as appropriate.

(5) the term “taxpayer” includes all persons subject to any provision of the Internal Revenue Code and, when appropriate, their representatives. More specifically, the term includes tax-exempt organizations, as well as issuers of tax-exempt obligations, mortgage credit certificates, and tax credit bonds.

**Updated annually**

**.02** This revenue procedure is updated annually as the first revenue procedure of the year, but it may be modified, amplified or clarified during the year.

**SECTION 2. WHAT ARE THE FORMS IN WHICH THE SERVICE PROVIDES ADVICE TO TAXPAYERS?**

The Service provides advice in the form of letter rulings, closing agreements, determination letters, information letters, and oral advice.

**Letter ruling**

**.01** A “letter ruling” is a written determination issued to a taxpayer by an Associate office in response to the taxpayer’s written inquiry, filed prior to the filing of returns or reports that are required by the tax laws, about its status for tax purposes or the tax effects of its acts or transactions. A letter ruling interprets the tax laws and applies them to the taxpayer’s specific set of facts. A letter ruling is issued when appropriate in the interest of sound tax administration. One type of letter ruling is an Associate office’s response granting or denying a request for a change in a taxpayer’s method of accounting or accounting period. Once issued, a letter ruling may be revoked or modified for a number of reasons. *See* section 11 of this revenue procedure. A letter ruling may be issued with a closing agreement, however, and a closing agreement is final unless fraud, malfeasance, or misrepresentation of a material fact can be shown. *See* section 2.02 of this revenue procedure.

**Closing agreement**

**.02** A “closing agreement” is a final agreement between the Service and a taxpayer on a specific issue or liability. It is entered into under the authority in § 7121, and it is final unless fraud, malfeasance, or misrepresentation of a material fact can be shown.

A taxpayer may request a closing agreement with a letter ruling or in lieu of a letter ruling, with respect to a transaction that would be eligible for a letter ruling. In such situations, the Associate Chief Counsel with subject matter jurisdiction signs the closing agreement on behalf of the Service.

A closing agreement may be entered into when it is advantageous to have the matter permanently and conclusively closed or when a taxpayer can show that there are good reasons for an agreement and that making the agreement will not prejudice the interests of the Government. In appropriate cases, a taxpayer may be asked to enter into a closing agreement as a condition for the issuance of a letter ruling.

If, in a single case, a closing agreement is requested for each person or entity in a class of taxpayers, separate agreements are entered into only if the class consists of 25 or fewer taxpayers. If the issue and holding are identical for the class and there are more than 25 taxpayers in the class, a “mass closing agreement” will be entered into with the taxpayer who is authorized by the others to represent the class.

**Determination letter**

**.03** A “determination letter” is a written determination issued by a Director that applies the principles and precedents previously announced by the Service to a specific set of facts. It is issued only when a determination can be made based on clearly established rules in a statute, a tax treaty, the regulations, a conclusion in a revenue ruling, or an opinion or court decision that represents the position of the Service.

**Information letter**

**.04** An “information letter” is a statement issued by an Associate office or Director that calls attention to a well-established interpretation or principle of tax law (including a tax treaty) without applying it to a specific set of facts. An information letter may be issued if the taxpayer’s inquiry indicates a need for general information or if the taxpayer’s request does not meet the requirements of this revenue procedure and the Service concludes that general information will help the taxpayer. An information letter is advisory only and has no binding effect on the Service. If the Associate office issues an information letter in response to a request for a letter ruling that does not meet the requirements of this revenue procedure, the information letter is not a substitute for a letter ruling. The taxpayer should provide a daytime telephone number with the taxpayer’s request for an information letter.

Information letters that are issued by the Associate offices to members of the public are made available to the public. Information letters that are issued by the Field offices are generally not made available to the public.

Because information letters do not constitute written determinations as defined in § 6110, they are not subject to public inspection under § 6110. The Service makes the information letters available to the public under the Freedom of Information Act (the “FOIA”). Before any information letter is made available to the public, an Associate office will redact any information exempt from disclosure under the FOIA. *See, e.g.*, 5 U.S.C. § 552(b)(6) (exemption for information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy); 5 U.S.C. § 552(b)(3) in conjunction with § 6103 (exemption for returns and return information as defined in § 6103(b)).

The following documents also will not be available for public inspection as part of this process:

(1) transmittal letters in which the Service furnishes publications or other publicly available material to taxpayers, without any significant legal discussion;

(2) responses to taxpayer or third party contacts that are inquiries with respect to a pending request for a letter ruling, technical advice memorandum, or Chief Counsel Advice (which are subject to public inspection under § 6110 after their issuance); and

(3) responses to taxpayer or third party communications with respect to any investigation, audit, litigation, or other enforcement action.

## Oral Advice

### .05

**(1) No oral rulings and no written rulings in response to oral requests.** The Service does not orally issue letter rulings or determination letters, nor does it issue letter rulings or determination letters in response to oral requests from taxpayers. Service employees ordinarily will discuss with taxpayers or their representatives inquiries about whether the Service will rule on particular issues and about procedural matters regarding the submission of requests for letter rulings or determination letters for a particular case.

**(2) Discussion possible on substantive issues.** At the discretion of the Service and as time permits, Service employees may also discuss substantive issues with taxpayers or their representatives. Such a discussion will not bind the Service or the Office of Chief Counsel, and it cannot be relied upon as a basis for obtaining retroactive relief under the provisions of § 7805(b).

Service employees who are not directly involved in the examination, appeal, or litigation of particular substantive tax issues will not discuss those issues with taxpayers or their representatives unless the discussion is coordinated with Service employees who are directly involved. The taxpayer or the taxpayer’s representative ordinarily will be asked whether an oral request for advice or information relates to a matter pending before another office of the Service or before a Federal court.

If a tax issue is not under examination, in appeals, or in litigation, the tax issue may be discussed even though the issue is affected by a nontax issue pending in litigation.

A taxpayer may seek oral technical guidance from a taxpayer service representative in a Field office or Service Center when preparing a return or report.

The Service does not respond to letters seeking to confirm the substance of oral discussions, and the absence of a response to such a letter is not a confirmation.

**(3) Oral guidance is advisory only, and the Service is not bound by it.** Oral guidance is advisory only, and the Service is not bound by it, for example, when examining the taxpayer's return.

### **SECTION 3. ON WHAT ISSUES MAY TAXPAYERS REQUEST WRITTEN ADVICE UNDER THIS REVENUE PROCEDURE?**

Taxpayers may request letter rulings, information letters, and closing agreements under this revenue procedure on issues within the jurisdiction of the Associate offices. Taxpayers uncertain as to whether an Associate office has jurisdiction with regard to a specific factual situation may call the telephone number for the Associate office listed in section 10.07(1) of this revenue procedure.

Except as provided in section 6.14 of this revenue procedure, taxpayers also may request determination letters from the Director in the appropriate operating division. *See* sections 7 and 12 of this revenue procedure. For determination letters from TE/GE, *see* Rev. Proc. 2016-4, Rev. Proc. 2016-5, and Rev. Proc. 2016-6, this Bulletin; Rev. Proc. 2016-10, next Bulletin.

#### **Issues under the jurisdiction of the Associate Chief Counsel (Corporate)**

**.01** Issues under the jurisdiction of the Associate Chief Counsel (Corporate) include those that involve consolidated returns, corporate acquisitions, reorganizations, liquidations, redemptions, spinoffs, transfers to controlled corporations, distributions to shareholders, corporate bankruptcies, the effect of certain ownership changes on net operating loss carryovers and other tax attributes, debt vs. equity determinations, allocation of income and deductions among taxpayers, acquisitions made to evade or avoid income tax, and certain earnings and profits questions.

#### **Issues under the jurisdiction of the Associate Chief Counsel (Financial Institutions and Products)**

**.02** Issues under the jurisdiction of the Associate Chief Counsel (Financial Institutions and Products) include those that involve income taxes and changes in method of accounting of banks, savings and loan associations, real estate investment trusts (REITs), regulated investment companies (RICs), real estate mortgage investment conduits (REMICs), insurance companies and products, tax-exempt obligations, mortgage credit certificates, tax credit bonds (including specified tax credit bonds), build America bonds, and financial products.

For the procedures to obtain private letter rulings involving tax-exempt state and local obligations, *see* Rev. Proc. 96-16, 1996-1 C.B. 630.

#### **Issues under the jurisdiction of the Associate Chief Counsel (Income Tax and Accounting)**

**.03** Issues under the jurisdiction of the Associate Chief Counsel (Income Tax and Accounting) include those that involve recognition and timing of income and deductions of individuals and corporations, sales and exchanges, capital gains and losses, installment sales, equipment leasing, long-term contracts, inventories, amortization, depreciation, the alternative minimum tax, net operating losses generally, including changes in method of accounting for these issues, and accounting periods. (Note that certain issues involving individual retirement accounts (IRAs) are under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division. *See* section 4.02, this revenue procedure).

#### **Issues under the jurisdiction of the Associate Chief Counsel (International)**

**.04** Issues under the jurisdiction of the Associate Chief Counsel (International) include the tax treatment of nonresident aliens and foreign corporations, withholding of tax on nonresident aliens and foreign corporations, foreign tax credit, determination of sources of income, income from sources outside the United States, subpart F questions, domestic international sales corporations (DISCs), foreign sales corporations (FSCs), exclusions under § 114 for extraterritorial income (ETI), international boycott determinations, treatment of certain passive foreign investment companies, income affected by treaty, U.S. possessions, and other matters relating to the activities of non-U.S. persons within the United States or U.S.-related persons outside the United States, and changes in method of accounting for these persons.

For the procedures to obtain advance pricing agreements under § 482, *see* Rev. Proc. 2015–41, 2015–35 I.R.B. 263.

For competent authority procedures related to bilateral and multilateral advance pricing agreements, *see* Rev. Proc. 2015–40, 2015–35 I.R.B. 236.

**Issues under the jurisdiction of the Associate Chief Counsel (Passthroughs and Special Industries)**

**.05** Issues under the jurisdiction of the Associate Chief Counsel (Passthroughs and Special Industries) include those that involve income taxes of S corporations (except accounting periods and methods) and certain noncorporate taxpayers (including partnerships, common trust funds, and trusts), entity classification, estate (excluding § 6166), gift, generation-skipping transfer, and certain excise taxes, depletion, and other engineering issues, cooperative housing corporations, farmers' cooperatives under § 521, the low-income housing, disabled access, and qualified electric vehicle credits, research and experimental expenditures, shipowners' protection and indemnity associations under § 526, and certain homeowners associations under § 528.

**Issues under the jurisdiction of the Associate Chief Counsel (Procedure and Administration)**

**.06** Issues under the jurisdiction of the Associate Chief Counsel (Procedure and Administration) include those that involve Federal tax procedure and administration, disclosure and privacy law, reporting and paying taxes (including payment of taxes under § 6166), assessing and collecting taxes (including interest and penalties), abating, crediting, or refunding overassessments or overpayments of tax, and filing information returns.

**Issues under the jurisdiction of the Associate Chief Counsel (Tax Exempt and Government Entities)**

**.07** Issues under the jurisdiction of the Associate Chief Counsel (Tax Exempt and Government Entities) include those that involve the application of employment taxes and taxes on self-employment income, exemption requirements for tax-exempt organizations, tax treatment (including application of the unrelated business income tax) of tax-exempt organizations (including federal, state, local, and Indian tribal governments), political organizations described in § 527, qualified tuition programs described in § 529, qualified ABLE programs described in § 529A, trusts described in § 4947(a), certain excise taxes, disclosure obligations and information return requirements of tax-exempt organizations, employee benefit programs (including executive compensation arrangements, qualified retirement plans, deferred compensation plans, and health and welfare benefit programs) and IRAs, issues integrally related to employee benefit programs and IRAs (such as, for example, the sale of stock to employee stock ownership plans or eligible worker-owned cooperatives under § 1042), and changes in method of accounting associated with employee benefit programs.

Note that certain issues involving exempt organizations, employee plans, and government entities fall under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division of the Internal Revenue Service. *See* Rev. Proc. 2016–4, Rev. Proc. 2016–5, and Rev. Proc. 2016–6, this Bulletin; and Rev. Proc. 2016–10, next Bulletin.

**SECTION 4. ON WHAT ISSUES MUST WRITTEN ADVICE BE REQUESTED UNDER DIFFERENT PROCEDURES?**

**Issues involving alcohol, tobacco, and firearms taxes**

**.01** The procedures for obtaining letter rulings, closing agreements, determination letters, information letters, and oral advice that apply to Federal alcohol, tobacco, and firearms taxes under subtitle E of the Code are under the jurisdiction of the Alcohol and Tobacco Tax and Trade Bureau of the Department of the Treasury.

**Certain issues involving qualified retirement plans, individual retirement accounts (IRAs), and exempt organizations**

.02 The procedures for obtaining certain letter rulings, closing agreements, determination letters, information letters, and oral advice on qualified retirement plans, IRAs, and exempt organizations that are under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division are provided in Rev. Proc. 2016-4, this Bulletin. *See also* Rev. Proc. 2016-6, this Bulletin, for the procedures for issuing determination letters on the qualified status of pension, profit-sharing, stock bonus, annuity, and employee stock ownership plans under §§ 401, 403(a), 409, and 4975(e)(7), and the status for exemption of any related trusts or custodial accounts under § 501(a). *See also* Rev. Proc. 2016-5, this Bulletin, and Rev. Proc. 2016-10, next Bulletin, for the procedures for issuing determination letters on the tax-exempt status of organizations under § 501 and § 521, the foundation status of organizations described in § 501(c)(3) and the foundation status of nonexempt charitable trusts described in § 4947(a)(1).

For the user fee requirements applicable to requests under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division, *see* Rev. Proc. 2016-8, this Bulletin.

**SECTION 5. UNDER WHAT CIRCUMSTANCES DO THE ASSOCIATE OFFICES ISSUE LETTER RULINGS?**

**In income and gift tax matters**

.01 In income and gift tax matters, an Associate office generally issues a letter ruling on a proposed transaction or on a completed transaction if the letter ruling request is submitted before the return is filed for the year in which the transaction is completed. An Associate office will not ordinarily issue a letter ruling on a completed transaction if the letter ruling request is submitted after the return is filed for the year in which the transaction is completed. “Not ordinarily” means that unique and compelling reasons must be demonstrated to justify the issuance of a letter ruling submitted after the return is filed for the year in which the transaction is completed. The taxpayer must contact the Field office having audit jurisdiction over their return and obtain the Field’s consent to the issuance of such a letter ruling.

**Special relief for late S corporation and related elections in lieu of letter ruling process**

.02 In lieu of requesting a letter ruling under this revenue procedure, a taxpayer may obtain relief for certain late S corporation and related elections by following the procedure in Rev. Proc. 2013-30, 2013-36 I.R.B. 173. This procedure is in lieu of the letter ruling process and does not require payment of any user fee. *See* section 3.01 of Rev. Proc. 2013-30, and section 15.03(3) of this revenue procedure.

**A § 301.9100 request for extension of time for making an election or for other relief**

.03 An Associate office will consider a request for an extension of time for making an election or other application for relief under § 301.9100-3 of the Treasury Regulations, even if submitted after the return covering the issue presented in the § 301.9100 request has been filed, an examination of the return has begun, or the issues in the return are being considered by Appeals or a Federal court. Except for certain requests pertaining to applications for recognition of tax exemption under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division, a § 301.9100 request is a letter ruling request. Therefore, the § 301.9100 request should be submitted pursuant to this revenue procedure. However, a § 301.9100 request involving recharacterization of an IRA (*see* § 1.408A-5, Q&A-6) should be submitted pursuant to Rev. Proc. 2016-4. An election made pursuant to § 301.9100-2 for an automatic extension of time is not a letter ruling request and does not require payment of any user fee. *See* § 301.9100-2(d) and section 15.03(1) of this revenue procedure.

(1) **Format of request.** A § 301.9100 request (other than an election made pursuant to § 301.9100-2 and certain requests pertaining to applications for recognition of tax exemption under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division) must

be in the general form of, and meet the general requirements for, a letter ruling request. These requirements are given in section 7 of this revenue procedure. A § 301.9100 request must include an affidavit and declaration from the taxpayer and other parties having knowledge or information about the events that led to the failure to make a valid regulatory election and to the discovery of the failure. See §§ 301.9100–3(e)(2) and (e)(3). In addition, a § 301.9100 request must include the information required by § 301.9100–3(e)(4).

**(2) Period of limitation.** The filing of a request for relief under § 301.9100 does not suspend the running of any applicable period of limitation. See § 301.9100–3(d)(2). The Associate office ordinarily will not issue a § 301.9100 ruling if the period of limitation on assessment under § 6501(a) for the taxable year in which an election should have been made, or for any taxable years that would have been affected by the election had it been timely made, will expire before receipt of a § 301.9100 letter ruling. See § 301.9100–3(c)(1)(ii). If, however, the taxpayer consents to extend the period of limitation on assessment under § 6501(c)(4) for the taxable year in which the election should have been made and for any taxable years that would have been affected by the election had it been timely made, the Associate office may issue the letter ruling. See § 301.9100–3(d)(2). Note that the filing of a claim for refund under § 6511 does not extend the period of limitation on assessment. If § 301.9100–3 relief is granted, the Associate office may require the taxpayer to consent to an extension of the period of limitation on assessment. See § 301.9100–3(d)(2).

**(3) Taxpayer must notify the Associate office if examination of its return begins while the request is pending.** The taxpayer must notify the Associate office if the Service begins an examination of the taxpayer’s return for the taxable year in which an election should have been made, or for any taxable years that would have been affected by the election had it been timely made, while a § 301.9100–3 request is pending. This notification must include the name and telephone number of the examining agent. See § 301.9100–3(e)(4)(i) and section 7.05(1)(b) of this revenue procedure.

**(4) Associate office will notify examination agent, appeals officer, or attorney of a § 301.9100 request if the taxpayer’s return is being examined by a Field office or is being considered by an Appeals office or a Federal court.** If the taxpayer’s return for the taxable year in which an election should have been made, or for any taxable years that would have been affected by the election had it been timely made, is being examined by a Field office or considered by an Appeals office or a Federal court, the Associate office will notify the appropriate examination agent, appeals officer, or attorney that a § 301.9100 request has been submitted to the Associate office. The examination agent, appeals officer, or attorney is not authorized to deny consideration of a § 301.9100 request. The letter ruling will be mailed to the taxpayer and a copy will be sent to the appeals officer, attorney, or appropriate Service official in the operating division that has examination jurisdiction over the taxpayer’s tax return.

**(5) Inclusion of statement required by section 4.04 of Rev. Proc. 2009–41.** Eligible entities requesting a letter ruling because they do not meet all of the eligibility requirements of section 4.01 of Rev. Proc. 2009–41, 2009–39 I.R.B. 439, must include either the following representation as part of the entity’s request for a letter ruling or an explanation regarding why they do not qualify to do so: “All required U.S. tax and information returns of the entity (or, if the entity was not required to file any such returns under the desired classification, then all required U.S. tax and information returns of each affected person as defined in Section 4.02 of Rev. Proc. 2009–41) were filed timely or within 6 months of the due date of the respective return (excluding extensions) as if the entity classification election had been in effect on the requested date. No U.S. tax or information returns were filed inconsistently with those described in the prior sentence.”



**(6) Relief for late initial classification election.** In lieu of requesting a letter ruling under § 301.9100–1 through § 301.9100–3 and this revenue procedure, entities that satisfy the requirements set forth in section 4.01 of Rev. Proc. 2009–41, 2009–39 I.R.B. 439, may apply for late classification election relief under Rev. Proc. 2009–41. Requests for such relief are not subject to user fees. *See* section 3.01 of Rev. Proc. 2009–41 and section 15.03(2) of this revenue procedure.

**Determinations under § 999(d)**

**.04** As provided in Rev. Proc. 77–9, 1977–1 C.B. 542, the Associate Chief Counsel (International) issues determinations under § 999(d) that a particular operation of a person, or of a member of a controlled group (within the meaning of § 993(a)(3)) that includes that person, or a foreign corporation of which a member of the controlled group is a U.S. shareholder, constitutes participation in or cooperation with an international boycott. The effect of that determination is to deny certain benefits of the foreign tax credit and the deferral of earnings of foreign subsidiaries and domestic international sales corporations (DISCs) to that person. The same principles shall apply with respect to exclusions under § 114 for extritorial income (ETI). Requests for determinations under Rev. Proc. 77–9 are letter ruling requests and should be submitted to the Associate office pursuant to this revenue procedure.

**In matters involving § 367**

**.05** Unless the issue is covered by section 6 of this revenue procedure, the Associate Chief Counsel (International) may issue a letter ruling under § 367 even if the taxpayer does not request a letter ruling as to the characterization of the transaction under the reorganization provisions of the Code. The Associate office will determine the § 367 consequences of a transaction but may indicate in the letter ruling that it expresses no opinion as to the characterization of the transaction under the reorganization. The Associate office may decline to issue a § 367 ruling in situations in which the taxpayer inappropriately characterizes the transaction under the reorganization provisions.

**In estate tax matters**

**.06** In general, the Associate Chief Counsel (Passthroughs and Special Industries) issues letter rulings on transactions affecting the estate tax on the prospective estate of a living person. The Associate office will not issue letter rulings for prospective estates on computations of tax, actuarial factors, or factual matters. With respect to the transactions affecting the estate tax of the decedent's estate, generally the Associate office issues letter rulings before the decedent's estate tax return is filed.

If the taxpayer is requesting a letter ruling regarding a decedent's estate tax and the estate tax return is due to be filed before the letter ruling is expected to be issued, the taxpayer should obtain an extension of time for filing the return and should notify the Associate office branch considering the letter ruling request that an extension has been obtained.

If the return is filed before the letter ruling is received from the Associate office, the taxpayer must disclose on the return that a letter ruling has been requested, attach a copy of the pending letter ruling request to the return, and notify the Associate office that the return has been filed. *See* section 7.05(2) of this revenue procedure. The Associate office will make every effort to issue the letter ruling within 3 months of the date the return was filed.

If the taxpayer requests a letter ruling after the return is filed, but before the return is examined, the taxpayer must notify the Field office having jurisdiction over the return that a letter ruling has been requested, attach a copy of the pending letter ruling request, and notify the Associate office that a return has been filed. *See* section 7.05(2) of this revenue procedure. The Associate office will make every effort to issue the letter ruling within 3 months of the date the return has been filed.

If the letter ruling cannot be issued within that 3-month period, the Associate office will notify the Field office having jurisdiction over the return, which may, by memorandum to the Associate office, grant an additional period for the issuance of the letter ruling.

**In matters involving additional estate tax under § 2032A(c)**

.07 In matters involving additional estate tax under § 2032A(c), the Associate Chief Counsel (Passthroughs and Special Industries) issues letter rulings on proposed transactions and on completed transactions that occurred before the return is filed.

**In matters involving qualified domestic trusts under § 2056A**

.08 In matters involving qualified domestic trusts under § 2056A, the Associate Chief Counsel (Passthroughs and Special Industries) issues letter rulings on proposed transactions and on completed transactions that occurred before the return is filed.

**In generation-skipping transfer tax matters**

.09 In general, the Associate Chief Counsel (Passthroughs and Special Industries) issues letter rulings on proposed transactions that affect the generation-skipping transfer tax and on completed transactions that occurred before the return is filed. In the case of a generation-skipping trust or trust equivalent, letter rulings are issued either before or after the trust or trust equivalent has been established.

**In employment and excise tax matters**

.10 In employment and excise tax matters, the Associate offices issue letter rulings on proposed transactions and on completed transactions either before or after the return is filed for those transactions.

Letter ruling requests regarding employment status (employer/employee relationship) from Federal agencies and instrumentalities or their workers must be submitted to the Internal Revenue Service at the address set forth on the current Form SS-8, *Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding*. If the Federal agency or instrumentality service recipient (the firm) makes the request, the firm will receive any issued letter ruling. A copy will also be sent to any identified workers. If the worker makes the request and the firm has been contacted for information, both the worker and the firm will receive any issued letter ruling. The letter ruling will apply to any individuals engaged by the firm under substantially similar circumstances. See section 12.04 of this revenue procedure for requests regarding employment status made by taxpayers other than Federal agencies and instrumentalities or their workers.

**In procedural and administrative matters**

.11 The Associate Chief Counsel (Procedure and Administration) issues letter rulings on matters arising under the Code and related statutes and regulations that involve the time, place, manner, and procedures for reporting and paying taxes; or the filing of information returns.

**In Indian tribal government matters**

.12 Pursuant to Rev. Proc. 84-37, 1984-1 C.B. 513, as modified by Rev. Proc. 86-17, 1986-1 C.B. 550, and this revenue procedure, the Office of Associate Chief Counsel (Tax Exempt and Government Entities) issues determinations recognizing a tribal entity as an Indian tribal government within the meaning of § 7701(a)(40) or as a political subdivision of an Indian tribal government under § 7871(d) if it determines, after consultation with the Secretary of the Interior, that the entity satisfies the statutory definition of an Indian tribal government or has been delegated governmental functions of an Indian tribal government. Requests for determinations under Rev. Proc. 84-37 are letter ruling requests, and, therefore, should be submitted to the Office of Associate Chief Counsel (Tax Exempt and Government Entities) pursuant to this revenue procedure.

**(1) Definition of Indian tribal government.** The term “Indian tribal government” is defined under § 7701(a)(40) to mean the governing body of any tribe, band, community, village, or group of Indians, or (if applicable) Alaska Natives, which is determined by the Secretary of the Treasury, after consultation with the Secretary of the Interior, to exercise governmental functions. Section 7871(d) provides that, for purposes of § 7871(a), a subdivision of an Indian tribal government shall be treated as a political subdivision of a state if the Secretary of the Treasury determines, after consultation with the Secretary of the Interior, that the subdivision has been delegated the right to exercise one or more of the substantial governmental functions of the Indian tribal government.

**(2) Inclusion in list of tribal governments.** Rev. Proc. 2008–55, 2008–2 C.B. 768, designates the Indian tribal entities that appear on the current or future lists of federally recognized Indian tribes published annually by the Department of the Interior, Bureau of Indian Affairs, as Indian tribal governments that are treated similarly to states for certain Federal tax purposes. Rev. Proc. 84–36, 1984–1 C.B. 510, as modified by Rev. Proc. 86–17, 1986–1 C.B. 550, provides a list of political subdivisions of Indian tribal governments that are treated as political subdivisions of states for certain Federal tax purposes. Under Rev. Proc. 84–37, as modified by Rev. Proc. 86–17, tribal governments or subdivisions recognized under § 7701(a)(40) or § 7871(d) will be included in the list of recognized tribal government entities in future lists of federally recognized Indian tribes published annually by the Department of the Interior, Bureau of Indian Affairs, or revised versions of Rev. Proc. 84–36.

**On constructive sales price under § 4216(b) or § 4218(c)**

**.13** The Associate Chief Counsel (Passthroughs and Special Industries) will issue letter rulings in all cases on the determination of a constructive sales price under § 4216(b) or § 4218(c) and in all other cases on prospective transactions if the law or regulations require a determination of the effect of a proposed transaction for Federal tax purposes. *See* section 6.14(5) of this revenue procedure.

**In exempt organizations matters**

**.14** In exempt organizations matters, the Associate Chief Counsel (Tax Exempt and Government Entities) generally issues letter rulings on proposed transactions or on completed transactions if the letter ruling request is submitted before the return is filed for the year in which the transaction is completed. The Associate Chief Counsel (Tax Exempt and Government Entities) will not ordinarily issue a letter ruling on a completed transaction if the letter ruling request is submitted after the return is filed for the year in which the transaction is completed. “Not ordinarily” means that unique and compelling reasons must be demonstrated to justify the issuance of a letter ruling submitted after the return is filed for the year in which the transaction is completed. The taxpayer must contact the Field office having audit jurisdiction over their return and obtain the Field’s consent to the issuance of such a letter ruling.

*See* Rev. Proc. 2016–5, this Bulletin, and Rev. Proc. 2016–10, next Bulletin, for the procedures for issuing determination letters on the tax-exempt status of organizations under § 501 and § 521, the foundation status of organizations described in § 501(c)(3), and the foundation status of nonexempt charitable trusts described in § 4947(a)(1).

**In qualified retirement plan and IRA matters**

**.15** In qualified retirement plan and IRA matters, (other than those listed in Rev. Proc. 2016–4), the Associate Chief Counsel (Tax Exempt and Government Entities) will generally issue letter rulings on proposed transactions and on completed transactions either before or after the return is filed, including those involving:

(1) §§ 72 (other than the computation of the exclusion ratio), 219, 381(c)(11), 402, 403(b) (except with respect to whether the form of a plan satisfies the requirements of § 403(b) as provided in Rev. Proc. 2016–4, this Bulletin), 404, 408, 408A, 412, 414(e), 511 through 514, 4971(b) and (g), 4972, 4973, 4974, 4978, 4979, and 4980;

(2) Waiver of the minimum funding standard (*see* Rev. Proc. 2004–15, 2004–1 C.B. 490);

(3) Waiver under § 4980F(c)(4) of all or part of the excise tax imposed for failure to satisfy the notice requirements described in § 4980F(e);

(4) Whether a plan amendment is reasonable and provides for only de minimis increases in plan liabilities in accordance with §§ 401(a)(33) and 412(c)(7)(B)(i) of the Code (*see* Rev. Proc. 79–62, 1979–2 C.B. 576);

(5) With respect to employee stock ownership plans and tax credit employee stock ownership plans, §§ 409, 1042, 4975(d)(3) and 4975(e)(7). Qualification issues arising under these sections are generally within the jurisdiction of Employee Plans Determinations. However, see Rev. Proc. 2016-3, section 4.02(12);

(6) Abatement of first tier excise taxes under § 4962;

(7) Relief under § 301.9100-1 that is not related to Roth IRA recharacterizations; and

(8) Grants of extensions of time other than pursuant to § 301.9100-1.

**A request to revoke an election**

**.16** If a taxpayer is required to file a letter ruling request to obtain consent to revoke an election made on a return, an Associate office will consider the request, even if an examination of the return has begun or the issues in the return are being considered by Appeals or a Federal court. The procedures in this revenue procedure applicable to a § 301.9100 request apply to a letter ruling request to revoke the election.

**Under some circumstances before the issuance of a regulation or other published guidance**

**.17** In general, the Service will not issue a letter ruling or determination letter on an issue that it cannot readily resolve before the promulgation of a regulation or other published guidance. *See* section 6.09 of this revenue procedure.

However, an Associate office may issue letter rulings under the following conditions:

**(1) Answer is clear or is reasonably certain.** If the letter ruling request presents an issue for which the answer seems clear by applying the statute, regulations, and applicable case law to the facts or for which the answer seems reasonably certain but not entirely free from doubt.

**(2) Answer is not reasonably certain.** If the letter ruling request presents an issue for which the answer does not seem reasonably certain, the Associate office may issue the letter ruling, using its best efforts to arrive at a determination, if it is in the best interest of tax administration.

**SECTION 6. UNDER WHAT CIRCUMSTANCES DOES THE SERVICE NOT ISSUE LETTER RULINGS OR DETERMINATION LETTERS?**

**Ordinarily not if the request involves an issue under examination or in litigation**

**.01** The Service ordinarily does not issue a letter ruling or a determination letter if, at the time of the request, the identical issue is involved in the taxpayer's return for an earlier period and that issue—

(1) is being examined by a Field office;

(2) is being considered by Appeals;

(3) is pending in litigation in a case involving the taxpayer or a related taxpayer;

(4) has been examined by a Field office or considered by Appeals and the statutory period of limitations on assessment or on filing a claim for refund or credit of tax has not expired; or

(5) has been examined by a Field office or considered by Appeals and a closing agreement covering the issue or liability has not been entered into by a Field office or by Appeals.

If a return dealing with an issue for a particular year is filed while a request for a letter ruling on that issue is pending, an Associate office will issue the letter ruling unless it is notified by the taxpayer or otherwise learns that an examination of that issue or the identical issue on an earlier year's return has been started by a Field office. *See* section 7.05 of this revenue procedure. In income and gift tax matters, as well as in qualified retirement plan, IRA, and exempt organizations matters, even if an examination has begun, an Associate office ordinarily will issue the letter ruling if the Field office agrees by memorandum to the issuance of the letter ruling.

**Ordinarily not in certain areas because of factual nature of the problem or for other reasons**

.02 The Service ordinarily does not issue letter rulings or determination letters in certain areas because of the factual nature of the matter involved or for other reasons. Rev. Proc. 2016-3, this Bulletin, and Rev. Proc. 2016-7, this Bulletin, provide a list of these areas. This list is not all-inclusive because the Service may decline to issue a letter ruling or a determination letter when appropriate in the interest of sound tax administration, including due to resource constraints, or on other grounds whenever warranted by the facts or circumstances of a particular case.

Instead of issuing a letter ruling or determination letter, the Service may, when it is considered appropriate and in the interest of sound tax administration, issue an information letter calling attention to well-established principles of tax law.

If the Service determines that it is not in the interest of sound tax administration to issue a letter ruling or determination letter due to resource constraints, it will adopt a consistent approach with respect to taxpayers that request a ruling on the same issue. The Service will also consider adding the issue to the no rule list at the first opportunity. *See* sections 2.01 and 3.02 of Rev. Proc. 2016-3, this Bulletin.

**Ordinarily not on part of an integrated transaction**

.03 An Associate office ordinarily will not issue a letter ruling on only part of an integrated transaction. If a part of a transaction falls under a no-rule area, a letter ruling on other parts of the transaction may be issued. Before preparing the letter ruling request, a taxpayer should call a branch having jurisdiction for the matters on which the taxpayer is seeking a letter ruling to discuss whether the Associate office will issue a letter ruling on part of the transaction.

In addition, the Service will not rule on the qualification of any transaction under § 332, § 351, § 355, or § 1036, or on whether a transaction constitutes a reorganization within the meaning of § 368, regardless of whether such transaction is part of an integrated transaction (*see* section 3.01(50) of Rev. Proc. 2016-3, this Bulletin). Instead, the Associate Chief Counsel (Corporate) will only issue a letter ruling on significant issues (within the meaning of section 3.01(50) of Rev. Proc. 2016-3) presented in a transaction described in § 332, § 351, § 355, § 368, or § 1036. For example, the Service may rule on significant issues under § 1.368-1(d) (continuity of business enterprise) and § 1.368-1(e) (continuity of interest). Letter rulings requested under this section 6.03 are subject to the no-rule policies of Rev. Proc. 2016-3. In addition, the Service will not rule on the tax consequences that result from the application of § 332, § 351, § 355, § 368, or § 1036 (including nonrecognition and basis) except to the extent of a significant issue and only to the extent consistent with the no-rule policies of Rev. Proc. 2016-3.

Before preparing a letter ruling request under this section involving significant issues presented in a transaction described in § 332, § 351, § 355, § 368, or § 1036, a taxpayer is encouraged to call the Office of Associate Chief Counsel (Corporate) at the telephone number provided in section 10.07(1)(a) of this revenue procedure to discuss whether the Service will entertain a letter

ruling request under this section 6.03. The Service reserves the right to rule on any other aspect of the transaction (including ruling adversely) to the extent the Service believes it is in the best interests of tax administration. *Cf.* section 2.01 of Rev. Proc. 2016-3.

Taxpayers may request rulings on one or more significant issues in a single letter ruling request. Letter ruling requests under this section 6.03 must include the following for each significant issue:

- (1) A narrative description of the transaction that puts the issue in context;
- (2) A statement identifying the issue;
- (3) An analysis of the relevant law, which should set forth the authorities most closely related to the issue and explain why these authorities do not resolve the issue, and an explanation concerning why the issue is significant within the meaning of section 3.01(50) of Rev. Proc. 2016-3;
- (4) Information and representations relevant to the issue. Taxpayers should consult other published authorities (*see*, for example, Appendix G of this revenue procedure, which identifies certain checklist and guideline revenue procedures), including those modified by Rev. Proc. 2013-32, 2013-28 I.R.B. 55 (*e.g.*, Rev. Proc. 96-30, 1996-1 C.B. 696), and other authorities (*e.g.*, Rev. Rul. 73-234, 1973-1 C.B. 180 (applying § 355(b) to the activities performed by employees of a corporation engaged in a farming business)), to identify information or representations but only to the extent that they relate to the issue; and
- (5) The precise ruling(s) requested.

If the Service issues a letter ruling on a significant issue under this revenue procedure, then the letter ruling will state that no opinion is expressed as to any issue or step not specifically addressed by the letter. In addition, letter rulings issued under this revenue procedure will contain the following (or similar) language:

**This letter is issued pursuant to section 6.03 of Rev. Proc. 2016-1, 2016-1 I.R.B. 1, regarding one or more significant issues under § 332, § 351, § 355, § 368, or § 1036. The ruling[s] contained in this letter only address[es] one or more discrete legal issues involved in the transaction. This Office expresses no opinion as to the overall tax consequences of the transactions described in this letter or as to any issue not specifically addressed by the ruling[s] below.**

**Ordinarily not on which of two entities is a common law employer**

**.04** The Service ordinarily does not issue a letter ruling or a determination letter on which of two entities, under common law rules applicable in determining the employer-employee relationship, is the employer, when one entity is treating the worker as an employee.

**Ordinarily not to business associations or groups**

**.05** The Service ordinarily does not issue letter rulings or determination letters to business, trade, or industrial associations or to similar groups concerning the application of the tax laws to members of the group. Groups and associations, however, may submit suggestions of generic issues that could be appropriately addressed in revenue rulings. *See* Rev. Proc. 89-14, 1989-1 C.B. 814, which states the objectives of, and standards for, the publication of revenue rulings and revenue procedures in the Internal Revenue Bulletin.

The Service may issue letter rulings or determination letters to groups or associations on their own tax status or liability if the request meets the requirements of this revenue procedure.

**Ordinarily not where the request does not address the tax status, liability, or reporting obligations of the requester**

.06 The Service ordinarily does not issue letter rulings or determination letters regarding the tax consequences of a transaction for taxpayers who are not directly involved in the request if the requested letter ruling or determination letter would not address the tax status, liability, or reporting obligations of the requester. For example, a taxpayer may not request a letter ruling relating to the tax consequences of a transaction to a customer or client, if the tax status, liability, or reporting obligations of the taxpayer would not be addressed in the ruling, because the customer or client is not directly involved in the letter ruling request. The tax liability of each shareholder is, however, directly involved in a letter ruling on the reorganization of a corporation. Accordingly, a corporate taxpayer could request a letter ruling that solely addressed the tax consequences to its shareholders of a proposed reorganization.

Rev. Proc. 96-16, 1996-1 C.B. 630, sets forth rules for letter ruling requests involving tax-exempt state and local government obligations.

**Ordinarily not to foreign governments**

.07 The Service ordinarily does not issue letter rulings or determination letters to foreign governments or their political subdivisions about the U.S. tax effects of their laws. The Associate offices also do not issue letter rulings on the effect of a tax treaty on the tax laws of a treaty country for purposes of determining the tax of the treaty country. *See* section 13.02 of Rev. Proc. 2015-40, 2015-35 I.R.B. 236. Treaty partners can continue to address matters such as these under the provisions of the applicable tax treaty. In addition, the Associate offices may issue letter rulings to foreign governments or their political subdivisions on their own tax status or liability under U.S. law if the request meets the requirements of this revenue procedure.

**Ordinarily not on Federal tax consequences of proposed legislation**

.08 The Associate offices ordinarily do not issue letter rulings on a matter involving the Federal tax consequences of any proposed Federal, state, local, municipal, or foreign legislation. The Office of Associate Chief Counsel (Tax Exempt and Government Entities) may issue letter rulings regarding the effect of proposed state, local, or municipal legislation upon an eligible deferred compensation plan under § 457(b) provided that the letter ruling request relating to the plan complies with the other requirements of this revenue procedure. The Associate offices also may provide general information in response to an inquiry.

**Ordinarily not before issuance of a regulation or other published guidance**

.09 Generally, the Service will not issue a letter ruling or a determination letter if the request presents an issue that cannot be readily resolved before a regulation or any other published guidance is issued. When the Service has closed a regulation project or any other published guidance project that might have answered the issue or decided not to open a regulation project or any other published guidance project, the Associate offices may consider all letter ruling requests unless the issue is covered by section 6 of this revenue procedure, Rev. Proc. 2016-3, this Bulletin, or Rev. Proc. 2016-7, this Bulletin.

**Not on frivolous issues**

.10 The Service will not issue a letter ruling or a determination letter on frivolous issues. A “frivolous issue” is one without basis in fact or law or one that asserts a position that courts have held frivolous or groundless. Examples of frivolous or groundless issues include, but are not limited to:

(1) frivolous “constitutional” claims, such as claims that the requirement to file tax returns and pay taxes constitutes an unreasonable search barred by the Fourth Amendment, violates Fifth and Fourteenth Amendment protections of due process, violates Thirteenth Amendment protections against involuntary servitude, or is unenforceable because the Sixteenth Amendment does not authorize nonapportioned direct taxes or was never ratified;

(2) claims that income taxes are voluntary, that the term “income” is not defined in the Internal Revenue Code, or that preparation and filing of Federal income tax returns violates the Paperwork Reduction Act;

(3) claims that tax may be imposed only on coins minted under a gold or silver standard or that receipt of Federal Reserve Notes does not cause an accretion to wealth;

(4) claims that a person's income is not taxable because he or she falls within a class entitled to "reparation claims" or an extra-statutory class of individuals exempt from tax, *e.g.*, "free-born" individuals;

(5) claims that a taxpayer can refuse to pay taxes on the basis of opposition to certain Governmental expenditures;

(6) claims that taxes apply only to Federal employees; only to residents of Puerto Rico, Guam, the U.S. Virgin Islands, the District of Columbia, or "Federal enclaves;" or that §§ 861 through 865 or any other provision of the Code imposes taxes on U.S. citizens and residents only on income derived from foreign based activities;

(7) claims that wages or personal service income are "not income", are "nontaxable receipts", or are a "nontaxable exchange for labor;"

(8) claims that income tax withholding by an employer on wages is optional; or

(9) other claims that the courts have characterized as frivolous or groundless.

Additional examples of frivolous or groundless issues may be found in IRS publications and other guidance (including, but not limited to, Notice 2010-33, Frivolous Positions, and I.R.M. 4.10.12.1.1, Frivolous Arguments).

**No "comfort" letter rulings**

.11 A letter ruling will not be issued with respect to an issue that is clearly and adequately addressed by statute, regulations, decision of a court, revenue rulings, revenue procedures, notices, or other authority published in the Internal Revenue Bulletin (Comfort Ruling). However, except with respect to issues under § 332, § 351, § 355, § 368, or § 1036 and the tax consequences resulting from the application of such Code sections (*see generally* section 6.03), the Associate office may, in its discretion, decide to issue a Comfort Ruling if the Associate office is otherwise issuing a letter ruling to the taxpayer on another issue arising in the same transaction.

**Not on alternative plans or hypothetical situations**

.12 The Service will not issue a letter ruling or a determination letter on alternative plans of proposed transactions or on hypothetical situations.

**Not on property conversion after return filed**

.13 An Associate office will not issue a letter ruling on the replacement of involuntarily converted property, whether or not the property has been replaced, if the taxpayer has already filed a Federal tax return for the taxable year in which the property was converted. A Director may issue a determination letter in this case. *See* section 12.01 of this revenue procedure.

**Circumstances under which determination letters are not issued by a Director**

.14 A Director will not issue a determination letter if—

(1) the taxpayer has directed a similar inquiry to an Associate office;

(2) the same issue, involving the same taxpayer or a related taxpayer, is pending in a case in litigation or before Appeals;



(3) the request involves an industry-wide problem;

(4) the specific employment tax question at issue in the request has been, or is being, considered by the Central Office of the Social Security Administration or the Railroad Retirement Board for the same taxpayer or a related taxpayer; or

(5) the request is for a determination of constructive sales price under § 4216(b) or § 4218(c), which deal with special provisions applicable to the manufacturers excise tax. The Associate Chief Counsel (Passthroughs and Special Industries) will, in certain circumstances, issue letter rulings in this area. *See* section 5.13 of this revenue procedure.

**SECTION 7. WHAT ARE THE GENERAL INSTRUCTIONS FOR REQUESTING LETTER RULINGS AND DETERMINATION LETTERS?**

This section provides the general instructions for requesting letter rulings and determination letters. *See* section 9 of this revenue procedure for the specific and additional procedures for requesting a change in method of accounting.

Requests for letter rulings, closing agreements, and determination letters require the payment of the applicable user fee listed in Appendix A of this revenue procedure. Certain changes in method of accounting under the automatic change request procedures (*see* section 9.01(1) of this revenue procedure) and certain changes in accounting periods made under automatic change request procedures do not require payment of a user fee (*see* Appendix G of this revenue procedure). For additional user fee requirements, *see* section 15 of this revenue procedure.

Specific and additional instructions also apply to requests for letter rulings and determination letters on certain matters. Those matters are listed in Appendix G of this revenue procedure with a reference (usually to another revenue procedure) where more information can be obtained.

**Documents and information required in all requests**

**.01**

**Facts**

**(1) Complete statement of facts and other information.** Each request for a letter ruling or a determination letter must contain a complete statement of all facts relating to the transaction. These facts include—

(a) names, addresses, telephone numbers, and taxpayer identification numbers of all interested parties (the term “all interested parties” does not mean all shareholders of a widely held corporation requesting a letter ruling relating to a reorganization or all employees where a large number may be involved);

(b) the annual accounting period, and the overall method of accounting (cash or accrual) for maintaining the accounting books and filing the Federal income tax return, of all interested parties;

(c) a description of the taxpayer’s business operations;

(d) a complete statement of the business reasons for the transaction;

(e) a detailed description of the transaction; and

(f) all other facts relating to the transaction or to the taxpayer’s requested tax treatment thereof.

**Documents and foreign laws**

**(2) Copies of all contracts, wills, deeds, agreements, instruments, other documents pertinent to the transaction, and foreign laws.**

**(a) Documents.** True copies of all contracts, wills, deeds, agreements, instruments, trust documents, proposed disclaimers, and other documents pertinent to the transaction must be submitted with the request.

If the request concerns a corporate distribution, reorganization, or similar transaction, the corporate balance sheet and profit and loss statement should also be submitted. If the request relates to a prospective transaction, the most recent balance sheet and profit and loss statement should be submitted.

If any document, including any balance sheet and profit and loss statement, is in a language other than English, the taxpayer must also submit a certified English translation of the document, along with a true copy of the document. For guidelines on the acceptability of such documents, *see* paragraph (c) of this section 7.01(2).

Each document other than the request should be labeled and attached to the request in alphabetical sequence. Original documents such as contracts, wills, etc., should not be submitted because they become part of the Service's file and will not be returned.

**(b) Foreign laws.** The taxpayer must submit with the request a copy of the relevant parts of all foreign laws, including statutes, regulations, administrative pronouncements, and any other relevant legal authority. The documents submitted must be in the official language of the country involved and must be copied from an official publication of the foreign government or another widely available and generally accepted publication. If English is not the official language of the country involved, the taxpayer must also submit a copy of an English language version of the relevant parts of all foreign laws. This translation must be: (i) from an official publication of the foreign government or another widely available, generally accepted publication; or (ii) a certified English translation submitted in accordance with paragraph (c) of this section 7.01(2).

The taxpayer must identify the title and date of publication, including updates, of any widely available and generally accepted publication that the taxpayer (or the taxpayer's qualified translator) uses as a source for the relevant parts of the foreign law.

**(c) Standards for acceptability of submissions of documents in a language other than English and certified English translations of laws in a language other than English.** The taxpayer must submit with the request an accurate and complete certified English translation of the relevant parts of all contracts, wills, deeds, agreements, instruments, trust documents, proposed disclaimers, and other documents pertinent to the transaction that are in a language other than English. If the taxpayer chooses to submit certified English translations of foreign laws, those translations must be based on an official publication of the foreign government or another widely available and generally accepted publication. In either case, the translation must be that of a qualified translator and must be attested to by the translator. The attestation must contain: (i) a statement that the translation submitted is a true and accurate translation of the foreign language document or law; (ii) a statement as to the attestant's qualifications as a translator and as to that attestant's qualifications and knowledge regarding tax matters or foreign law if the law is not a tax law; and (iii) the attestant's name and address.

**Analysis of material facts**

**(3) Analysis of material facts.** The request must be accompanied by an analysis of facts and their bearing on the issue or issues. If documents attached to a request contain material facts, they must be included in the taxpayer's analysis of facts in the request rather than merely incorporated by reference.

**Same issue in an earlier return under Examination, before Appeals, before a Federal Court, or being Considered by the Pension Benefit Guaranty Corporation, by the Department of Labor, or by the Department of Health and Human Services**

**(4) Statement regarding whether same issue is in an earlier return and additional information required for § 301.9100 requests.** The request must state whether, to the best of the knowledge of both the taxpayer and the taxpayer's representatives, the same issue is addressed in any return of the taxpayer, a related taxpayer within the meaning of § 267, or of a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504, or any predecessor that-

(a) is currently under examination, before Appeals, or before a Federal court;

(b) was previously under examination, before Appeals, or before a Federal court;

(c) in qualified retirement plan matters, is being considered by the Pension Benefit Guaranty Corporation or the Department of Labor; or

(d) in health care matters, is being considered by the Department of Labor or the Department of Health and Human Services.

The Service will not ordinarily issue a letter ruling or determination letter if, at the time of the request, the identical issue is under examination or consideration or in litigation. *See* section 6.01 in this revenue procedure. A limited exception to the above rule is made for a § 301.9100 request. *See* section 5.03 in this revenue procedure.

If a § 301.9100 request involves a tax year that is currently under examination, before Appeals, or before a Federal court, the taxpayer must notify the Service, as outlined above. This notification must include the name and telephone number of the examining agent or appeals officer.

**Same or similar issue in a request previously submitted or currently pending**

**(5) Statement regarding whether same or similar issue was previously ruled on or whether a request involving it was submitted or is currently pending.** The request must state whether, to the best of the knowledge of both the taxpayer and the taxpayer's representatives—

(a) the Service previously ruled on the same or a similar issue for the taxpayer, a related taxpayer within the meaning of § 267, or a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504, or a predecessor;

(b) the taxpayer, a related taxpayer, a predecessor, or any of their representatives previously submitted a request (including an application for change in method of accounting) involving the same or a similar issue but no letter ruling or determination letter was issued;

(c) the taxpayer, a related taxpayer, or a predecessor previously submitted a request (including an application for change in method of accounting) involving the same or a similar issue that is currently pending with the Service;

(d) at the same time as this request, the taxpayer or a related taxpayer is presently submitting another request (including an application for change in method of accounting) involving the same or a similar issue; or

(e) the taxpayer or a related taxpayer had, or has scheduled, a pre-submission conference involving the same or a similar issue.

If the statement is affirmative for (a), (b), (c), (d), or (e) of this section 7.01(5), the statement must give the date the request was submitted, the date the request was withdrawn or ruled on, if applicable, and other details of the Service's consideration of the issue.

**Interpretation of a substantive provision of an income or estate tax treaty**

**(6) Statement regarding interpretation of a substantive provision of an income or estate tax treaty.** If the request involves the interpretation of a substantive provision of an income or estate tax treaty, the request must state whether—

(a) the tax authority of the treaty jurisdiction has issued a ruling on the same or similar issue for the taxpayer, a related taxpayer within the meaning of § 267, or a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504, or any predecessor;

(b) the same or similar issue for the taxpayer, a related taxpayer, or any predecessor is being examined or has been settled by the tax authority of the treaty jurisdiction or is otherwise the subject of a closing agreement in that jurisdiction; and

(c) the same or similar issue for the taxpayer, a related taxpayer, or any predecessor is being considered by the competent authority of the treaty jurisdiction.

**Letter from Bureau of Indian Affairs relating to certain letter ruling requests**

**(7) Letter from Bureau of Indian Affairs relating to a letter ruling request for recognition of Indian tribal government status or status as a political subdivision of an Indian tribal government.** To facilitate prompt action on a letter ruling request for recognition of Indian tribal government status or status as a political subdivision of an Indian tribal government, the taxpayer must submit with the letter ruling request a letter from the Department of the Interior, Bureau of Indian Affairs ("BIA"), verifying that the tribe is recognized by BIA as an Indian tribe and that the tribal government exercises governmental functions or that the political subdivision of the Indian tribal government has been delegated substantial governmental functions. A letter ruling request that does not contain this letter from BIA cannot be resolved until the Service obtains a letter from BIA regarding the tribe's status.

The taxpayer should send a request to verify tribal status to the following address:

**Branch of General Indian Legal Activity  
Division of Indian Affairs  
Office of the Solicitor  
U.S. Department of the Interior  
1849 C Street, NW  
Washington, DC 20240**

**Statement of authorities supporting taxpayer's views**

**(8) Statement of supporting authorities.** If the taxpayer advocates a particular conclusion, the taxpayer must include an explanation of the grounds for that conclusion and the relevant authorities to support it. Even if the taxpayer is not advocating a particular tax treatment of a proposed transaction, the taxpayer must furnish views on the tax results of the proposed transaction and a statement of relevant authorities to support those views.

In all events, the request must include a statement of whether the law in connection with the request is uncertain and whether the issue is adequately addressed by relevant authorities.

**Statement of authorities contrary to taxpayer's views**

**(9) Statement of contrary authorities.** To avoid a delay in the ruling process, contrary authorities should be brought to the attention of the Service at the earliest possible opportunity. If there are significant contrary authorities, it is usually helpful to discuss them in a pre-

submission conference prior to submitting the ruling request. *See* section 10.07 of this revenue procedure regarding pre-submission conferences. The taxpayer is strongly encouraged to inform the Service about, and discuss the implications of, any authority believed to be contrary to the position advanced, such as legislation, tax treaties, court decisions, regulations, notices, revenue rulings, revenue procedures, or announcements. If the taxpayer determines that there are no contrary authorities, a statement in the request to this effect should be included. If the taxpayer does not furnish either contrary authorities or a statement that none exist, the Service in complex cases or those presenting difficult or novel issues may request submission of contrary authorities or a statement that none exist. Failure to comply with this request may result in the Service's refusal to issue a letter ruling or determination letter.

The taxpayer's identification of and discussion of contrary authorities will generally enable Service personnel to more quickly understand the issue and relevant authorities. Having this information should make research more efficient and lead to earlier action by the Service. If the taxpayer does not disclose and distinguish significant contrary authorities, the Service may need to request additional information, which will delay action on the request.

**Statement identifying pending legislation**

**(10) Statement identifying pending legislation.** When filing the request, the taxpayer must identify any pending legislation that may affect the proposed transaction. In addition, the taxpayer must notify the Service if any such legislation is introduced after the request is filed but before a letter ruling or determination letter is issued.

**Deletion statement required by § 6110**

**(11) Statement identifying information to be deleted from the public inspection copy of letter ruling or determination letter.** The text of letter rulings and determination letters is open to public inspection under § 6110. The Service makes deletions from the text before it is made available for inspection. To help the Service make the deletions required by § 6110(c), a request for a letter ruling or determination letter must be accompanied by a statement indicating the deletions desired, except where a letter ruling or determination letter is open to public inspection under § 6104. If the deletion statement is not submitted with the request, a Service representative will tell the taxpayer that the request will be closed if the Service does not receive the deletion statement within 21 calendar days. *See* section 8.05 of this revenue procedure.

Section 6110(l)(1) provides that § 6110 disclosure provisions do not apply to any matter to which § 6104 applies. Therefore, letter rulings, determination letters, technical advice memoranda, and related background file documents dealing with the following matters (covered by § 6104) are not subject to § 6110 disclosure provisions—

(i) An approved application for exemption under § 501(a) as an organization described in § 501(c) or (d), or notice of status as a political organization under § 527, together with any papers submitted in support of such application or notice;

(ii) An application for exemption under § 501(a) with respect to the qualification of a pension, profit sharing or stock bonus plan, or an individual retirement account described in § 408 or § 408A, or any application for exemption under § 501(a) by an organization forming part of such a plan or account;

(iii) Any document issued by the Internal Revenue Service in which the qualification or exempt status of a plan or account is granted, denied, or revoked or the portion of any document in which technical advice with respect thereto is given;

(iv) Any application filed and any document issued by the Internal Revenue Service with respect to the qualification or status of master and prototype retirement plans; and

(v) The portion of any document issued by the Internal Revenue Service with respect to the qualification or exempt status of a retirement plan or account of a proposed transaction by such plan or account.

**(a) Format of deletion statement.** A taxpayer who wants only names, addresses, and identifying numbers to be deleted should state this in the deletion statement. If the taxpayer wants more information deleted, the deletion statement must be accompanied by a copy of the request and supporting documents on which the taxpayer should bracket the material to be deleted. The deletion statement must include the statutory basis under § 6110(c) for each proposed deletion.

If the taxpayer decides to ask for additional deletions before the letter ruling or determination letter is issued, additional deletion statements may be submitted.

**(b) Location of deletion statement.** The deletion statement must be made in a separate document from the request for a letter ruling or determination letter and must be placed on top of the request.

**(c) Signature.** The deletion statement must be signed and dated by the taxpayer or the taxpayer's authorized representative. A stamped signature or faxed signature is not permitted.

**(d) Additional information.** The taxpayer should follow the same procedures of this section 7.01(11) to propose deletions from any additional information submitted after the initial request. An additional deletion statement is not required with each submission of additional information if the taxpayer's initial deletion statement requests that only names, addresses, and identifying numbers are to be deleted and the taxpayer wants only the same information deleted from the additional information.

**(e) Taxpayer may protest deletions not made.** After receiving from the Service the notice under § 6110(f)(1) of intention to disclose the letter ruling or determination letter (including a copy of the version proposed to be open to public inspection and notation of third-party communications under § 6110(d)), the taxpayer may protest the disclosure of certain information in the letter ruling or determination letter. The taxpayer must send a written statement to the Service office indicated on the notice of intention to disclose, within 20 calendar days of the date the notice of intention to disclose is mailed to the taxpayer. The statement must identify those deletions that the Service has not made and that the taxpayer believes should have been made. The taxpayer must also submit a copy of the version of the letter ruling or determination letter and bracket the proposed deletions that have not been made by the Service. Generally, the Service will not consider deleting any material that the taxpayer did not propose to be deleted before the letter ruling or determination letter was issued.

Within 20 calendar days after the Service receives the response to the notice under § 6110(f)(1), the Service will mail to the taxpayer its final administrative conclusion regarding the deletions to be made. The taxpayer does not have the right to a conference to resolve any disagreements concerning material to be deleted from the text of the letter ruling or determination letter. These matters may, however, be taken up at any conference that is otherwise scheduled regarding the request.

**(f) Taxpayer may request delay of public inspection.** After receiving the notice of intention to disclose under § 6110(f)(1), but no later than 60 calendar days after the date of the notice, the taxpayer may send a written request for delay of public inspection under either § 6110(g)(3) or (4). The request for delay must be sent to the Service office indicated on the notice of intention to disclose. A request for delay under § 6110(g)(3) must contain the date on which it is expected that the underlying transaction will be completed. The request for delay under § 6110(g)(4) must contain a statement from which the Commissioner of Internal Revenue may determine whether there are good reasons for the continued delay.

## Signature on request

**(12) Signature by taxpayer or authorized representative.** The request for a letter ruling or determination letter must be signed and dated by the taxpayer or the taxpayer's authorized representative. A stamped signature or faxed signature is not permitted.

## Authorized representatives

### **(13) Authorized representatives.**

(a) To sign the request or to appear before the Service in connection with the request, the taxpayer's authorized representative must be (for rules on who may practice before the Service, *see* Treasury Department Circular No. 230, 31 C.F.R. part 10):

(1) An attorney who is a member in good standing of the bar of the highest court of any state, possession, territory, commonwealth, or the District of Columbia and who is not currently under suspension or disbarment from practice before the Service. He or she must file a written declaration with the Service showing current qualification as an attorney and current authorization to represent the taxpayer;

(2) A certified public accountant who is duly qualified to practice in any state, possession, territory, commonwealth, or the District of Columbia and who is not currently under suspension or disbarment from practice before the Service. He or she must file a written declaration with the Service showing current qualification as a certified public accountant and current authorization to represent the taxpayer;

(3) An enrolled agent is a person who is currently enrolled as an agent to practice before the Service and who is not currently under suspension or disbarment from practice before the Service. He or she must file a written declaration with the Service showing current enrollment and authorization to represent the taxpayer. The enrollment number must be included in the declaration;

(4) An enrolled actuary is an individual currently enrolled as an actuary by the Joint Board for the Enrollment of Actuaries pursuant to 29 U.S.C. § 1242 and who is not currently under suspension or disbarment from practice before the Service. He or she must file a written declaration with the Service showing current qualification as an enrolled actuary and current authorization to represent the taxpayer. Practice before the Service as an enrolled actuary is limited to representation with respect to issues involving §§ 401, 403(a), 404, 412, 413, 414, 419, 419A, 420, 4971, 4972, 4976, 4980, 6057, 6058, 6059, 6652(e), 6652(f), 6692, and 7805(b); former § 405; and 29 U.S.C. § 1083;

(5) An enrolled retirement plan agent is an individual currently enrolled as a retirement plan agent who is not currently under suspension or disbarment from practice before the Service. He or she must file a written declaration as an enrolled retirement plan agent and current authorization to represent the taxpayer. Practice before the Service as an enrolled retirement plan agent is limited to representation with respect to issues involving the following programs: Employee Plans Determination Letter program; Employee Plans Compliance Resolution System; and Employee Plans Master and Prototype and Volume Submitter program. Enrolled retirement plan agents also are generally permitted to represent taxpayers with respect to IRS forms under the 5300 and 5500 series, which are filed by retirement plans and plans sponsors, but not with respect to actuarial forms and schedules; or

(6) Any other person, including a foreign representative, who has received a "Letter of Authorization" from the Director of the Office of Professional Responsibility under section 10.7(d) of Treasury Department Circular No. 230. A person may make a written request for a "Letter of Authorization" to: Office of Professional Responsibility, SE:OPR, Internal Revenue Service, 1111 Constitution Ave., NW, Washington, DC 20224. Section 10.7(d) of Circular No. 230 authorizes the Commissioner to allow an individual who is not otherwise eligible to practice before the Service to represent another person in a particular matter.

(b) A regular full-time employee representing his or her employer; a general partner representing his or her partnership; a *bona fide* officer representing his or her corporation, association, or organized group; a trustee, receiver, guardian, personal representative, administrator, executor, or regular full-time employee representing a trust, receivership, guardianship, or estate; or an individual representing an immediate family member may sign the request or appear before the Service in connection with the request if the individual provides current authorization to represent the taxpayer. *See* section 7.01(14) of this revenue procedure.

A taxpayer may be required to file a Form 8821, *Tax Information Authorization*, for certain employees not authorized to represent the taxpayer to receive taxpayer information from the Service.

(c) Tax return preparers, including registered tax return preparers, that are not described in subsections (a) and (b) of this section may not sign the request, appear before the Service, or represent a taxpayer in connection with a request for a letter ruling or a determination letter. *See* section 10.3(f)(3) of Treasury Department Circular No. 230.

(d) A foreign representative, other than a person referred to in subsections (a) and (b) of this section, is not authorized to practice before the Service within the United States and must withdraw from representing a taxpayer in a request for a letter ruling or a determination letter. In this situation, the nonresident alien or foreign entity must submit the request for a letter ruling or a determination letter on the individual's or the entity's own behalf or through a person referred to in subsections (a) and (b) of this section.

#### **Power of attorney and declaration of representative**

**(14) Power of attorney and declaration of representative.** Form 2848, *Power of Attorney and Declaration of Representative*, should be used to provide the representative's authority (Part I of Form 2848, *Power of Attorney*) and the representative's qualification (Part II of Form 2848, *Declaration of Representative*). The name of the person signing Part I of Form 2848 should also be typed or printed on this form. A stamped signature is not permitted. An original, a copy, or fax of the power of attorney is acceptable so long as its authenticity is not reasonably disputed. For additional information regarding the power of attorney form, *see* section 7.02(2) of this revenue procedure.

The taxpayer's authorized representative, whether or not enrolled, must comply with Treasury Department Circular No. 230, which provides the rules for practice before the Service. In situations where the Service believes that the taxpayer's representative is not in compliance with Circular 230, the Service will bring the matter to the attention of the Office of Professional Responsibility.

#### **Penalties of perjury statement**

##### **(15) Penalties of perjury statement.**

**(a) Format of penalties of perjury statement.** A request for a letter ruling or determination letter and any change in the request submitted at a later time must be accompanied by the following declaration: **"Under penalties of perjury, I declare that I have examined [Insert, as appropriate: this request or this modification to the request], including accompanying documents, and, to the best of my knowledge and belief, [Insert, as appropriate: the request or the modification] contains all the relevant facts relating to the request, and such facts are true, correct, and complete."**

*See* section 8.05(4) of this revenue procedure for the penalties of perjury statement applicable for submissions of additional information.



**(b) Signature by taxpayer.** The declaration must be signed and dated by the taxpayer, not the taxpayer's representative. A stamped signature or faxed signature is not permitted.

The person who signs for a corporate taxpayer must be an officer of the corporate taxpayer who has personal knowledge of the facts and whose duties are not limited to obtaining a letter ruling or determination letter from the Service. If the corporate taxpayer is a member of an affiliated group filing consolidated returns, a penalties of perjury statement must also be signed and submitted by an officer of the common parent of the group.

The person signing for a trust, a state law partnership, or a limited liability company must be, respectively, a trustee, general partner, or member-manager who has personal knowledge of the facts.

**Number of copies of request to be submitted**

**(16) Number of copies of request to be submitted.** Generally, a taxpayer needs to submit the original and one copy of the request for a letter ruling or determination letter. If more than one issue is presented in the letter ruling request, the taxpayer is encouraged to submit additional copies of the request.

Further, the original and two copies of the request for a letter ruling or determination letter are required if—

(a) the taxpayer is requesting separate letter rulings or determination letters on multiple issues as explained later under section 7.02(1) of this revenue procedure;

(b) the taxpayer is requesting deletions other than names, addresses, and identifying numbers, as explained in section 7.01(11)(a) of this revenue procedure (one copy is the request for the letter ruling or determination letter and the second copy is the deleted version of such request); or

(c) a closing agreement (as defined in section 2.02 of this revenue procedure) is being requested on the issue presented.

**Sample format for a letter ruling request**

**(17) Sample format for a letter ruling request.** To assist a taxpayer or the taxpayer's representative in preparing a letter ruling request, a sample format for a letter ruling request is provided in Appendix B of this revenue procedure. This format is not required to be used.

**Checklist**

**(18) Checklist for letter ruling requests.** An Associate office will be able to respond more quickly to a taxpayer's letter ruling request if the request is carefully prepared and complete. The checklist in Appendix C of this revenue procedure is designed to assist taxpayers in preparing a request by reminding them of the essential information and documents to be furnished with the request. The checklist in Appendix C must be completed to the extent required by the instructions in the checklist, signed and dated by the taxpayer or the taxpayer's representative, and placed on top of the letter ruling request. If the checklist in Appendix C is not received, a branch representative will ask the taxpayer or the taxpayer's representative to submit the checklist; this may delay action on the letter ruling request.

For letter ruling requests on certain matters, specific checklists supplement the checklist in Appendix C. These checklists are in Appendix D, Appendix E, or are listed in section 1 of Appendix G of this revenue procedure and must also be completed and placed on top of the letter ruling request along with the checklist in Appendix C.

Taxpayers can obtain copies of the checklist in Appendix C by calling (202) 317-5221 (not a toll-free call) or by accessing this revenue procedure in Internal Revenue Bulletin 2016-1 on the IRS web site at *www.irs.gov*. Taxpayers can access this revenue procedure on the website by following the “News” link, the “IRS Guidance” link, and the “Internal Revenue Bulletins (after June 2003)” link to obtain Internal Revenue Bulletin 2016-1. A copy of this checklist may be used.

**Additional procedural information required with request**

**.02**

**Multiple issues**

**(1) To request separate letter rulings for multiple issues in a single situation.** If more than one issue is presented in a request for a letter ruling, the Associate office generally will issue a single letter ruling covering all the issues. If the taxpayer requests separate letter rulings on any of the issues (because, for example, one letter ruling is needed sooner than another), the Associate office usually will comply with the request unless doing so is not feasible or not in the best interest of the Service. A taxpayer who wants separate letter rulings on multiple issues should make this clear in the request and submit the original and two copies of the request. *See* section 15.06(3) regarding whether a single user fee will be charged.

In issuing each letter ruling, the Associate office will state that it has issued separate letter rulings or that requests for other letter rulings are pending.

**Power of attorney used to indicate recipient of a copy or copies of a letter ruling or a determination letter**

**(2) Power of attorney used to indicate recipient or recipients of a copy or copies of a letter ruling or a determination letter.** Once the Service signs the letter ruling or determination letter, it will send the original to the taxpayer. The Service will not send the original letter ruling or determination letter to the taxpayer’s representative.

At the taxpayer’s request, the Service will send one copy of the letter ruling or determination letter to up to two authorized representatives. At the discretion of the Service, the Service may provide a copy of the letter ruling or determination letter to up to two authorized representatives, even though the taxpayer did not request that the Service send a copy of notices and communications to the taxpayer’s representatives. Taxpayers that use Form 2848, *Power of Attorney and Declaration of Representative*, to designate representatives, may request that copies of notices and communications be sent to the representatives listed at Line 2 by checking the corresponding box on Line 2. Taxpayers may use Line 5 of Form 2848 to advise the Service that a copy of the letter ruling or determination letter should not be sent to the taxpayer’s representative(s). If no box is checked on Line 2 and the taxpayer does not indicate otherwise on Line 5, the Service may in its discretion provide a copy of the letter ruling or determination letter to up to two authorized representatives.

**“Two-part” letter ruling requests**

**(3) To request a particular conclusion on a proposed transaction.** A taxpayer who requests a particular conclusion on a proposed transaction may make the request for a letter ruling in two parts. This type of request is referred to as a “two-part” letter ruling request. The first part must include the complete statement of facts and related documents described in section 7.01 of this revenue procedure. The second part must include a summary statement of the facts the taxpayer believes to be controlling in reaching the conclusion requested.

If the Associate office accepts the taxpayer’s statement of controlling facts, it will base its letter ruling on these facts. Ordinarily, this statement will be incorporated into the letter ruling. The Associate office reserves the right to rule on the basis of a more complete statement of the facts and to seek more information in developing the facts and restating them.

A taxpayer who chooses this two-part procedure has all the rights and responsibilities provided in this revenue procedure.

Taxpayers may not use the two-part procedure if it is inconsistent with other procedures, such as those dealing with requests for permission to change accounting methods or periods, applications for recognition of exempt status under § 501(a) or § 521, or requests for rulings on employment tax status.

After the Associate office has resolved the issues presented by a letter ruling request, the Associate office representative may request that the taxpayer submit a proposed draft of the letter ruling to expedite the issuance of the ruling. *See* section 8.07 of this revenue procedure.

## **Expedited handling**

**(4) To request expedited handling.** The Service ordinarily processes requests for letter rulings and determination letters in order of the date received. Expedited handling means that a request is processed ahead of requests received before it. Expedited handling is granted only in rare and unusual cases, both out of fairness to other taxpayers and because the Service seeks to process all requests as expeditiously as possible and to give appropriate deference to normal business exigencies in all cases not involving expedited handling.

A taxpayer with a compelling need to have a request processed ahead of requests received before it may request expedited handling. This request must explain in detail the need for expedited handling. The request for expedited handling must be made in writing, preferably in a separate letter included with the request for the letter ruling or determination letter or provided soon after its filing. If the request for expedited handling is contained in the letter requesting the letter ruling or determination letter, the letter should state at the top of the first page **“Expedited Handling Is Requested. See page \_\_\_ of this letter.”**

A request for expedited handling will not be forwarded to a branch for action until the check for the user fee is received.

Whether a request for expedited handling will be granted is within the Service’s discretion. The Service may grant the request when a factor outside a taxpayer’s control creates a real business need to obtain a letter ruling or determination letter before a certain date to avoid serious business consequences. Examples include situations in which a court or governmental agency has imposed a specific deadline for the completion of a transaction, or where a transaction must be completed expeditiously to avoid an imminent business emergency (such as the hostile takeover of a corporate taxpayer), provided that the taxpayer can demonstrate that the deadline or business emergency, and the need for expedited handling, resulted from circumstances that could not reasonably have been anticipated or controlled by the taxpayer. To qualify for expedited handling in such situations, the taxpayer must also demonstrate that the taxpayer submitted the request as promptly as possible after becoming aware of the deadline or emergency. The extent to which the letter ruling or determination letter request complies with all of the applicable requirements of this revenue procedure, and fully and clearly presents the issues, is a factor in determining whether expedited treatment will be granted. When the Service agrees to process a request out of order, it cannot give assurance that any letter ruling or determination letter will be processed by the date requested.

The scheduling of a closing date for a transaction or a meeting of the board of directors or shareholders of a corporation, without regard for the time it may take to obtain a letter ruling or determination letter, will not be considered a sufficient reason to process a request ahead of its regular order. Also, the possible effect of fluctuation in the market price of stocks on a transaction will not be considered a sufficient reason to process a request out of order.

Because most requests for letter rulings and determination letters cannot be processed out of order, the Service urges all taxpayers to submit their requests well in advance of the contemplated transaction. In addition, to facilitate prompt action on letter ruling requests, taxpayers are encouraged to ensure that their initial submissions comply with all of the requirements of this

revenue procedure (including the requirements of other applicable guidelines set forth in Appendix G of this revenue procedure), to prepare “two-part” requests described in section 7.02(3) of this revenue procedure when possible, and to promptly provide any additional information requested by the Service.

**Fax to taxpayer or taxpayer’s authorized representative of any document related to letter ruling request**

**(5) To request the receipt of any document related to letter ruling request by fax.** If the taxpayer so requests, the Associate office may fax to the taxpayer or the taxpayer’s authorized representative a copy of any document related to the letter ruling request (for example, the letter ruling itself or a request for additional information).

A request to fax to the taxpayer or the taxpayer’s authorized representative a copy of any document related to the letter ruling request must be made in writing, preferably as part of the original request for the letter ruling. The request may be submitted at a later date, but such a request will only be respected prospectively with respect to documents generated after it is received, and must be received prior to the signing of the letter ruling. The request must contain the fax number of the taxpayer or the taxpayer’s authorized representative to whom the document is to be faxed.

A document other than the letter ruling will be faxed by a branch representative. The copy of the letter ruling may be faxed by either a branch representative or the Disclosure and Litigation Support Branch of the Legal Processing Division of the Office of Associate Chief Counsel (Procedure and Administration) (CC:PA:LPD:DLS). For purposes of § 301.6110–2(h), however, a letter ruling is not issued until the ruling is mailed.

**Requesting a conference**

**(6) To request a conference.** A taxpayer who wants to have a conference on the issues involved in a request for a letter ruling should indicate this in writing when filing the request or soon thereafter. *See* sections 10.01, 10.02, and 11.11(2) of this revenue procedure.

**Additional information required in letter ruling requests involving welfare benefit funds (including voluntary employees’ beneficiary associations (VEBAs))**

**.03**

**Requests for letter rulings on the tax consequences of a proposed transaction involving a welfare benefit fund**

**(1) Requests for letter rulings on the tax consequences of a proposed transaction involving a welfare benefit fund.** If a letter ruling is sought on the tax consequences to both the welfare benefit fund and an employer that contributed to the fund, each taxpayer (the fund and each contributing employer) must submit a separate letter ruling request and pay the applicable user fee listed in Appendix A of this revenue procedure.

**Code sections to consider**

**(2) Code sections to consider.** In addition to any other applicable Code sections, taxpayers should consider whether there are tax consequences under the following Code sections—

**(a) For taxpayers that are VEBAs.** VEBAs requesting a letter ruling on a proposed transaction involving the use or transfer of VEBA assets should consider the tax consequences under §§ 501(c)(9), 505, 511, and 512, and should also include with the request a copy of the VEBA’s most recent letter addressing its status under § 501(c)(9).

**(b) For taxpayers that are contributing employers.** Contributing employers requesting a letter ruling on a proposed transaction involving the disposition of fund assets should consider the tax consequences under §§ 61, 111, 419, 419A, and 4976.

**(i) Special considerations for § 4976 rulings.**

**(A) Tax Benefit Rule.** A contributing employer that deducted contributions to a welfare benefit fund and requests a letter ruling as to the tax consequences under § 4976 must either (1) address why no amount should be included in income under the tax benefit rule, or (2) represent that it is including in income amounts that are subject to the tax benefit rule.

**(B) Standing.** In the case of a trade association (an organization described in § 501(c)(6)) that sponsors a welfare benefit fund, the association does not have standing to request a ruling under § 4976 on behalf of employers who contributed to the fund. However, a trade association generally has standing to request a ruling under § 4976 on its own behalf as an employer if the trade association contributed to the fund and the fund provided benefits to the trade association's own employees.

**(C) Additional use of welfare benefit fund assets or transfer of assets between two or more welfare benefit funds.** If the proposed transaction involves either an additional use of welfare benefit fund assets (for example, providing benefits to a new group of employees or providing a new type of benefit) or a transfer of assets between or among two or more welfare benefit funds, the application should state whether the employer has an obligation, in the current or any future year, to provide the benefits. For situations in which a use or transfer of assets would involve assets or benefits subject to one or more collective bargaining agreements, the application should include a copy of each applicable collective bargaining agreement. For a transfer of assets, the application should also address whether the welfare benefit funds could be merged.

**Address to which to send  
request for letter ruling or  
determination letter**

**.04**

**Request for letter ruling**

**(1) Request for letter ruling.** Original letter ruling requests must be sent to the appropriate Associate office. The packages should be marked RULING REQUEST SUBMISSION.

(a) If a private delivery service is not used, requests for letter rulings should be sent to the following address:

**Internal Revenue Service  
Attn: CC:PA:LPD:DRU  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044**

If a private delivery service is used, the address is:

**Internal Revenue Service  
Attn: CC:PA:LPD:DRU, Room 5336  
1111 Constitution Ave., NW  
Washington, DC 20224**

(b) Requests for letter rulings may also be hand delivered between the hours of 8:00 a.m. and 4:00 p.m. to the courier's desk at the loading dock of 1111 Constitution Avenue, NW, Washington, DC. A receipt will be given at the courier's desk. The package should be addressed to:

**Courier's Desk  
Internal Revenue Service  
Attn: CC:PA:LPD:DRU, Room 5336  
1111 Constitution Ave., NW  
Washington, DC 20224**

(c) Requests for letter rulings must not be submitted by fax.

**Request for determination letter**

**(2) Request for determination letter.**

(a) Taxpayers under the jurisdiction of LB&I should send a request for a determination letter to the following address:

**Internal Revenue Service  
Large Business and International Division  
PreFiling and Technical Guidance  
SE:LB:PFTG, Mint Building  
1111 Constitution Ave., NW  
LB&I:PFTG:IR 1135  
Washington, DC 20224**

(b) SB/SE and W&I taxpayers should send requests for determination letters to the appropriate SB/SE office listed in Appendix F of this revenue procedure.

(c) For a determination letter under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division, *see* Rev. Proc. 2016–4, Rev. Proc. 2016–5, and Rev. Proc. 2016–6, this Bulletin; and Rev. Proc. 2016–10, next Bulletin.

**Pending letter ruling requests**

**.05**

**Circumstances under which the taxpayer with a pending letter ruling request must notify the Associate office**

**(1) Circumstances under which the taxpayer with a pending letter ruling request must notify the Associate office.** The taxpayer must notify the Associate office if, after the letter ruling request is filed but before a letter ruling is issued, the taxpayer knows that—

(a) a Field office has started an examination of the issue or the identical issue on an earlier year's return;

(b) in the case of a § 301.9100 request, a Field office has started an examination of the return for the taxable year in which an election should have been made or any taxable year that would have been affected by the election had it been timely made. *See* § 301.9100–3(e)(4)(i) and section 5.03(3) of this revenue procedure;

(c) legislation that may affect the transaction has been introduced. *See* section 7.01(10) of this revenue procedure;

(d) another letter ruling request (including an application for change in method of accounting), involving the same or similar issue as that pending with the Service, has been submitted by the taxpayer or a related party within the meaning of § 267 or a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504;

(e) in qualified retirement plan matters, the issue is being considered by the Pension Benefit Guaranty Corporation or the Department of Labor; or

(f) in health care matters, the issue is being considered by the Department of Labor or the Department of Health and Human Services.

**Taxpayer must notify the Associate office if a return is filed and must attach the request to the return**

**(2) Taxpayer must notify the Associate office if a return is filed and must attach the request to the return.** If the taxpayer files a return before a letter ruling is received from the Associate office concerning an issue in the return, the taxpayer must notify the Associate office that the return has been filed. The taxpayer must also attach a copy of the letter ruling request

(Form 3115, if for a non-automatic change in method of accounting) to the return to alert the Field office and avoid premature field action on the issue. Taxpayers filing their returns electronically may satisfy this requirement by attaching to their return a statement providing the date of the letter ruling request and the control number of the letter ruling.

If, under the limited circumstances permitted in section 5 of this revenue procedure, the taxpayer requests a letter ruling after the return is filed, but before the return is examined, the taxpayer must notify the Associate office that the return has been filed. The taxpayer must also notify the Field office having jurisdiction over the return and attach a copy of the letter ruling request to the notification to alert the Field office and avoid premature field action on the issue.

This section 7.05 also applies to pending requests for a closing agreement on a transaction for which a letter ruling is not requested or issued.

For purposes of this section 7.05, the term “return” includes an original return, amended return, or claim for refund.

**When to attach letter ruling or determination letter to return**

**.06** A taxpayer who, before filing a return, receives a letter ruling or determination letter about any transaction that has been consummated and that is relevant to the return being filed must attach to the return a copy of the letter ruling or determination letter. Taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling or determination letter.

For purposes of this section 7.06, the term “return” includes an original return, amended return, or claim for refund.

**How to check on status of request for letter ruling or determination letter**

**.07** The taxpayer or the taxpayer’s authorized representative may obtain information regarding the status of a request for a letter ruling or determination letter by calling the person whose name and telephone number are shown on the acknowledgment of receipt of the request or, in the case of a request for a letter ruling, the appropriate branch representative who contacts the taxpayer as explained in section 8.02 of this revenue procedure.

**Request for letter ruling or determination letter may be withdrawn or Associate office may decline to issue letter ruling**

**.08**

**In General**

**(1) In general.** A taxpayer may withdraw a request for a letter ruling or determination letter at any time before the letter ruling or determination letter is signed by the Service. Correspondence and exhibits related to a request that is withdrawn or related to a letter ruling request for which an Associate office declines to issue a letter ruling will not be returned to the taxpayer. *See* section 7.01(2)(a) of this revenue procedure. In appropriate cases, an Associate office may publish its conclusions in a revenue ruling or revenue procedure.

**Notification of appropriate Service official**

**(2) Notification of appropriate Service official.**

**(a) Letter ruling requests.** If a taxpayer withdraws a letter ruling request or if the Associate office declines to issue a letter ruling, the Associate office generally will notify, by memorandum, the appropriate Service official in the operating division that has examination jurisdiction of the taxpayer’s tax return. For taxpayers under the jurisdiction of the Division Counsel (Large Business & International), the Associate office will also send a copy of the memorandum to the Director of Pre-Filing & Technical Guidance. In doing so, the Associate office may give the

Service official its views on the issues in the request for consideration in any later examination of the return. This section 7.08(2)(a) generally does not apply if the taxpayer withdraws the letter ruling request and submits a written statement that the transaction has been, or is being, abandoned and if the Associate office has not already formed an adverse opinion. *See* section 7.08(1) of this revenue procedure.

**(b) Notification of Service official may constitute Chief Counsel Advice.** If the memorandum to the Service official referred to in paragraph (a) of this section 7.08(2) provides more than the fact that the request was withdrawn and that the Associate office was tentatively adverse, or more than the fact that the Associate office declines to issue a letter ruling, the memorandum may constitute Chief Counsel Advice, as defined in § 6110(i)(1), and may be subject to disclosure under § 6110.

**(3) Refund of user fee.** Ordinarily, the user fee will not be returned for a letter ruling request that is withdrawn. If the Associate office declines to issue a letter ruling on all of the issues in the request, the user fee will be returned. If the Associate office issues a letter ruling on some, but not all, of the issues, the user fee will not be returned. *See* section 15.10 of this revenue procedure for additional information regarding the refund of user fees.

## **SECTION 8. HOW DO THE ASSOCIATE OFFICES HANDLE LETTER RULING REQUESTS?**

The Associate offices will issue letter rulings on the matters and under the circumstances explained in sections 3 and 5 of this revenue procedure and in the manner explained in this section and section 11 of this revenue procedure. *See* section 9 of this revenue procedure for procedures for change in method of accounting requests.

**Docket, Records, and User Fee Branch receives, initially controls, and refers the request to the appropriate Associate office**

**.01** All requests for letter rulings will be received and initially controlled by the Docket, Records, and User Fee Branch of the Legal Processing Division of the Associate Chief Counsel (Procedure and Administration) (CC:PA:LPD:DRU). That office will process the incoming documents and the user fee, and it will forward the file to the appropriate Associate office for assignment to a branch that has jurisdiction over the specific issue involved in the request.

**Branch representative of the Associate office contacts taxpayer within 21 calendar days**

**.02** Within 21 calendar days after a letter ruling request has been received in the branch of the Associate office that has jurisdiction over the issue, a representative of the branch will contact the taxpayer or, if the request includes a properly executed power of attorney, the authorized representative, unless the power of attorney provides otherwise. During such contact, the branch representative will discuss the procedural issues in the letter ruling request. If the case is complex or a number of issues are involved, it may not be possible for the branch representative to discuss the substantive issues during this initial contact. When possible, for each issue within the branch's jurisdiction, the branch representative will tell the taxpayer—

(1) whether the branch representative will recommend that the Associate office rule as the taxpayer requested, rule adversely on the matter, or not rule;

(2) whether the taxpayer should submit additional information to enable the Associate office to rule on the matter;

(3) whether the letter ruling complies with all of the provisions of this revenue procedure, and if not, which requirements have not been met; or

(4) whether, because of the nature of the transaction or the issue presented, a tentative conclusion on the issue cannot be reached.



If the letter ruling request involves matters within the jurisdiction of more than one branch or Associate office, a representative of the branch that received the original request will tell the taxpayer within the initial 21 calendar days—

(1) that the matters within the jurisdiction of another branch or Associate office have been referred to that branch or Associate office for consideration, and the date the referral was made, and

(2) that a representative of that branch or Associate office will contact the taxpayer within 21 calendar days after receiving the referral to discuss informally the procedural and, to the extent possible, the substantive issues in the request.

This section 8.02 applies to all matters except for cases involving a request for change in method of accounting or accounting period and cases within the jurisdiction of the Associate Chief Counsel (Financial Institutions and Products) concerning insurance issues requiring actuarial computations.

**Determines if transaction can be modified to obtain favorable letter ruling**

**.03** If less than a fully favorable letter ruling is indicated, the branch representative will tell the taxpayer whether minor changes in the transaction or adherence to certain published positions would bring about a favorable ruling. The branch representative may also tell the taxpayer the facts that must be furnished in a document to comply with Service requirements. The branch representative will not suggest precise changes that would materially alter the form of the proposed transaction or materially alter a taxpayer's proposed accounting period.

If, at the end of this discussion, the branch representative determines that a meeting in the Associate office would be more helpful to develop or exchange information, a meeting will be offered and an early meeting date arranged. When offered, this meeting is in addition to the taxpayer's conference of right that is described in section 10.02 of this revenue procedure.

**Not bound by informal opinion expressed**

**.04** The Service will not be bound by the informal opinion expressed by the branch representative or any other Service representative, and such an opinion cannot be relied upon as a basis for obtaining retroactive relief under the provisions of § 7805(b).

**May request additional information**

**.05**

**Must be submitted within 21 calendar days**

**(1) Additional information must be submitted within 21 calendar days.** If the request lacks essential information, which may include additional information needed to satisfy the procedural requirements of this revenue procedure as well as substantive changes to transactions or documents needed from the taxpayer, the branch representative will request such information during the initial or subsequent contacts with the taxpayer or its authorized representative. The representative will inform the taxpayer or its authorized representative that the request will be closed if the Associate office does not receive the requested information within 21 calendar days from the date of the request unless an extension of time is granted. To facilitate prompt action on letter ruling requests, taxpayers may request that the Associate office request additional information by fax. *See* section 7.02(5) of this revenue procedure.

Material facts furnished to the Associate office by telephone or fax, or orally at a conference, must be promptly confirmed by letter to the Associate office. This confirmation, and any additional information requested by the Associate office that is not part of the information requested during the initial contact, must be furnished within 21 calendar days from the date the Associate office makes the request.

**Extension of reply period if justified and approved**

**(2) Extension of reply period if justified and approved.** The Service will grant an extension of the 21-day period for providing additional information only if the extension is justified in writing by the taxpayer and approved by the branch reviewer. A request for an extension should be submitted before the end of the 21-day period. If unusual circumstances close to the end of the 21-day period make a written request impractical, the taxpayer should notify the Associate office within the 21-day period that there is a problem and that the written request for extension will be provided shortly. The taxpayer will be told promptly of the approval or denial of the requested extension. If the extension request is denied, there is no right of appeal.

**Letter ruling request closed if the taxpayer does not submit additional information**

**(3) Letter ruling request closed if the taxpayer does not submit additional information.** If the taxpayer does not submit the information requested during the initial or subsequent contacts within the time provided, the letter ruling request will be closed and the taxpayer will be notified in writing. If the information is received after the request is closed, the request will be reopened and treated as a new request as of the date the information is received. The taxpayer must pay another user fee before the case can be reopened.

**Penalties of perjury statement for additional information**

**(4) Penalties of perjury statement.** Additional information submitted to the Service must be accompanied by the following declaration: **“Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.”** This declaration must be signed in accordance with the requirements in section 7.01(15)(b) of this revenue procedure.

**Faxing request and additional information**

**(5) Faxing request and additional information.** To facilitate prompt action on letter ruling requests, taxpayers may request that the Associate office request additional information by fax. *See* section 7.02(5) of this revenue procedure. Taxpayers may also submit additional information by fax as soon as the information is available. The Associate office representative who requests additional information can provide a fax number to which the information can be faxed. The original of the faxed material and a signed penalties of perjury statement must be mailed or delivered to the Associate office.

**Address to which to send additional information**

**(6) Address to which to send additional information**

(a) If a private delivery service is not used, the additional information should be sent to:

**Internal Revenue Service  
ADDITIONAL INFORMATION  
Attn: [Name, office symbols, and  
room number of the Associate office representative who requested  
the information]  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044**

For cases involving a request for change in method of accounting or period, *see* section 9.08 of this revenue procedure for the address to which to send additional information.

(b) If a private delivery service is used, the additional information for all cases should be sent to:

**Internal Revenue Service  
ADDITIONAL INFORMATION  
Attn: [Name, office symbols, and  
room number of the Associate office representative who requested  
the information]  
1111 Constitution Ave., NW  
Washington, DC 20224**

**Identifying information  
included in additional  
information**

**(7) Identifying information.** For all cases, the additional information should include the taxpayer's name and the case control number and the name, office symbols, and room number of the Associate office representative who requested the information. The Associate office representative can provide the latter information to the taxpayer.

**Number of copies of  
additional information to  
be submitted**

**(8) Number of copies.** A taxpayer only needs to submit one copy of the additional information unless the Associate office requests additional copies.

**Near the completion of the  
ruling process, advises the  
taxpayer of conclusions  
and, if the Associate office  
will rule adversely, offers  
the taxpayer the  
opportunity to withdraw  
the letter ruling request**

**.06** Generally, after the conference of right is held but before the letter ruling is issued, the branch representative will orally notify the taxpayer or the taxpayer's representative of the Associate office's conclusions. *See* section 10 of this revenue procedure for a discussion of conferences of right. If the Associate office is going to rule adversely, the taxpayer will be offered the opportunity to withdraw the letter ruling request. If, within ten calendar days of the notification by the branch representative, the taxpayer or the taxpayer's representative does not notify the branch representative that the taxpayer wishes to withdraw the ruling request, the adverse letter ruling will be issued unless an extension is granted. The user fee will not be refunded for a letter ruling request that is withdrawn. *See* section 15.10(1)(a) of this revenue procedure.

**May request that taxpayer  
submit draft proposed  
letter ruling near the  
completion of the ruling  
process**

**.07** To accelerate the issuance of letter rulings, in appropriate cases near the completion of the ruling process, the Associate office representative may request that the taxpayer or the taxpayer's representative submit a proposed draft of the letter ruling. Such draft would be based on the discussions of the issues between the representative and the taxpayer or the taxpayer's representative. The taxpayer is not required to prepare a draft letter ruling to receive a letter ruling.

The format of the submission should be discussed with the Associate office representative who requests the draft letter ruling. The representative usually can provide a sample format of a letter ruling and will discuss with the taxpayer or the taxpayer's representative the facts, analysis, and letter ruling language to be included.

Taxpayers are encouraged to submit this draft in a printed copy that is in a computer scannable format. The printed copy will become part of the permanent files of the Associate office. The printed copy should be sent to the same address as any additional information and should contain in the transmittal the information that should be included with any additional information (for example, a penalties of perjury statement is required). *See* section 8.05(4) of this revenue procedure.

**Issues separate letter  
rulings for substantially  
identical letter rulings, but  
generally issues a single  
letter ruling for related  
§ 301.9100 letter rulings**

**.08**

**Substantially identical letter rulings**

**(1) Substantially identical letter rulings.** For letter ruling requests qualifying for the user fee provided in paragraph (A)(5)(a) of Appendix A of this revenue procedure for substantially identical letter rulings, a separate letter ruling will generally be issued for each entity with a common member or sponsor, or for each member of a common entity.

**Related § 301.9100 letter rulings**

**(2) Related § 301.9100 letter rulings.**

(a) For a § 301.9100 letter ruling request for an extension of time to file a Form 3115 qualifying under section 15.07(4) for the user fee provided in paragraph (A)(5)(d) of Appendix A of this revenue procedure for an identical change in method of accounting, the Associate office generally will issue a single letter on behalf of all applicants on Form 3115 that are the subject of the request.

(b) For a § 301.9100–3 letter ruling request for an extension of time to file an entity classification election for multiple entities qualifying under section 15.07(2) for the user fee provided in paragraph (A)(5)(a) of Appendix A of this revenue procedure, the Associate office generally will issue a single letter on behalf of all entities that are the subject of the request. The taxpayer may request that separate letters be issued to each entity that is the subject of the request. *See generally* section 5.03 of this revenue procedure.

**Sends a copy of the letter ruling to appropriate Service official**

**.09** The Associate office will send a copy of the letter ruling, whether favorable or adverse, to the appropriate Service official in the operating division that has examination jurisdiction of the taxpayer’s tax return.

**SECTION 9. WHAT ARE THE SPECIFIC AND ADDITIONAL PROCEDURES FOR A REQUEST FOR A CHANGE IN METHOD OF ACCOUNTING FROM THE ASSOCIATE OFFICES?**

This section provides the specific and additional procedures applicable to a request for a change in method of accounting under Rev. Proc. 2015–13, 2015–5 I.R.B. 419 (or any successor), as clarified and modified by Rev. Proc. 2015–33, 2015–24 I.R.B. 1067, or other automatic change request procedures.

A request for a change in method of accounting under Rev. Proc. 2015–13 or other automatic change request procedures is a type of request for a letter ruling. *See* section 2.01 of this revenue procedure.

**Automatic and non-automatic change in method of accounting requests**

**.01**

**Automatic change in method of accounting under Rev. Proc. 2015–13 (or any successor), or other automatic change request procedures**

**(1) Automatic change in method of accounting.** Certain changes in methods of accounting may be made under automatic change request procedures. A change in method of accounting provided for in an automatic change request procedure must be made using that procedure if the taxpayer requesting the change is within the scope of the procedure, the change is an automatic change for the requested year of the change, and the taxpayer is eligible to make the change. The Commissioner’s consent to an otherwise qualifying automatic change in method of accounting is granted only if the taxpayer timely complies with the applicable automatic change request procedures. *But see* section 9.19 of this revenue procedure concerning review by an Associate office and a Field office. In general, a taxpayer requests an automatic change by filing a current Form 3115, *Application for Change in Method of Accounting*.

An application filed under the automatic change procedures in Rev. Proc. 2015–13 (or any successor) or other automatic change request procedure, and this revenue procedure, is hereinafter referred to as an “automatic change request.” *See* section 9.22 of this revenue procedure for a list of automatic change request procedures. *See* section 9.23 for a list of the sections and Appendices of this revenue procedure in addition to this section 9 that apply to an automatic change request. No user fee is required for a change made under an automatic change request procedure.

**Non-automatic change in method of accounting**

**(2) Non-automatic change in method of accounting.** If a change in method of accounting may not be made under an automatic change request procedure, the taxpayer may request a non-automatic letter ruling by filing a current Form 3115, *Application for Change in Accounting Method*, under the non-automatic change procedures in Rev. Proc. 2015–13 (or any successor), and this revenue procedure. A Form 3115 filed under Rev. Proc. 2015–13 (or any successor) and this revenue procedure for a non-automatic change request is hereinafter referred to as a “non-automatic Form 3115.” A taxpayer filing a non-automatic Form 3115 must submit the required user fee with the completed Form 3115. *See* section 15 and Appendix A of this revenue procedure for information about user fees. *See* section 9.23 for a list of the sections and Appendices of this revenue procedure in addition to this section 9 that apply to a non-automatic Form 3115.

**Ordinarily only one change in method of accounting on a Form 3115, *Application for Change in Accounting Method*, and a separate Form 3115 for each taxpayer and for each separate and distinct trade or business**

**.02** Ordinarily, a taxpayer may request only one change in method of accounting on a Form 3115, *Application for Change in Accounting Method*. If the taxpayer wants to request a change in method of accounting for more than one unrelated item or submethod of accounting, the taxpayer must submit a separate Form 3115 for each unrelated item or submethod, except in certain situations in which the Service specifically permits certain unrelated changes to be included on a single Form 3115. For an example of such a situation, *see* section 14.03 of Rev. Proc. 2015–14, 2015–5 I.R.B. 450 (or its successor).

A separate Form 3115 (and, therefore, a separate user fee pursuant to section 15 and Appendix A of this revenue procedure) must be submitted for each taxpayer and each separate trade or business of a taxpayer, including a qualified subchapter S subsidiary (QSub) or a single-member limited liability company (single-member LLC), requesting a change in method of accounting, except as specifically permitted or required in guidance published by the Service. *See*, for example, section 15.07(4) of this revenue procedure.

**Information required with a Form 3115**

**.03**

**Facts and other information**

**(1) Facts and other information requested on Form 3115 and in applicable revenue procedures.** In general, a taxpayer requesting a change in method of accounting must file a current Form 3115, unless the procedures applicable to the specific type of change in method of accounting do not require a Form 3115 to be submitted.

To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information requested on the Form 3115 and in its instructions and in Rev. Proc. 2015–13 (or any successor), and, if applicable, the automatic change request procedure. In addition, the taxpayer must provide all information requested in the applicable sections of this revenue procedure, including a detailed and complete description of the item being changed and of the taxpayer’s trade(s) or business(es), the taxpayer’s present and proposed method for the item being changed, information regarding whether the taxpayer has claimed any federal tax credit relating to the cost being changed, information regarding whether the taxpayer is under examination, or before Appeals or a Federal court, and a summary of the computation of the net § 481(a) adjustment, along with an explanation of the methodology used to determine the adjustment, sufficient to demonstrate that the net § 481(a) adjustment is computed correctly.

For a non-automatic Form 3115 or an automatic change request specified in the instructions for line 16 of the Form 3115, the taxpayer must also include a full explanation of the legal basis and relevant authorities supporting the proposed method, and a detailed and complete description of the facts and explanation of how the law applies to the taxpayer’s situation.

For a non-automatic Form 3115, the taxpayer must also include a statement of the applicant's reasons for the proposed change, copies of all documents related to the proposed change, and a discussion of whether the law related to the request is uncertain or inadequately addresses the issue.

The applicant must provide the requested information to be eligible for approval of the requested change in method of accounting. The taxpayer may be required to provide information specific to the requested change in method of accounting, such as an attached statement. The taxpayer must provide all information relevant to the requested change in method of accounting, even if not specifically requested, including an explanation of all material facts relevant to the requested change in method of accounting.

*See also* sections 7.01(1) and 7.01(8) of this revenue procedure.

**Statement of authorities  
contrary to taxpayer's  
views**

**(2) Statement of contrary authorities.** For a non-automatic Form 3115, the taxpayer is encouraged to inform the Associate office about, and discuss the implications of, any authority believed to be contrary to the proposed change in method of accounting, including legislation, court decisions, regulations, notices, revenue rulings, revenue procedures, or announcements.

If the taxpayer does not furnish either contrary authorities or a statement that none exist, the Associate office may request submission of contrary authorities or a statement that none exist. Failure to comply with this request may result in the Associate office's refusal to issue a change in method of accounting letter ruling.

**Documents**

**(3) Copies of all contracts, agreements, and other documents.** True copies of all contracts, agreements, and other documents relevant to the requested change in method of accounting must be submitted with a non-automatic Form 3115. Original documents should not be submitted because they become part of the Associate office's file and will not be returned.

**Analysis of material facts**

**(4) Analysis of material facts.** When submitting any document with a Form 3115 or in a supplemental letter, the taxpayer must explain and provide an analysis of all material facts in the document. The taxpayer may not merely incorporate the document by reference. The analysis of the facts must include their bearing on the requested change in method of accounting and must specify the provisions that apply.

**Same issue in an earlier  
return**

**(5) Information regarding whether same issue is in an earlier return.** A Form 3115 must state whether, to the best of the knowledge of both the taxpayer and the taxpayer's representatives, any return of the taxpayer (or any return of a current or former consolidated group in which the taxpayer is or was a member) in which the taxpayer used the method of accounting being changed is under examination, before Appeals, or before a Federal court. *See* Rev. Proc. 2015-13 (or any successor).

**Issue previously submitted  
or currently pending**

**(6) Statement regarding prior requests for a change in method of accounting and other pending requests.**

**(a) Other requests for a change in method of accounting within the past five years.** A Form 3115 must state, to the best of the knowledge of both the taxpayer and the taxpayer's representatives, whether the taxpayer or a related taxpayer within the meaning of § 267 or a member of a current or former affiliated group of which the taxpayer is or was a member within the meaning of § 1504 or a predecessor requested or made within the past five years (including the year of the requested change), or is currently filing, any request for a change in method of accounting.

If the statement is affirmative, for each separate and distinct trade or business, give a description of each request and the year of change and whether consent was obtained. If any application was withdrawn, not perfected, or denied, or if a Consent Agreement was sent to the taxpayer but was not signed and returned to the Associate office, or if the change was not made in the requested year of change, give an explanation.

**(b) Any other pending request(s).** A Form 3115 must state, to the best of the knowledge of both the taxpayer and the taxpayer’s representatives, whether the taxpayer or a related taxpayer within the meaning of § 267 or a member of a current or former affiliated group of which the taxpayer is or was a member within the meaning of § 1504 or a predecessor currently have pending any request (including any concurrently filed request) for a letter ruling, a change in method of accounting, or technical advice.

If the statement is affirmative, for each request, give the name(s) of the taxpayer, identification number(s), the type of request (letter ruling, request for change in method of accounting, or request for technical advice), and the specific issues in the request.

**Statement identifying pending legislation**

**(7) Statement identifying pending legislation.** At the time the taxpayer files a non-automatic Form 3115, the taxpayer must identify any pending legislation that may affect the proposed change in method of accounting. The taxpayer also must notify the Associate office if any such legislation is introduced after the request is filed but before a change in method of accounting letter ruling is issued.

**Authorized representatives**

**(8) Authorized representatives.** To appear before the Service in connection with a request for a change in method of accounting, the taxpayer’s authorized representative must be an attorney, a certified public accountant, an enrolled agent, an enrolled actuary, a person with a “Letter of Authorization,” an employee, general partner, *bona fide* officer, administrator, trustee, etc., as described in section 7.01(13) of this revenue procedure.

**Power of attorney and declaration of representative**

**(9) Power of attorney and declaration of representative.** Any authorized representative, whether or not enrolled to practice, must comply with Treasury Department Circular No. 230, which provides the rules for practice before the Service, and the conference and practice requirements of the Statement of Procedural Rules, which provide the rules for representing a taxpayer before the Service. *See* section 7.01(14) of this revenue procedure. A taxpayer should use Form 2848, *Power of Attorney and Declaration of Representative*, to provide the representative’s authority.

**Tax Information Authorization**

**(10) Tax Information Authorization.** A taxpayer may use Form 8821, *Tax Information Authorization*, to authorize an individual to receive a copy of the taxpayer’s change in method of accounting letter ruling and other related correspondence. If the taxpayer wishes to authorize a corporation, firm, organization, or partnership to receive the correspondence, an individual, identified by either name or title, must be specified on the Form 8821. A Form 8821 does not authorize the taxpayer’s appointee to advocate the taxpayer’s position or to otherwise represent the taxpayer before the Service.

**Penalties of perjury statement**

**(11) Penalties of perjury statement**

**(a) Format of penalties of perjury statement.** A Form 3115, and any change to a Form 3115 submitted at a later time, must be accompanied by the following declaration: **“Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete.”**

See section 9.08(3) of this revenue procedure for the penalties of perjury statement required for submissions of additional information.

**(b) Signature by taxpayer.** A Form 3115 must be signed by, or on behalf of, the taxpayer requesting the change by an individual who has personal knowledge of the facts of, and authority to bind the taxpayer in, such matters. For example, an officer must sign on behalf of a corporation, a general partner on behalf of a state law partnership, a member-manager on behalf of a limited liability company, a trustee on behalf of a trust, or an individual taxpayer on behalf of a sole proprietorship. If the taxpayer is a member of a consolidated group, a Form 3115 should be submitted on behalf of the taxpayer by the common parent and must be signed by a duly authorized officer of the common parent. Refer to the signature requirements set forth in the instructions for the current Form 3115 regarding those who are to sign. See also section 6.02(8) of Rev. Proc. 2015–13 (or its successor). A stamped signature or faxed signature is not permitted.

**(c) Signature by preparer.** A declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

**Additional procedural information required in certain circumstances**

**.04**

**Recipients of original and copy of correspondence**

**(1) Recipients of original and copy of change in method of accounting correspondence.** The Service will send the signed original of the change in method of accounting letter ruling and other related correspondence to the taxpayer, and copies to the taxpayer’s representative, if so instructed on Form 2848. See section 7.02(2) of this revenue procedure for how to designate alternative routing of the copies of the letter ruling and other correspondence.

**Expedited handling**

**(2) To request expedited handling.** The Associate offices ordinarily process non-automatic Forms 3115 in order of the date received. A taxpayer with a compelling need to have a non-automatic Form 3115 processed on an expedited basis may request expedited handling. See section 7.02(4) of this revenue procedure for procedures regarding expedited handling.

**Fax of any document to the taxpayer or taxpayer’s authorized representative**

**(3) To receive the change in method of accounting letter ruling or any other correspondence related to a Form 3115 by fax.** If the taxpayer wants a copy of the change in method of accounting letter ruling or any other correspondence related to a Form 3115, such as a request for additional information, faxed to the taxpayer or the taxpayer’s authorized representative, the taxpayer must submit a written request to fax the letter ruling or related correspondence, preferably as part of the Form 3115. The request may be submitted at a later date, but it must be received prior to the mailing of correspondence other than the letter ruling and prior to the signing of the change in method of accounting letter ruling.

The request to have correspondence relating to the Form 3115 faxed to the taxpayer or taxpayer’s authorized representative must contain the fax number of the taxpayer or the taxpayer’s authorized representative to whom the correspondence is to be faxed.

A document other than the change in method of accounting letter ruling will be faxed by a branch representative. The change in method of accounting letter ruling may be faxed by either a branch representative or the Disclosure and Litigation Support Branch of the Legal Processing Division of the Office of Associate Chief Counsel (Procedure and Administration) (CC:PA:LPD:DLS).

For purposes of § 301.6110–2(h), a change in method of accounting letter ruling is not issued until the change in method of accounting letter ruling is mailed.



**Requesting a conference**

**(4) To request a conference.** The taxpayer must complete the appropriate line on the Form 3115 to request a conference, or must request a conference in a later written communication, if an adverse response is contemplated by the Associate office. *See* section 11.03(1) of Rev. Proc. 2015–13 (or its successor), and sections 10.01 and 10.02 of this revenue procedure.

**Addresses to which to send Forms 3115**

**.05 Addresses to which to send Forms 3115.** Submit the original Form 3115, in the case of a non-automatic Form 3115, or the copy of the Form 3115, in the case of an automatic change request, as follows:

**(1) Non-automatic Form 3115.**

**(a) Associate office mailing address if private delivery service is not used.** If a private delivery service is not used, a taxpayer, including an exempt organization, must send the original completed Form 3115 and the required user fee to:

**Internal Revenue Service  
Attn: CC:PA:LPD:DRU  
P.O. Box 7604  
Benjamin Franklin Station  
Washington, DC 20044**

**(b) Mailing address if private delivery service is used.** If a private delivery service is used, a taxpayer, including an exempt organization, must send the original completed Form 3115 and the required user fee to:

**Internal Revenue Service  
Attn: CC:PA:LPD:DRU  
Room 5336  
1111 Constitution Ave., NW  
Washington, DC 20224**

**(c) Address if hand-delivered to the IRS Courier’s desk.** For taxpayers, including an exempt organization, the original completed Form 3115 and the required user fee may be hand delivered between the hours of 8:00 a.m. and 4:00 p.m. to the courier’s desk at the loading dock of 1111 Constitution Ave., NW, Washington, DC. A receipt will be given at the courier’s desk. The package should be addressed to:

**Courier’s Desk  
Internal Revenue Service  
Attn: CC:PA:LPD:DRU, Room 5336  
1111 Constitution Ave., NW  
Washington, DC 20224**

**(2) Automatic change request.** If the automatic change request procedure requires a taxpayer to file a duplicate copy of the completed Form 3115 for an automatic change request, send the duplicate copy of the automatic change request Form 3115 to:

**Internal Revenue Service  
201 West Rivercenter Blvd.  
PIN Team Mail Stop 97  
Covington, KY 41011-1424**

**A Form 3115 must not be submitted by fax**

**.06** A completed Form 3115 must not be submitted by fax.

**Docket, Records, and User Fee Branch receives, initially controls, and refers the Form 3115 to the appropriate Associate office**

**.07** A non-automatic Form 3115 is received and controlled by the Docket, Records, and User Fee Branch, Legal Processing Division of the Associate Chief Counsel (Procedure and Administration) (CC:PA:LPD:DRU) if the required user fee is submitted with the Form 3115. Once controlled, the Form 3115 is forwarded to the appropriate Associate office for assignment and processing.

**Additional information**

**.08**

**Reply period**

**(1) Reply period.**

**(a) Non-automatic Form 3115 – 21-day rule.** In general, for a non-automatic Form 3115, additional information requested by the Associate office and additional information furnished to the Associate office by telephone must be furnished in writing within 21 calendar days from the date of the information request. The Associate office may impose a shorter reply period for a request for additional information made after an initial request. *See* section 10.06 of this revenue procedure for the 21-day rule for submitting information after any conference.

**(b) Automatic change request – 30-day rule.** In general, for an automatic change request, additional information requested by the Associate office, and additional information furnished to the Associate office by telephone or fax, must be furnished in writing (other than a fax) within 30 calendar days from the date of the information request. The Associate office may impose a shorter reply period for a request for additional information made after an initial request. *See* section 10.06 of this revenue procedure for the 21-day rule for submitting information after any conference with the Associate office.

**Extension of reply period**

**(2) Request for extension of reply period.**

**(a) Non-automatic Form 3115.** For a non-automatic Form 3115, an additional period, not to exceed 15 calendar days, to furnish information may be granted to a taxpayer. Any request for an extension of time must be made in writing and submitted before the end of the original 21-day period. If unusual circumstances close to the end of the 21-day period make a written request impractical, the taxpayer should notify the Associate office within the 21-day period that there is a problem and that the written request for extension will be provided shortly. An extension of the 21-day period will be granted only if approved by a branch reviewer. An extension of the 21-day period ordinarily will not be granted to furnish information requested on Form 3115. The taxpayer will be told promptly, and later in writing, of the approval or denial of the requested extension. If the extension request is denied, there is no right of appeal.

**(b) Automatic change request.** For an automatic change request, an additional period, not to exceed 30 calendar days, to furnish information may be granted to a taxpayer. Any request for an extension of time must be made in writing and submitted before the end of the original 30-day period. If unusual circumstances close to the end of the 30-day period make a written request impractical, the taxpayer should notify the Associate office within the 30-day period that there is a problem and that the written request for extension will be coming soon. An extension of the 30-day period will be granted only if approved by a branch reviewer. An extension of the 30-day period ordinarily will not be granted to furnish information requested on Form 3115. The taxpayer will be told promptly of the approval or denial of the requested extension. If the extension request is denied, there is no right of appeal.

**Penalties of perjury statement for additional information**

**(3) Penalties of perjury statement for additional information.** Additional information submitted to the Associate office must be accompanied by the following declaration: **“Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.”** This declaration must be signed in accordance with the requirements in section 9.03(11)(b) of this revenue procedure.

**Identifying information included in additional information**

**(4) Identifying information included in additional information.** The additional information should also include the taxpayer’s name and the case control number and the name, office symbols, and room number of the Associate office representative who requested the information. The Associate office representative can provide the latter information to the taxpayer.

**Faxing information request and additional information**

**(5) Faxing information request and additional information.** To facilitate prompt action on a change in method of accounting ruling request, taxpayers may request that the Associate office request additional information by fax. *See* section 9.04(3) of this revenue procedure.

Taxpayers may also submit additional information by fax as soon as the information is available. The Associate office representative who requests additional information can provide a telephone number to which the information can be faxed. A copy of the requested information and an original signed penalties of perjury statement also must be mailed or delivered to the Associate office.

**Address to which to send additional information to an Associate office**

**(6) Address to which to send additional information to an Associate office.**

**(a) Address if private delivery service is not used.** For a request for change in method of accounting under the jurisdiction of the Associate Chief Counsel (Income Tax and Accounting), if a private delivery service is not used, the additional information should be sent to:

**Internal Revenue Service  
ADDITIONAL INFORMATION  
Attn: [Name, office symbols, and  
room number of the Associate office  
representative who requested  
the information]  
P.O. Box 14095  
Ben Franklin Station  
Washington, DC 20044**

For any other request for change in method of accounting, if a private delivery service is not used, the additional information should be sent to:

**Internal Revenue Service  
ADDITIONAL INFORMATION  
Attn: [Name, office symbols, and  
room number of the Associate office  
representative who requested the information]  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044**

**(b) Address if private delivery service is used.** For a request for a change in method of accounting, if a private delivery service is used, the additional information should be sent to:

**Internal Revenue Service  
ADDITIONAL INFORMATION  
Attn: [Name, office symbols, and  
room number of the Associate office  
representative who requested  
the information]  
1111 Constitution Ave., NW  
Washington, DC 20224**

**Failure to timely submit  
additional information to  
an Associate office**

**(7) If taxpayer does not timely submit additional information.**

**(a) Non-automatic Form 3115.** In the case of a non-automatic Form 3115, if the required information is not furnished to the Associate office within the reply period, the Form 3115 will not be processed and the case will be closed. The taxpayer or authorized representative will be so notified in writing.

**(b) Automatic change request.** In the case of an automatic change request, if the required information is not furnished to the Associate office within the reply period, the request does not qualify for the automatic change request procedure. In such a case, the Associate office will notify the taxpayer that consent to make the change in method of accounting is not granted.

**(c) Submitting the additional information at a later date.** If the taxpayer wants to submit the additional information at a later date, the taxpayer must submit it with a new completed Form 3115 (and user fee, if applicable) for a year of change for which such new Form 3115 is timely filed under the applicable change in method of accounting procedure.

**Circumstances in which  
the taxpayer must notify  
the Associate office**

**.09** For a non-automatic Form 3115, the taxpayer must promptly notify the Associate office if, after the Form 3115 is filed but before a change in method of accounting letter ruling is issued, the taxpayer knows that—

- (1) a Field office has started an examination of the present or proposed accounting;
- (2) a Field office has started an examination of the proposed year of change;
- (3) legislation that may affect the change in method of accounting has been introduced, *see* section 9.03(7) of this revenue procedure; or
- (4) another letter ruling request (including another Form 3115) has been submitted by the taxpayer or a related party within the meaning of § 267 or a member of an affiliated group of which the taxpayer is a member within the meaning of § 1504.

**Determines if proposed  
method of accounting can  
be modified to obtain  
favorable letter ruling**

**.10** For a non-automatic Form 3115, if a less than fully favorable change in method of accounting letter ruling is indicated, the branch representative will tell the taxpayer whether minor changes in the proposed method of accounting would bring about a favorable ruling. The branch representative will not suggest precise changes that materially alter a taxpayer's proposed method of accounting.

**Near the completion of processing the Form 3115, advises the taxpayer if the Associate office will rule adversely and offers the taxpayer the opportunity to withdraw Form 3115**

**.11** Generally, after the conference is held (or offered, in the event no conference is held) and before issuing any change in method of accounting letter ruling that is adverse to the requested change in method of accounting, the taxpayer will be offered the opportunity to withdraw the Form 3115. *See* section 9.12 of this revenue procedure. If, within 10 calendar days of the notification by the branch representative, the taxpayer or the taxpayer's representative does not notify the branch representative of a decision to withdraw the Form 3115, the adverse change in method of accounting letter ruling will be issued unless an extension is granted. Ordinarily, the user fee required for a non-automatic Form 3115 will not be refunded for a Form 3115 that is withdrawn.

**Non-automatic Form 3115 may be withdrawn or Associate office may decline to issue a change in method of accounting letter ruling**

**.12**

**In general**

**(1) In general.** A taxpayer may withdraw a non-automatic Form 3115 at any time before the change in method of accounting letter ruling is signed by the Associate office. The Form 3115, correspondence, and any documents relating to the Form 3115 that is withdrawn or for which the Associate office declines to issue a letter ruling will not be returned to the taxpayer. *See* section 9.03(3) of this revenue procedure. In appropriate cases, the Service may publish its conclusions in a revenue ruling or revenue procedure.

**Notification of appropriate Service official**

**(2) Notification of appropriate Service official.** If a taxpayer withdraws, or the Associate office declines to grant (for any reason), a request to change from or to an improper method of accounting, the Associate office will notify, in writing, the appropriate Service official in the operating division that has examination jurisdiction of the taxpayer's tax return and the Coordinator of the Methods of Accounting and Timing Issue Practice Group, and may give its views on the issues in the request to the Service official to consider in any later examination of the return.

If the memorandum to the Service official provides more than the fact that the request was withdrawn and the Associate office was tentatively adverse, or that the Associate office declines to grant a change in method of accounting, the memorandum may constitute Chief Counsel Advice, as defined in § 6110(i)(1), and may be subject to disclosure under § 6110.

**Refund of user fee**

**(3) Refund of user fee.** Ordinarily, the user fee will not be returned for a non-automatic Form 3115 that is withdrawn. *See* section 15.10 of this revenue procedure for information regarding refunds of user fees.

**How to check status of a pending non-automatic Form 3115**

**.13** The taxpayer or the taxpayer's authorized representative may obtain information regarding the status of a non-automatic Form 3115 by calling the person whose name and telephone number are shown on the acknowledgement of receipt of the Form 3115.

**Service is not bound by informal opinion**

**.14** The Service will not be bound by any informal opinion expressed by the branch representative or any other Service representative, and such an opinion cannot be relied upon as a basis for obtaining retroactive relief under the provisions of § 7805(b).

**Single letter ruling issued to a taxpayer or consolidated group for qualifying identical change in method of accounting**

**.15** For a non-automatic Form 3115 qualifying under section 15.07(4) for the user fee provided in paragraph (A)(5)(b) of Appendix A of this revenue procedure for identical changes in method of accounting, the Associate office generally will issue a single letter ruling on behalf of all applicants on the Form 3115 that are the subject of the request.

**Letter ruling ordinarily not issued for one of two or more interrelated items or submethods**

**Consent Agreement**

.16 If two or more items or submethods of accounting are interrelated, the Associate office ordinarily will not issue a letter ruling on a change in method of accounting involving only one of the items or submethods.

.17 Ordinarily, for a non-automatic Form 3115, the Commissioner's permission to change a taxpayer's method of accounting is set forth in a letter ruling (original and a Consent Agreement copy). If the taxpayer agrees to the terms and conditions contained in the change in method of accounting letter ruling, the taxpayer must sign and date the Consent Agreement copy of the letter ruling in the appropriate space. The Consent Agreement must be signed by an individual with authority to bind the taxpayer in such matters. The Consent Agreement copy must not be signed by the taxpayer's representative. The signed copy of the letter ruling will constitute an agreement (Consent Agreement) within the meaning of Treas. Reg. § 1.481-4(b). The signed Consent Agreement copy of the letter ruling must be returned to the Associate office within 45 calendar days of the date of the letter ruling. In addition, a copy of the signed Consent Agreement generally must be attached to the taxpayer's income tax return for the year of change. See section 11.03(2)(a) of Rev. Proc. 2015-13 (or successor). A taxpayer filing its return electronically should attach the Consent Agreement as a PDF file named "Form3115Consent." If the taxpayer has filed its income tax return for the year of change before the letter ruling has been received and the Consent Agreement has been signed and returned, the copy of the signed Consent Agreement should be attached to the amended return for the year of change that the taxpayer files to implement the change in method of accounting.

A taxpayer must secure the consent of the Commissioner before changing a method of accounting for Federal income tax purposes. See Treas. Reg. § 1.446-1(e)(2)(i). For a change in method of accounting requested on a non-automatic Form 3115, a taxpayer has secured the consent of the Commissioner when the taxpayer timely signs and returns the Consent Agreement copy of the letter ruling from the Associate office granting permission to make the change in method of accounting and otherwise complies with Rev. Proc. 2015-13 (or successor).

A taxpayer that timely files a non-automatic Form 3115 and takes the requested change in method of accounting into account in its federal income tax return for the year of change (and any subsequent taxable year) prior to receiving a letter ruling granting consent for that change has made a change in method of accounting without obtaining the consent of the Commissioner as required by § 446(e) (an "unauthorized change"). As provided in section 12.02 of Rev. Proc. 2015-13 (or successor), the Director may determine when a change is not made in compliance with all applicable provisions of Rev. Proc. 2015-13 (or successor) and may deny the unauthorized change. However, the Commissioner's consent, issued subsequent to the requested year of change, applies back to the year of change (and any subsequent taxable year) as of the date of the letter ruling granting consent for that change if the taxpayer timely signs and returns the Consent Agreement copy and implements the change in accordance with all applicable provisions of Rev. Proc. 2015-13 (or successor) and section 11 of this revenue procedure. If the Commissioner does not grant consent under Rev. Proc. 2015-13 (or successor) for the change in method of accounting taken into account by the taxpayer, the taxpayer is subject to any interest, penalties, or other adjustments resulting from improper implementation of the change. See § 446(f). A taxpayer who timely files a non-automatic Form 3115 and takes the requested change into account in the taxpayer's Federal income tax return for the year of change (and any subsequent taxable year), prior to receiving the letter ruling granting permission for the requested change, may nevertheless rely on the letter ruling received from the Associate office after it is received, as provided in section 9.19 of this revenue procedure. If, however, the requested change is modified or is withdrawn, denied, or similarly closed without the Associate office having granted consent, taxpayers are not relieved of any interest, penalties, or other adjustments resulting from improper implementation of the change.

**A copy of the change in method of accounting letter ruling is sent to appropriate Service official**

.18 The Associate office will send a copy of each change in method of accounting letter ruling, whether favorable or adverse, to the appropriate Service official in the operating division that has examination jurisdiction of the taxpayer's tax return.

**Consent to change a method of accounting may be relied on subject to limitations**

**.19** A taxpayer may rely on a change in method of accounting letter ruling received from the Associate office, subject to certain conditions and limitations. *See* sections 7, 8, 10, 11, and 12 of Rev. Proc. 2015–13 (or its successor).

A qualifying taxpayer complying timely with an automatic change request procedure may rely on the consent of the Commissioner as provided in the automatic change request procedure to change the taxpayer’s method of accounting, subject to certain conditions and limitations. *See generally* sections 7, 8, 10, 11, and 12 of Rev. Proc. 2015–13 (or its successor). An Associate office may review a Form 3115 filed under an automatic change request procedure and will notify the taxpayer if additional information is needed or if consent is not granted to the taxpayer for the requested change. *See* section 11 of Rev. Proc. 2015–13 (or its successor). Further, the Field office that has jurisdiction over the taxpayer’s return may review the Form 3115. *See* section 12 of Rev. Proc. 2015–13 (or its successor).

**Change in method of accounting letter ruling does not apply to another taxpayer**

**.20** A taxpayer may not rely on a change in method of accounting letter ruling issued to another taxpayer. *See* § 6110(k)(3).

**Associate office discretion to permit requested change in method of accounting**

**.21** The Associate office reserves the right to decline to process any non-automatic Form 3115 in situations in which it would not be in the best interest of sound tax administration to permit the requested change or it would not clearly reflect income. In this regard, the Associate office will consider whether the change in method of accounting would clearly and directly frustrate compliance efforts of the Service in administering the income tax laws. *See* section 11.02 of Rev. Proc. 2015–13 (or its successor).

**List of automatic change in method of accounting request procedures**

**.22** For procedures regarding requests for an automatic change in method of accounting, refer to the following published automatic change request procedures. The Commissioner’s consent to an otherwise qualifying automatic change in method of accounting is granted only if the taxpayer complies timely with the applicable automatic change request procedure.

The automatic change request procedures for obtaining a change in method of accounting include:

(1) Rev. Proc. 2015–13, 2015–5 I.R.B. 419 (or any successor). Rev. Proc. 2015–13 applies to the changes in method of accounting described in Rev. Proc. 2015–14, 2015–5 I.R.B. 450 (or any successor).

(2) The following automatic change request procedures, which require a completed Form 3115, provide both the procedures under which a change may be made automatically and the procedures under which such change must be made:

Treas. Reg. § 1.166–2(d)(3) (bank conformity for bad debts);

Treas. Reg. § 1.448–1 (to an overall accrual method for the taxpayer’s first taxable year it is subject to § 448) (this change may also be subject to the procedures of Rev. Proc. 2015–13, 2015–5 I.R.B. 419 (or any successor));

Treas. Reg. § 1.458–1 and –2 (exclusion for certain returned magazines, paperbacks, or records);

Rev. Proc. 97-43, 1997-2 C.B. 494 (§ 475 – electing out of certain exemptions from securities dealer status); and

Rev. Proc. 91-51, 1991-2 C.B. 779 (§ 1286 – certain taxpayers under examination that sell mortgages and retain rights to service the mortgages).

(3) The following automatic change request procedures, which do not require a completed Form 3115, provide the type of change in method of accounting that may be made automatically and also provide the procedures under which such change must be made:

Notice 96-30, 1996-1 C.B. 378 (§ 446 – change to comply with Statement of Financial Accounting Standards No. 116);

Rev. Proc. 92-29, 1992-1 C.B. 748 (§ 461 – change in real estate developer’s method for including costs of common improvements in the basis of property sold);

Rev. Proc. 98-58, 1998-2 C.B. 712 (certain taxpayers seeking to change to the installment method of accounting under § 453 for alternative minimum tax purposes for certain deferred payment sales contracts relating to property used or produced in the trade or business of farming);

Treas. Reg. § 1.472-2 (taxpayers changing to the last-in, first-out (LIFO) inventory method);

Section 585(c) and Treas. Reg. §§ 1.585-6 and 1.585-7 (large bank changing from the reserve method of § 585); and

Rev. Proc. 92-67, 1992-2 C.B. 429 (election under § 1278(b) to include market discount in income currently or election under § 1276(b) to use constant interest rate to determine accrued market discount).

(4) *See* Appendix G for the list of revenue procedures for automatic changes in accounting period.

**Other sections of this revenue procedure that are applicable to Form 3115**

.23 In addition to this section 9, the following sections of this revenue procedure apply to automatic change requests and non-automatic change requests:

1 (purpose of Rev. Proc. 2016-1);

2.01 (definition of “letter ruling”);

2.02 (definition of “closing agreement”);

2.05 (oral guidance);

3.01 (issues under the jurisdiction of the Associate Chief Counsel (Corporate));



3.02 (issues under the jurisdiction of the Associate Chief Counsel (Financial Institutions and Products));

3.03 (issues under the jurisdiction of the Associate Chief Counsel (Income Tax and Accounting));

3.04 (issues under the jurisdiction of the Associate Chief Counsel (International));

3.05 (issues under the jurisdiction of the Associate Chief Counsel (Passthroughs and Special Industries));

3.07 (issues under the jurisdiction of the Associate Chief Counsel (Tax Exempt and Government Entities));

5.03(2) (period of limitation when filing a request for extensions of time for making an election or for other relief under § 301.9100);

6.02 (letter rulings ordinarily not issued in certain areas because of the factual nature of the problem);

6.05 (letter rulings ordinarily not issued to business associations or groups);

6.06 (letter rulings ordinarily not issued where the request does not address the tax status, liability, or reporting obligations of the requester);

6.08 (letter rulings ordinarily not issued on Federal tax consequences of proposed legislation);

6.10 (letter rulings not issued on frivolous issues);

6.12 (letter rulings not issued on alternative plans or hypothetical situation);

7.01(1) (statement of facts and other information);

7.01(8) (statement of supporting authorities);

7.01(13) (authorized representatives);

7.01(14) (power of attorney and declaration of representative);

7.02(2) (power of attorney used to indicate recipient of a copy or copies of a letter ruling or a determination letter);

7.02(4) (expedited handling);

7.05(2) (notify Associate office if a return, amended return, or claim for refund is filed while request is pending and attach request to the return);

8.01 (receipt and control of the request, and referral to the appropriate Associate office);

8.04 (not bound by informal opinion expressed);

10 (scheduling conferences);

15 (user fees);

16 (significant changes to Rev. Proc. 2016-1);

17 (effect of Rev. Proc. 2016-1 on other documents);

18 (effective date of this revenue procedure);

Appendix A (schedule of user fees); and

Appendix G (revenue procedures and notices regarding letter ruling requests relating to specific Code sections and subject matters).

## **SECTION 10. HOW ARE CONFERENCES FOR LETTER RULINGS SCHEDULED?**

### **Schedules a conference if requested by taxpayer**

**.01** A taxpayer may request a conference regarding a letter ruling request. Normally, a conference is scheduled only when the Associate office considers it to be helpful in deciding the case or when an adverse decision is indicated. If conferences are being arranged for more than one request for a letter ruling involving the same taxpayer, they will be scheduled so as to cause the least inconvenience to the taxpayer. As stated in sections 7.02(6) and 9.04(4) of this revenue procedure, a taxpayer who wants to have a conference on the issue or issues involved should indicate this in writing when, or soon after, filing the request.

If a conference has been requested, the taxpayer or the taxpayer's representative will be notified by telephone, if possible, of the time and place of the conference, which must then be held within 21 calendar days after this contact. Instructions for requesting an extension of the 21-day period and notifying the taxpayer or the taxpayer's representative of the Associate office's approval or denial of the request for extension are the same as those explained in section 8.05(2) (section 9.08(2)(a) for a change in method of accounting request) of this revenue procedure regarding providing additional information.

### **Permits taxpayer one conference of right**

**.02** A taxpayer is entitled, as a matter of right, to only one conference in the Associate office, except as explained under section 10.05 of this revenue procedure. This conference is normally held at the branch level and is attended by a person who has the authority to sign the letter ruling in his or her own name or for the branch chief.

When more than one branch has taken an adverse position on an issue in a letter ruling request or when the position ultimately adopted by one branch will affect that adopted by another, a representative from each branch with the authority to sign in his or her own name or for the branch chief will attend the conference. If more than one subject is to be discussed at the conference, the discussion will constitute a conference on each subject.

To have a thorough and informed discussion of the issues, the conference usually will be held after the branch has had an opportunity to study the case. At the request of the taxpayer, the conference of right may be held earlier.

No taxpayer has a right to appeal the action of a branch to an Associate Chief Counsel or to any other official of the Service. *But see* section 10.05 of this revenue procedure for situations in which the Associate office may offer additional conferences.

In employment tax matters, if the service recipient (the firm) requests the letter ruling, the firm is entitled to a conference. If the worker requests the letter ruling, both the worker and the firm are entitled to a conference. *See* section 5.10 of this revenue procedure.

**Disallows verbatim recording of conferences**

**.03** Because conference procedures are informal, no tape, stenographic, or other verbatim recording of a conference may be made by any party.

**Makes tentative recommendations on substantive issues**

**.04** The senior Associate office representative present at the conference ensures that the taxpayer has the opportunity to present views on all the issues in question. An Associate office representative explains the Associate office's tentative decision on the substantive issues and the reasons for that decision. If the taxpayer asks the Associate office to limit the retroactive effect of any letter ruling or limit the revocation or modification of a prior letter ruling, an Associate office representative will discuss the recommendation concerning this issue and the reasons for the recommendation. The Associate office representatives will not make a commitment regarding the conclusion that the Associate office will finally adopt.

**May offer additional conferences**

**.05** The Associate office will offer the taxpayer an additional conference if, after the conference of right, an adverse holding is proposed, but on a new issue, or on the same issue but on different grounds from those discussed at the first conference. There is no right to another conference when a proposed holding is reversed at a higher level with a result less favorable to the taxpayer, if the grounds or arguments on which the reversal is based were discussed at the conference of right.

The limit on the number of conferences to which a taxpayer is entitled does not prevent the Associate office from offering additional conferences, including conferences with an official higher than the branch level, if the Associate office decides they are needed. These conferences are not offered as a matter of course simply because the branch has reached an adverse decision. In general, conferences with higher level officials are offered only if the Associate office determines that the case presents significant issues of tax policy or tax administration and that the consideration of these issues would be enhanced by additional conferences with the taxpayer.

**Requires written confirmation of information presented at conference**

**.06** The taxpayer should furnish to the Associate office any additional data, reasoning, precedents, etc. that were proposed by the taxpayer and discussed at the conference but not previously or adequately presented in writing. The taxpayer must furnish the additional information within 21 calendar days from the date of the conference. If the additional information is not received within that time, a letter ruling will be issued on the basis of the information on hand or, if appropriate, no ruling will be issued. *See* section 8.05 of this revenue procedure for instructions on submission of additional information for a letter ruling request other than a change in method of accounting request. *See* section 9.08 of this revenue procedure for instructions on submitting additional information for a change in method of accounting request.

**May schedule a pre-submission conference**

.07 Sometimes it will be advantageous to both the Associate office and the taxpayer to hold a conference before the taxpayer submits the letter ruling request to discuss substantive or procedural issues relating to a proposed transaction. These conferences are held only if the identity of the taxpayer is provided to the Associate office, only if the taxpayer actually intends to make a request, only if the request involves a matter on which a letter ruling is ordinarily issued, and only at the discretion of the Associate office and as time permits. For example, a pre-submission conference will not be held on an income tax issue if, at the time the pre-submission conference is requested, the identical issue is involved in the taxpayer's return for an earlier period and that issue is being examined by a Field office. *See* section 6.01(1) of this revenue procedure. A letter ruling request submitted following a pre-submission conference will not necessarily be assigned to the branch that held the pre-submission conference. Also, when a letter ruling request is not submitted following a pre-submission conference, the Associate office may notify, by memorandum, the appropriate Service official in the operating division that has examination jurisdiction of the taxpayer's tax return and may give its views on the issues raised during the pre-submission conference. For LB&I taxpayers, a copy of the memorandum will be sent to the Director of Pre-Filing & Technical Guidance. This memorandum may constitute Chief Counsel Advice, as defined in § 6110(i), and may be subject to disclosure under § 6110.

**(1) Taxpayer may request a pre-submission conference in writing or by telephone.** A taxpayer or the taxpayer's representative may request a pre-submission conference in writing or by telephone. If the taxpayer's representative is requesting the pre-submission conference, a power of attorney is required. A taxpayer should use Form 2848, *Power of Attorney and Declaration of Representative*, to provide the representative's authority. If multiple taxpayers and/or their authorized representatives will attend or participate in the pre-submission conference, cross powers of attorney (or, as appropriate, tax information authorizations) are required. If the taxpayer's representative is requesting the pre-submission conference by telephone, the Associate office's representative (see list of phone numbers below) will provide the fax number to send the power of attorney (or, as appropriate, tax information authorizations) prior to scheduling the pre-submission conference.

The request must identify the taxpayer and briefly explain the primary issue so it can be assigned to the appropriate branch. If submitted in writing, the request should also identify the Associate office expected to have jurisdiction over the request for a letter ruling. A written request for a pre-submission conference should be sent to the appropriate address listed in section 7.04 of this revenue procedure.

To request a pre-submission conference by telephone, call:

(a) (202) 317-7700 (not a toll-free call) for matters under the jurisdiction of the Office of Associate Chief Counsel (Corporate);

(b) (202) 317-3900 (not a toll-free call) for matters under the jurisdiction of the Office of Associate Chief Counsel (Financial Institutions and Products);

(c) (202) 317-7002 (not a toll-free call) for matters under the jurisdiction of the Office of Associate Chief Counsel (Income Tax and Accounting);

(d) (202) 317-3800 (not a toll-free call) for matters under the jurisdiction of the Office of Associate Chief Counsel (International);

(e) (202) 317-3100 (not a toll-free call) for matters under the jurisdiction of the Office of Associate Chief Counsel (Passthroughs and Special Industries);

(f) (202) 317-3400 (not a toll-free call) for matters under the jurisdiction of the Office of Associate Chief Counsel (Procedure and Administration); or

(g) (202) 317-6000 (not a toll-free call) for matters under the jurisdiction of the Office of Associate Chief Counsel (Tax Exempt and Government Entities).

**(2) Pre-submission conferences held in person or by telephone.** Depending on the circumstances, pre-submission conferences may be held in person at the Associate office or may be conducted by telephone.

**(3) Certain information required to be submitted to the Associate office prior to the pre-submission conference.** Generally, the taxpayer will be asked to provide, at least three business days before the scheduled pre-submission conference, a statement of whether the issue is an issue on which a letter ruling is ordinarily issued, a draft of the letter ruling request or other detailed written statement of the proposed transaction, issue, and legal analysis. If the taxpayer's authorized representative will attend or participate in the pre-submission conference, a power of attorney is required.

**(4) Discussion of substantive issues is not binding on the Service.** Any discussion of substantive issues at a pre-submission conference is advisory only, is not binding on the Service in general or on the Office of Chief Counsel in particular, and cannot be relied upon as a basis for obtaining retroactive relief under the provisions of § 7805(b).

**May schedule a conference to be held by telephone**

**.08** Depending on the circumstances, conferences, including conferences of right and pre-submission conferences, may be held by telephone. This may occur, for example, when a taxpayer wants a conference of right but believes that the issue involved does not warrant incurring the expense of traveling to Washington, DC, or if it is believed that scheduling an in-person conference of right will substantially delay the ruling process. If a taxpayer makes such a request, the branch reviewer will decide if it is appropriate in the particular case to hold a conference by telephone. If the request is approved, the taxpayer will be advised when to call the Associate office representatives (not a toll-free call).

## **SECTION 11. WHAT EFFECT WILL A LETTER RULING HAVE?**

**May be relied on subject to limitations**

**.01** A taxpayer ordinarily may rely on a letter ruling received from the Associate office subject to the conditions and limitations described in this section.

**Will not apply to another taxpayer**

**.02** A taxpayer may not rely on a letter ruling issued to another taxpayer. *See* § 6110(k)(3). However, shareholders and security holders of a corporation may rely on a letter ruling issued to the corporation for the limited purpose of determining the proper treatment of directly related tax items. For example, a letter ruling issued to a corporation with respect to the reorganization of that corporation may be relied upon by the corporation's shareholders in determining their basis in the stock of the corporation following the reorganization. *See also* section 11.06(3) of this revenue procedure.

**Will be used by a Field office in examining the taxpayer's return**

**.03** When determining a taxpayer's liability, the Field office must ascertain whether—

(1) the conclusions stated in the letter ruling are properly reflected in the return;

(2) the representations upon which the letter ruling was based reflect an accurate statement of the controlling facts;

(3) the transaction was carried out substantially as proposed; and

(4) there has been any change in the law that applies to the period during which the transaction or continuing series of transactions were consummated.

If, when determining the liability, the Field office finds that a letter ruling should be revoked or modified, the findings and recommendations of the Field office will be forwarded through the appropriate Director to the Associate office for consideration before further action is taken by the Field office. Such a referral to the Associate office will be treated as a request for technical advice and the provisions of Rev. Proc. 2016–2, this Bulletin, relating to requests for technical advice will be followed. *See* section 13.02 of Rev. Proc. 2016–2, this Bulletin. Otherwise, the Field office should apply the letter ruling in determining the taxpayer’s liability. If a Field office having jurisdiction over a return or other matter proposes to reach a conclusion contrary to a letter ruling previously issued to the taxpayer, it should coordinate the matter with the Associate office.

**May be revoked or modified if found to be in error or there has been a change in law**

**.04** Unless it was part of a closing agreement as described in section 2.02 of this revenue procedure, a letter ruling found to be in error or not in accord with the current views of the Service may be revoked or modified. If a letter ruling is revoked or modified, the revocation or modification applies to all years open under the period of limitation unless the Service uses its discretionary authority under § 7805(b) to limit the retroactive effect of the revocation or modification.

A letter ruling may be revoked or modified by—

(1) a letter giving notice of revocation or modification to the taxpayer to whom the letter ruling was issued;

(2) the enactment of legislation or ratification of a tax treaty;

(3) a decision of the United States Supreme Court;

(4) the issuance of temporary or final regulations; or

(5) the issuance of a revenue ruling, revenue procedure, notice, or other statement published in the Internal Revenue Bulletin.

Consistent with these provisions, if a letter ruling relates to a continuing action or a series of actions, it ordinarily will be applied until any one of the events described above occurs or until it is specifically withdrawn.

Publication of a notice of proposed rulemaking will not affect the application of any letter ruling issued under this revenue procedure.

Where a letter ruling is revoked or modified by a letter to the taxpayer, the letter will state whether the revocation or modification is retroactive. Where a letter ruling is revoked or modified by the issuance of final or temporary regulations or by the publication of a revenue ruling, revenue procedure, notice, or other statement in the Internal Revenue Bulletin, the document may contain a statement as to its retroactive effect on letter rulings.

**Letter ruling revoked or modified based on material change in facts applied retroactively**

**.05** An Associate office will revoke or modify a letter ruling and apply the revocation retroactively to the taxpayer for whom the letter ruling was issued or to a taxpayer whose tax liability was directly involved in the letter ruling if—

- (1) there has been a misstatement or omission of controlling facts;
- (2) the facts at the time of the transaction are materially different from the controlling facts on which the letter ruling was based; or
- (3) the transaction involves a continuing action or series of actions and the controlling facts change during the course of the transaction.

**Not otherwise generally revoked or modified retroactively**

**.06** Where the revocation or modification of a letter ruling is for reasons other than a change in facts as described in section 11.05 of this revenue procedure, it will generally not be applied retroactively to the taxpayer for whom the letter ruling was issued or to a taxpayer whose tax liability was directly involved in the letter ruling provided that—

- (1) there has been no change in the applicable law;
- (2) the letter ruling was originally issued for a proposed transaction; and
- (3) the taxpayer directly involved in the letter ruling acted in good faith in relying on the letter ruling, and revoking or modifying the letter ruling retroactively would be to the taxpayer's detriment. For example, the tax liability of each shareholder is directly involved in a letter ruling on the reorganization of a corporation. Depending on all facts and circumstances, the shareholders' reliance on the letter ruling may be in good faith. The tax liability of a member of an industry, however, is not directly involved in a letter ruling issued to another member of the same industry. Therefore, a nonretroactive revocation or modification of a letter ruling to one member of an industry will not extend to other members of the industry who have not received letter rulings. By the same reasoning, a tax practitioner may not extend to one client the non-retroactive application of a revocation or modification of a letter ruling previously issued to another client.

If a letter ruling is revoked or modified by a letter to the taxpayer with retroactive effect, the letter to the taxpayer will, except in fraud cases, state the grounds on which the letter ruling is being revoked or modified and explain the reasons why it is being revoked or modified retroactively.

**Retroactive effect of revocation or modification applied to a particular transaction**

**.07** A letter ruling issued on a particular transaction represents a holding of the Service on that transaction only. It will not apply to a similar transaction in the same year or any other year. Except in unusual circumstances, the application of that letter ruling to the transaction will not be affected by the later issuance of regulations (either temporary or final) if conditions (1) through (3) in section 11.06 of this revenue procedure are met.

If a letter ruling on a transaction is later found to be in error or no longer in accord with the position of the Service, it will not protect a similar transaction of the taxpayer in the same year or later year.

**Retroactive effect of revocation or modification applied to a continuing action or series of actions**

**.08** If a letter ruling is issued covering a continuing action or series of actions and the letter ruling is later found to be in error or no longer in accord with the position of the Service, the appropriate Associate Chief Counsel ordinarily will limit the retroactive effect of the revocation or modification to a date that is not earlier than that on which the letter ruling is revoked or modified. For example, the retroactive effect of the revocation or modification of a letter ruling covering a continuing action or series of actions ordinarily would be limited in the following situations when the letter ruling is in error or no longer in accord with the position of the Service:

(1) A taxpayer received a letter ruling that certain payments are excludable from gross income for Federal income tax purposes. The taxpayer ordinarily would be protected only for the payment received after the letter ruling was issued and before the revocation or modification of the letter ruling.

(2) A taxpayer rendered a service or provided a facility that is subject to the excise tax on services or facilities and, in relying on a letter ruling received, it did not pass the tax on to the user of the service or the facility.

(3) An employer incurred liability under the Federal Insurance Contributions Act but, in relying on a letter ruling received, neither collected the employee tax nor paid the employee and employer taxes under the Federal Insurance Contributions Act. The retroactive effect would be limited for both the employer and employee tax. The limitation would be conditioned on the employer furnishing wage data, as may be required by § 31.6011(a)-1 of the Treasury Regulations.

**Generally not retroactively revoked or modified if related to sale or lease subject to excise tax**

**.09** A letter ruling holding that the sale or lease of a particular article is subject to the manufacturer's excise tax or the retailer's excise tax may not retroactively revoke or modify an earlier letter ruling holding that the sale or lease of such an article was not taxable if the taxpayer to whom the letter ruling was issued, in relying on the earlier letter ruling, gave up possession or ownership of the article without passing the tax on to the customer. *See* § 1108(b), Revenue Act of 1926.

**May be retroactively revoked or modified when transaction is entered into before the issuance of the letter ruling**

**.10** A taxpayer is not protected against retroactive revocation or modification of a letter ruling involving a transaction completed before the issuance of the letter ruling or involving a continuing action or series of actions occurring before the issuance of the letter ruling, because the taxpayer did not enter into the transaction relying on a letter ruling.

**Taxpayer may request that retroactivity be limited**

**.11** Under § 7805(b), the Service may prescribe any extent to which a revocation or modification of a letter ruling will be applied without retroactive effect.

A taxpayer to whom a letter ruling has been issued may request that the appropriate Associate Chief Counsel limit the retroactive effect of any revocation or modification of the letter ruling.

A taxpayer to whom a letter ruling has been issued by the Commissioner, Tax Exempt and Government Entities may request that the Office of Associate Chief Counsel, Tax Exempt and Government Entities limit the retroactive effect of any revocation or modification of the letter ruling. *See* Rev. Proc. 2016-4, § 13.10, this bulletin.

**Format of request**

**(1) Request for relief under § 7805(b) must be made in required format.** A request to limit the retroactive effect of the revocation or modification of a letter ruling must be in the general form of, and meet the general requirements for, a letter ruling request. These requirements are given in section 7 of this revenue procedure. Specifically, the request must also



(a) state that it is being made under § 7805(b);

(b) state the relief sought;

(c) explain the reasons and arguments in support of the relief requested (including a discussion of section 11.05 of this revenue procedure, the three items listed in section 11.06 of this revenue procedure, and any other factors as they relate to the taxpayer's particular situation); and

(d) include any documents bearing on the request.

A request that the Service limit the retroactive effect of a revocation or modification of a letter ruling may be made in the form of a separate request for a letter ruling when, for example, a revenue ruling has the effect of modifying or revoking a letter ruling previously issued to the taxpayer or when the Service notifies the taxpayer of a change in position that will have the effect of revoking or modifying the letter ruling.

When notice is given by the Field office during an examination of the taxpayer's return or by Appeals, during consideration of the taxpayer's return before Appeals, a request to limit retroactive effect must be made in the form of a request for technical advice as explained in section 14.02 of Rev. Proc. 2016-2, this Bulletin.

When germane to a pending letter ruling request, a request to limit the retroactive effect of a revocation or modification of a letter ruling may be made as part of the request for the letter ruling, either initially or at any time before the letter ruling is issued. When a letter ruling that concerns a continuing transaction is revoked or modified by, for example, a subsequent revenue ruling, a request to limit retroactive effect must be made before the examination of the return that contains the transaction that is the subject of the letter ruling request.

#### **Request for conference**

**(2) Taxpayer may request a conference on application of § 7805(b).** A taxpayer who requests the application of § 7805(b) in a separate letter ruling request has the right to a conference in the Associate office as explained in sections 10.02, 10.04, and 10.05 of this revenue procedure. If the request is made initially as part of a pending letter ruling request or is made before the conference of right is held on the substantive issues, the § 7805(b) issue will be discussed at the taxpayer's one conference of right as explained in section 10.02 of this revenue procedure. If the request for the application of § 7805(b) relief is made as part of a pending letter ruling request after a conference has been held on the substantive issue and the Associate office determines that there is justification for having delayed the request, the taxpayer is entitled to one conference of right concerning the application of § 7805(b), with the conference limited to discussion of this issue only.

#### **SECTION 12. UNDER WHAT CIRCUMSTANCES DO DIRECTORS ISSUE DETERMINATION LETTERS?**

Directors issue determination letters only if the question presented is specifically answered by a statute, tax treaty, or regulations, a conclusion stated in a revenue ruling, or an opinion or court decision that represents the position of the Service.

Under no circumstances will a Director issue a determination letter unless it is clearly shown that the request concerns a return that has been filed or is required to be filed and over which the Director has, or will have, examination jurisdiction.

A determination letter does not include assistance provided by the U.S. competent authority pursuant to the mutual agreement procedure in tax treaties as set forth in Rev. Proc. 2015-40, 2015-35 I.R.B. 236.

**In income and gift tax matters**

.01 In income and gift tax matters, Directors issue determination letters in response to taxpayers' written requests on completed transactions that affect returns over which they have examination jurisdiction. A determination letter usually is not issued for a question concerning a return to be filed by the taxpayer if the same question is involved in a return already filed.

Normally, Directors do not issue determination letters on the tax consequences of proposed transactions. A Director may issue a determination letter on the replacement of involuntarily converted property under § 1033, even if the replacement has not yet been made, if the taxpayer has filed an income tax return for the year in which the property was involuntarily converted.

**In estate tax matters**

.02 In estate tax matters, Directors issue determination letters in response to written requests affecting the estate tax returns over which they have examination jurisdiction. They do not issue determination letters on matters concerning the application of the estate tax to the prospective estate of a living person.

**In generation-skipping transfer tax matters**

.03 In generation-skipping transfer tax matters, Directors issue determination letters in response to written requests affecting the generation-skipping transfer tax returns over which they have examination jurisdiction. They do not issue determination letters on matters concerning the application of the generation-skipping transfer tax before the distribution or termination takes place.

**In employment and excise tax matters**

.04 In employment and excise tax matters, Directors issue determination letters in response to taxpayers' written requests on completed transactions over which they have examination jurisdiction.

All determination letter requests regarding employment status (employer/employee relationship) made by taxpayers that are not Federal agencies and instrumentalities or their workers, must be submitted to the Internal Revenue Service at the address set forth on the current Form SS-8, *Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding*.

If the service recipient (the firm) requests the determination regarding employment status, the firm will receive any determination letter issued. A copy will also be sent to any workers identified in the request. If the worker makes the request and the firm has been contacted for information, both the worker and the firm will receive any issued determination letter. The determination letter will apply to any individuals engaged by the firm under substantially similar circumstances. See section 5.10 of this revenue procedure for requests regarding employment status made by Federal agencies and instrumentalities or their workers.

**Requests concerning income, estate, or gift tax returns**

.05 A request received by a Director on a question concerning an income, estate, or gift tax return already filed generally will be considered in connection with the examination of the return. If a response is made to the request before the return is examined, it will be considered a tentative finding in any later examination of that return.

**Review of determination letters**

.06 Determination letters issued under sections 12.01 through 12.04 of this revenue procedure are not reviewed by the Associate offices before they are issued. If a taxpayer believes that a determination letter of this type is in error, the taxpayer may ask the Director to reconsider the matter or to request technical advice from an Associate office as explained in Rev. Proc. 2016-2, this Bulletin.

The preceding paragraph does not apply to SS-8 requests under section 12.04. If a taxpayer disagrees with a determination of employment status made in response to an SS-8 request, the taxpayer may request that the SS-8 Program reconsider the determination letter if the taxpayer has additional information concerning the relationship that was not part of the original submission or the taxpayer can identify facts that were part of the original submission that the taxpayer thinks were not fully considered.

## **SECTION 13. WHAT EFFECT WILL A DETERMINATION LETTER HAVE?**

### **Has same effect as a letter ruling**

**.01** A determination letter issued by a Director has the same effect as a letter ruling issued to a taxpayer under section 11 of this revenue procedure.

If a Field office proposes to reach a conclusion contrary to that expressed in a determination letter, that office need not refer the matter to the Associate office as is required for a letter ruling found to be in error. The Field office must, however, refer the matter to the Associate office through the appropriate Director if it desires to have the revocation or modification of the determination letter limited under § 7805(b).

### **Taxpayer may request that retroactive effect of revocation or modification be limited**

**.02** Under § 7805(b), the Service may prescribe the extent to which a revocation or modification of a determination letter will be applied without retroactive effect. A Director does not have authority under § 7805(b) to limit the revocation or modification of the determination letter. Therefore, if the Field office proposes to revoke or modify a determination letter, the taxpayer may request limitation of the retroactive effect of the revocation or modification by asking the Director that issued the determination letter to seek technical advice from the Associate office. *See* section 14.02 of Rev. Proc. 2016-2, this Bulletin.

### **Format of request**

**(1) Request for relief under § 7805(b) must be made in required format.** A taxpayer's request to limit the retroactive effect of the revocation or modification of the determination letter must be in the form of, and meet the general requirements for, a technical advice request. *See* section 14.02 of Rev. Proc. 2016-2, this Bulletin. The request must also—

(a) state that it is being made under § 7805(b);

(b) state the relief sought;

(c) explain the reasons and arguments in support of the relief sought (including a discussion of section 11.05 of this revenue procedure, the three items listed in section 11.06 of this revenue procedure, and any other factors as they relate to the taxpayer's particular situation); and

(d) include any documents bearing on the request.

### **Request for conference**

**(2) Taxpayer may request a conference on application of § 7805(b).** When technical advice is requested regarding the application of § 7805(b), the taxpayer has the right to a conference with the Associate office to the same extent as does any taxpayer who is the subject of a technical advice request. *See* section 14.04 of Rev. Proc. 2016-2, this Bulletin.

**SECTION 14. UNDER WHAT CIRCUMSTANCES ARE MATTERS REFERRED BETWEEN A DIRECTOR AND AN ASSOCIATE OFFICE?**

**Requests for determination letters**

**.01** If a Director receives a request for a determination letter, but it may not issue one under the provisions of this revenue procedure, the Director will forward the request to the appropriate Associate office for reply. The Field office will notify the taxpayer that the matter has been referred.

Directors will also refer to the appropriate Associate office any request for a determination letter that in their judgment should have the attention of the Associate office. The Field office will notify the taxpayer that the matter has been referred.

**No-rule areas**

**.02** If the request involves an issue on which the Service will not issue a letter ruling or determination letter, the request will not be forwarded to an Associate office. The Director will notify the taxpayer that the Service will not issue a letter ruling or a determination letter on the issue. *See* section 6 of this revenue procedure for a description of no-rule areas.

**Requests for letter rulings**

**.03** If an Associate office receives a request for a letter ruling that it may not act upon under section 6 of this revenue procedure, the Associate office may, in its discretion, forward the request to the Field office that has examination jurisdiction over the taxpayer's return. The taxpayer will be notified of this action. If the request is on an issue or in an area of the type discussed in section 6 of this revenue procedure and the Service decides not to issue a letter ruling or a determination letter, the Associate office will notify the taxpayer and will then forward the request to the appropriate Field office for association with the related return.

**Letter ruling request mistakenly sent to a Director**

**.04** If a request for a letter ruling is mistakenly sent to a Director, the Director will return it to the taxpayer so that the taxpayer can send it to an Associate office.

**SECTION 15. WHAT ARE THE USER FEE REQUIREMENTS FOR REQUESTS FOR LETTER RULINGS AND DETERMINATION LETTERS?**

**Legislation authorizing user fees**

**.01** Section 7528 was added to the Internal Revenue Code by section 202 of the Extension of the Temporary Assistance for Needy Families Block Grant Program, Pub. L. No. 108-89, amended by section 891(a) of the American Jobs Creation Act of 2004, Pub. L. 108-357, and was made permanent by section 8244 of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, Pub. L. No. 110-28.

Section 7528 provides that the Secretary of the Treasury or delegate (the "Secretary") shall establish a program requiring the payment of user fees for requests to the Service for letter rulings, opinion letters, determination letters, and other similar requests. The fees charged under the program are to: (1) vary according to categories or subcategories established by the Secretary; (2) be determined after taking into account the average time for, and difficulty of, complying with requests in each category or subcategory; and (3) be payable in advance. The Secretary is to provide for exemptions and reduced fees under the program as the Secretary determines to be appropriate, but the average fee applicable to each category or subcategory must not be less than the amount specified in § 7528(b)(3).

**Requests to which a user fee applies**

**.02** In general, user fees apply to all requests for—

(1) letter rulings (including non-automatic Forms 3115, *Application for Change in Accounting Method*), determination letters, and advance pricing agreements;

(2) closing agreements described in paragraph (A)(3)(d) of Appendix A of this revenue procedure and pre-filing agreements described in Rev. Proc. 2009–14, 2009–3 I.R.B. 324 (or its successor);

(3) renewal of advance pricing agreements; and

(4) reconsideration of letter rulings or determination letters.

Requests to which a user fee applies must be accompanied by the appropriate fee as determined from the fee schedule provided in Appendix A of this revenue procedure. The fee may be refunded as provided in section 15.10 of this revenue procedure.

**Requests to which a user fee does not apply**

**.03** User fees do not apply to—

(1) elections made pursuant to § 301.9100–2, pertaining to automatic extensions of time (*see* section 5.03 of this revenue procedure);

(2) late initial classification elections made pursuant to Rev. Proc. 2009–41, 2009–2 C.B. 439 (*see* section 5.03(6) of this revenue procedure);

(3) late S corporation and related elections made pursuant to Rev. Proc. 2013–30, 2013–36 I.R.B. 173 (*see* section 5.02 of this revenue procedure);

(4) requests for a change in accounting period or method of accounting permitted to be made by a published automatic change request revenue procedure (*see* section 9.01(1) of this revenue procedure);

(5) requests for harassment campaign letter rulings under Section 6104(d)(4);

(6) request for Neighborhood Land Use Rule letter rulings under Section 514(b)(3);

(7) information letters; or

(8) late elections under § 338 that qualify under the automatic provisions in sections 3, 4, and 5 of Rev. Proc. 2003–33, 2003–1 C.B. 803.

**Exemptions from the user fee requirements**

**.04** The user fee requirements do not apply to—

(1) departments, agencies, or instrumentalities of the United States if they certify that they are seeking a letter ruling or determination letter on behalf of a program or activity funded by Federal appropriations. The fact that a user fee is not charged does not have any bearing on whether an applicant is treated as an agency or instrumentality of the United States for purposes of any provision of the Code; or

(2) requests as to whether a worker is an employee for Federal employment taxes and income tax withholding purposes (Subtitle C of the Code) submitted on Form SS-8, *Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding*, or its equivalent.

**Fee schedule**

**.05** The schedule of user fees is provided in Appendix A of this revenue procedure. For the user fee requirements applicable to—

(1) requests for advance pricing agreements or renewals of advance pricing agreements, *see* section 3.05 of Rev. Proc. 2015-41, 2015-35 I.R.B. 263; or

(2) requests for letter rulings, determination letters, etc. under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division (which no longer include changes in method of accounting), *see* Rev. Proc. 2016-8, this Bulletin.

**Applicable user fee for a request involving multiple offices, fee categories, issues, transactions, or entities**

**.06**

**(1) Requests involving several offices.** If a request dealing with only one transaction involves more than one office within the Service (for example, one issue is under the jurisdiction of the Associate Chief Counsel (Passthroughs and Special Industries) and another issue is under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division), only one fee applies, namely the highest fee that otherwise would apply to each of the offices involved. *See* Rev. Proc. 2016-8, this Bulletin, for the user fees applicable to issues under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division.

**(2) Requests involving several fee categories.** If a request dealing with only one transaction involves more than one fee category, only one fee applies, the highest fee that otherwise would apply to each of the categories involved.

**(3) Requests involving several issues.** If a request dealing with only one transaction involves several issues, a request for a change in method of accounting dealing with only one item or submethod of accounting involves several issues, or a request for a change in accounting period dealing with only one item involves several issues, the request is treated as one request. Therefore, only one fee applies, i.e., the fee that applies to the particular category or subcategory involved. The addition of a new issue relating to the same transaction, item, or submethod will not result in an additional fee unless the issue places the transaction, item, or submethod in a higher fee category. So long as the issues all relate to a single transaction, a request that the Service address one or more of the issues in a separate ruling will not result in an additional fee.

**(4) Requests involving several unrelated transactions.** If a request involves several unrelated transactions, a request for a change in method of accounting involves several unrelated items or submethods of accounting, or a request for a change in accounting period involves several

unrelated items, each transaction or item is treated as a separate request. As a result, a separate fee will apply for each unrelated transaction, item, or submethod. An additional fee will apply if the request is changed by the addition of an unrelated transaction, item, or submethod not contained in the initial request. An example of a request involving unrelated transactions is a request involving relief under § 301.9100-3 and the underlying issue.

**(5) Requests involving several entities.** Each entity involved in a transaction (for example, a reorganization) that desires a separate letter ruling in its own name must pay a separate fee regardless of whether the transaction or transactions may be viewed as related. *But see* section 15.07 of this revenue procedure.

**(6) Requests made by married taxpayers who file jointly.** A married couple filing a joint return may jointly request a single letter ruling and pay a single user fee if the issues arise from a joint activity or if the spouses would otherwise qualify for substantially identical letter rulings. If a spouse desires a ruling to be individually issued to him or her, a separate fee must be paid for each individual request. *But see* section 15.07 of this revenue procedure (providing a reduced user fee for substantially identical letter rulings or substantially identical changes in method of accounting).

**Applicable user fee for requests for substantially identical letter rulings or identical changes in method of accounting.**

**.07**

**(1) In general.** The user fees provided in paragraph (A)(5) of Appendix A of this revenue procedure apply to the situations described in sections 15.07(2) and 15.07(4) of this revenue procedure. To assist in the processing of these user fee requests, all letter ruling requests submitted under this section 15.07 should—

(a) except for non-automatic Forms 3115, include the following typed or printed language at the top of the letter ruling request: “REQUEST FOR USER FEE UNDER SECTION 15.07 OF REV. PROC. 2016-1”;

(b) list on the first page of the submission all taxpayers and entities, and separate and distinct trades or businesses, including qualified subchapter S subsidiaries (QSubs) or single member limited liability companies (single member LLCs), requesting a letter ruling (including the taxpayer identification number and the amount of user fee submitted for each taxpayer, entity, or separate and distinct trade or business); and

(c) submit one check to cover all user fees.

If the Service determines that the letter ruling requests do not qualify for the user fee provided in paragraph (A)(5) of Appendix A of this revenue procedure, the Service will request the proper fee. *See* section 15.09 of this revenue procedure.

**(2) Substantially identical letter rulings.** The user fee provided in paragraph (A)(5)(a) of Appendix A of this revenue procedure applies to a taxpayer who requests substantially identical letter rulings (including accounting period, method of accounting, and earnings and profits requests other than those submitted on Form 1128, *Application to Adopt, Change, or Retain a Tax Year*, Form 2553, *Election by a Small Business Corporation*, Form 3115, *Application for Change in Accounting Method*, and Form 5452, *Corporate Report of Nondividend Distributions*) for either multiple entities with a common member or sponsor, or multiple members of a common entity. To qualify for this user fee, all information and underlying documents must be substantially identical and all letter ruling requests must be submitted at the same time. In addition, the letter ruling requests must—

(a) state that the letter ruling requests and all information and underlying documents are substantially identical; and

(b) specifically identify the extent to which the letter ruling requests, information, and underlying documents are not identical.

The reduced fee for substantially identical letter rulings is applicable to taxpayers requesting closing agreements as described in section 2.02 of this revenue procedure, assuming they meet the requirements described above for letter rulings.

**(3) Substantially identical plans under § 25(c)(2)(B).** The user fee provided in paragraph (A)(5)(c) of Appendix A of this revenue procedure shall apply to a taxpayer who submits substantially identical plans for administering the 95-percent requirement of § 143(d)(1) following the submission and approval of an initial plan for administering the requirement. The request for subsequent approvals of substantially identical plans must (1) state that a prior plan was submitted and approved and include a copy of the prior plan and approval; (2) state that the subsequent plan is substantially identical to the approved plan; and (3) describe any differences between the approved plan and the subsequent plan.

**(4) Identical changes in method of accounting and related § 301.9100 letter rulings.** A common parent of a consolidated group, or other taxpayer, is eligible for the user fees provided in paragraphs (A)(5)(b) and (d) of Appendix A of this revenue procedure when requesting an identical change in method of accounting on a single Form 3115, *Application for Change in Accounting Method*, or an extension of time to file Form 3115 under § 301.9100-3 for the identical change in method of accounting, for two or more of the following in any combination—

(a) members of that consolidated group;

(b) separate and distinct trades or businesses (for purposes of § 1.446-1(d)) of that taxpayer or member(s) of that consolidated group. Separate and distinct trades or businesses, include QSubs and single member LLCs;

(c) partnerships that are wholly-owned within that consolidated group; or

(d) controlled foreign corporations (CFCs) and noncontrolled § 902 corporations (10/50 corporations) that do not engage in a trade or business within the United States where (i) all controlling U.S. shareholders of the CFCs and all majority domestic corporate shareholders of the 10/50 corporations, as applicable, are members of that consolidated group; or (ii) the taxpayer is the sole controlling U.S. shareholder of the CFCs or the sole domestic corporate shareholder of that 10/50 corporation.

To qualify as an identical change in method of accounting, the multiple entities wholly owned or controlled by a consolidated group or other taxpayer, or separate and distinct trades or businesses (that is, the applicants) must request to change from an identical present method of accounting to an identical proposed method of accounting. All aspects of the requested change in method of accounting must be identical, including the year of change, the present and proposed methods, the underlying facts and the authority for the request, except for the § 481(a) adjustments. If the Associate office determines that the requested changes in method of accounting are not identical, additional user fees will be required before any letter ruling is issued.



The taxpayer or common parent must, for each applicant for which the change in method of accounting is being requested, attach to the Form 3115 a schedule providing the name, employer identification number (where applicable), and § 481(a) adjustment. If the request is on behalf of eligible CFCs or 10/50 corporations, the taxpayer or common parent must attach a statement that “[a]ll controlling U.S. shareholders (as defined in § 1.964–1(c)(5)(i)) of all the CFCs to which the request relates are members of the common parent’s consolidated group,” “[a]ll majority domestic corporate shareholders (as defined in § 1.964–1(c)(5)(ii)) of all the 10/50 corporations to which the request relates are members of the common parent’s consolidated group,” that “[t]he taxpayer filing the request is the sole controlling U.S. shareholder (as defined in § 1.964–1(c)(5)) of the CFCs to which the request relates,” or “[t]he taxpayer filing the request is the sole domestic corporate shareholder (as defined in § 1.964–1(c)(5)) of the 10/50 corporations to which the request relates,” as applicable. If the request is on behalf of eligible partnerships, the common parent must attach a statement that “[a]ll partnerships to which the request relates are wholly-owned by members of the common parent’s consolidated group.”

In the case of a § 301.9100 request for an extension of time to file a Form 3115 requesting an identical change in method of accounting for multiple members of a consolidated group and/or multiple separate and distinct trades or businesses of a taxpayer or member(s) of the consolidated group, or multiple eligible CFCs or 10/50 corporations (applicants), the taxpayer or common parent must submit the information required in the preceding paragraph in addition to the information required by section 5.03 of this revenue procedure.

#### **Method of payment**

**.08** Each request to the Service for a letter ruling, determination letter, advance pricing agreement, closing agreement described in paragraph (A)(3)(d) of Appendix A of this revenue procedure, or reconsideration of a letter ruling or determination letter must be accompanied by a check or money order in U.S. dollars, payable to the Internal Revenue Service, in the appropriate amount. The user fee check or money order should not be attached to the Form 2553, *Election by a Small Business Corporation*, when it is filed at the Service Center. If on the Form 2553, an electing S corporation requests a ruling to use a fiscal year under section 6.03 of Rev. Proc. 2002–39, 2002–1 C.B. 1046, the Service Center will forward the request to the Associate office. When the Associate office receives the Form 2553 from the Service Center, it will notify the taxpayer that the fee is due. Taxpayers must not send cash.

User fees for Statement of Value requests submitted pursuant to Rev. Proc. 96–15 must be paid by direct debit from a checking or savings account through [www.pay.gov](http://www.pay.gov). Payment confirmations are provided through the [www.pay.gov](http://www.pay.gov) portal and should be submitted with the Statement of Value request. Art Appraisal Services will not consider a Statement of Value request complete, and will hold the request in suspense, until the correct user fee is paid through the [www.pay.gov](http://www.pay.gov) website. Additional information about Statement of Value requests can be found at [www.irs.gov/Individuals/Art-Appraisal-Services](http://www.irs.gov/Individuals/Art-Appraisal-Services). Information on payment submission can be found under Frequently Asked Questions at [www.pay.gov](http://www.pay.gov).

#### **Effect of nonpayment or payment of incorrect amount**

**.09** If a request is not accompanied by a properly completed check or money order or is accompanied by a check or money order for less than the correct amount, the office within the Service that is responsible for issuing the letter ruling, determination letter, information letter, advance pricing agreement, closing agreement, or reconsideration of a letter ruling or determination letter generally will exercise discretion in deciding whether to immediately return the request. If a request is not immediately returned, the taxpayer will be contacted and given a reasonable amount of time to submit the proper fee. If the proper fee is not received within a reasonable amount of time, the entire request will then be returned. The Service will usually defer substantive consideration of a request until proper payment has been received. The return of a request to the taxpayer may adversely affect substantive rights if the request is not perfected and resubmitted to the Service within 30 calendar days of the date of the cover letter returning the request.

If a request is accompanied by a check or money order for more than the correct amount, the request will be accepted and the amount of the excess payment will be returned to the taxpayer.

## **Refunds of user fee**

**.10** In general, the user fee will not be refunded unless the Service declines to rule on all issues for which a ruling is requested.

### **(1) The following situations are examples of situations in which the user fee will not be refunded:**

(a) The request for a letter ruling, determination letter, etc. is withdrawn at any time subsequent to its receipt by the Service, unless the only reason for withdrawal is that the Service has advised the taxpayer that a higher user fee than was sent with the request is applicable and the taxpayer is unwilling to pay the higher fee.

(b) The request is procedurally deficient, although accompanied by the proper fee or an overpayment, and is not timely perfected. When there is a failure to timely perfect the request, the case will be considered closed and the failure to perfect will be treated as a withdrawal for purposes of this revenue procedure. *See* section 8.05(3) of this revenue procedure.

(c) The Associate office notifies the taxpayer that the Associate office will not issue the letter ruling and has closed the case as a result of the taxpayer's failure to submit timely the additional information requested by the Associate office. The failure to submit the additional information will be treated as a withdrawal for purposes of this revenue procedure. *See* section 8.05(3) of this revenue procedure (section 9.08(7) for a request for a change in method of accounting).

(d) A letter ruling, determination letter, etc. is revoked in whole or in part at the initiative of the Service. The fee paid at the time the original letter ruling, determination letter, etc. was requested will not be refunded.

(e) The request contains several issues, and the Service rules on some, but not all, of the issues. The highest fee applicable to the issues on which the Service rules will not be refunded.

(f) The taxpayer asserts that a letter ruling the taxpayer received covering a single issue is erroneous or not responsive (other than an issue on which the Associate office has declined to rule) and requests reconsideration. The Associate office, upon reconsideration, does not agree that the letter ruling is erroneous or is not responsive. The fee accompanying the request for reconsideration will not be refunded.

(g) The situation is the same as described in paragraph (f) of this section 15.10(1) except that the letter ruling covered several unrelated transactions. The Associate office, upon reconsideration, does not agree with the taxpayer that the letter ruling is erroneous or is not responsive for all of the transactions, but does agree that it is erroneous as to one transaction. The fee accompanying the request for reconsideration will not be refunded except to the extent applicable to the transaction for which the Associate office agrees the letter ruling was in error.

(h) The request is for a supplemental letter ruling, determination letter, etc. concerning a change in facts (whether significant or not) relating to the transaction on which the Service ruled.

(i) The request is for reconsideration of an adverse or partially adverse letter ruling or a final adverse determination letter, and the taxpayer submits arguments and authorities not submitted before the original letter ruling or determination letter was issued.

**(2) The following situations are examples of situations in which the user fee will be refunded:**

(a) In a situation to which section 15.10(1)(i) of this revenue procedure does not apply, the taxpayer asserts that a letter ruling the taxpayer received covering a single issue is erroneous or is not responsive (other than an issue on which the Associate office declined to rule) and requests reconsideration. Upon reconsideration, the Associate office agrees that the letter ruling is erroneous or is not responsive. The fee accompanying the taxpayer's request for reconsideration will be refunded.

(b) In a situation to which section 15.10(1)(i) of this revenue procedure does not apply, the taxpayer requests a supplemental letter ruling, determination letter, etc. to correct a mistake that the Service agrees it made in the original letter ruling, determination letter, etc. such as a mistake in the statement of facts or in the citation of a Code section. Once the Service agrees that it made a mistake, the fee accompanying the request for the supplemental letter ruling, determination letter, etc. will be refunded.

(c) The taxpayer requests and is granted relief under § 7805(b) in connection with the revocation in whole or in part, of a previously issued letter ruling, determination letter, etc. The fee accompanying the request for relief will be refunded.

(d) In a situation to which section 15.10(1)(e) of this revenue procedure applies, the taxpayer requests reconsideration of the Service's decision not to rule on an issue. Once the Service agrees to rule on the issue, the fee accompanying the request for reconsideration will be refunded.

(e) The letter ruling is not issued and taking into account all the facts and circumstances, including the Service's resources devoted to the request, the responsible Associate Chief Counsel determines a refund is appropriate. This determination is at the sole discretion of the Associate Chief Counsel.

(f) Refunds based on grounds listed in section 15.10(2)(a) through (d) of this revenue procedure are approved at the branch level by a reviewer or branch chief. Refunds based on the ground listed in section 15.10(2)(e) of this revenue procedure must be approved by the Associate Chief Counsel.

**Request for  
reconsideration of user fee**

**.11** A taxpayer who believes the user fee charged by the Service for its request for a letter ruling, determination letter, advance pricing agreement, or closing agreement is either inapplicable or incorrect and wishes to receive a refund of all or part of the amount paid (*see* section 15.10 of this revenue procedure) may request reconsideration and, if desired, the opportunity for an oral discussion by sending a letter to the Service at the appropriate address given in section 7.04 in this revenue procedure. Both the incoming envelope and the letter requesting such reconsideration should be prominently marked "USER FEE RECONSIDERATION REQUEST." No user fee is required for these requests. The request should be marked for the attention of:

*If the matter involves primarily:*

*Mark for the attention of:*

**Associate Chief Counsel (Corporate) letter ruling requests**

Associate Chief Counsel (Corporate)

**Associate Chief Counsel (Financial Institutions and Products) letter ruling requests**

Associate Chief Counsel (Financial Institutions and Products)

**Associate Chief Counsel (Income Tax and Accounting) letter ruling requests**

Associate Chief Counsel (Income Tax and Accounting)

**Associate Chief Counsel (International) letter ruling requests**

Associate Chief Counsel (International)

**Associate Chief Counsel (Passthroughs and Special Industries) letter ruling requests**

Associate Chief Counsel (Passthroughs and Special Industries)

**Associate Chief Counsel (Procedure and Administration) letter ruling requests**

Associate Chief Counsel (Procedure and Administration)

**Associate Chief Counsel (Tax Exempt and Government Entities) letter ruling requests**

Deputy Associate Chief Counsel ( )  
(Complete parenthetical by using the applicable designation “Employee Benefits” or “Exempt Organizations/Employment Tax/Government Entities”)

**Determination letter requests submitted pursuant to this revenue procedure by taxpayers under the jurisdiction of LB&I**

Manager, Office of Pre-Filing and Technical Services

**Determination letter requests submitted pursuant to this revenue procedure by taxpayers under the jurisdiction of SB/SE, W&I**

The appropriate SB/SE official listed in Appendix F

**Determination letter requests submitted pursuant to this revenue procedure by taxpayers under the jurisdiction of TE/GE**

Director, Employee Plans Examinations  
Director, Exempt Organizations Examinations  
Director, Federal, State & Local Governments  
Director, Tax Exempt Bonds  
Director, Indian Tribal Governments  
(Add name of Field office handling the request)

**SECTION 16. WHAT SIGNIFICANT CHANGES HAVE BEEN MADE TO REV. PROC. 2015-1?**

Editorial changes have been made throughout.

Section 5.16 was added to address letter ruling requests to revoke certain elections made on a return.

Section 7.03 was added to provide additional instructions for letter ruling requests involving welfare benefit funds (including voluntary employees' beneficiary associations (VEBAs)).

Section 9.05 was updated to reflect a new address to send the duplicate copy of the Form 3115 for an automatic change in method of accounting; new addresses for exempt organizations to send the Form 3115; and that exempt organizations filing a Form 3115 for a non-automatic change in method of accounting are subject to the user fees in Appendix A of this revenue procedure.

**SECTION 17. WHAT IS THE EFFECT OF THIS REVENUE PROCEDURE ON OTHER DOCUMENTS?**

.01 Rev. Proc. 2015-1, 2015-1 I.R.B. 1 is superseded.

.02 Rev. Proc. 2015-13, 2015-5 I.R.B. 419, is modified as follows:

(a) "Covington, KY" is substituted for "Ogden, UT" each place it appears in Rev. Proc. 2015-13;

(b) "Duplicate copy" is substituted for "Ogden copy" or "Ogden" each place it appears in Rev. Proc. 2015-13; and

(c) "(Duplicate copy)" is substituted for "(Ogden copy)" each place it appears in Rev. Proc. 2015-13;

.03 Rev. Proc. 96-15, 1996-3 I.R.B. 41, as modified by Ann. 2001-22, 2001-11 I.R.B. 895, is modified as to the method of payment of user fees for a Statement of Value request.

**SECTION 18. WHAT IS THE EFFECTIVE DATE OF THIS REVENUE PROCEDURE?**

This revenue procedure is effective January 4, 2016.

**SECTION 19. PAPERWORK REDUCTION ACT**

The collections of information contained in this revenue procedure have 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 1545-1522.

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 control number.

The collections of information in this revenue procedure are in sections 5.06, 6.03, 7.01, 7.02, 7.03, 7.04, 7.05, 7.07, 7.08, 8.02, 8.05, 8.07, 10.01, 10.06, 10.07, 11.11, 13.02, 15.02, 15.07, 15.08, 15.09, 15.11, paragraph (B)(1) of Appendix A, Appendix C, Appendix D, Appendix E, and Appendix G (subject matter—rate orders; regulatory agency; normalization). This information is required to evaluate and process the request for a letter ruling or determination letter. In addition, this information will be used to help the Service delete certain information from the text of the letter ruling or determination letter before it is made available for public inspection as required by § 6110. The collections of information are required to obtain a letter ruling or determination letter. The likely respondents are businesses or other for-profit institutions and tax exempt organizations.

The estimated total annual reporting and/or recordkeeping burden is 316,020 hours.

The estimated annual burden per respondent/recordkeeper varies from 1 to 200 hours, depending on individual circumstances, with an estimated average burden of 80 hours. The estimated number of respondents and/or recordkeepers is 3,956.

The estimated annual frequency of responses is on occasion.

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 § 6103.

**DRAFTING  
INFORMATION**

The principal author of this revenue procedure is Laura Leigh Bates of the Office of Associate Chief Counsel (Procedure and Administration). For further information regarding this revenue procedure for matters under the jurisdiction of—

(1) the Associate Chief Counsel (Corporate), contact Ken Cohen or Jean R. Broderick at (202) 317-7700 (not a toll-free call),

(2) the Associate Chief Counsel (Financial Institutions and Products), contact James Polfer at (202) 317-4556 (not a toll-free call),

(3) the Associate Chief Counsel (Income Tax and Accounting), contact R. Matthew Kelley at (202) 317-7002 (not a toll-free call),

(4) the Associate Chief Counsel (Passthroughs and Special Industries), contact Leta Wolfe at (202) 317-5260 (not a toll-free call),

(5) the Associate Chief Counsel (Procedure and Administration), contact Charles A. Hall at (202) 317-3400 (not a toll-free call),

(6) the Associate Chief Counsel (Tax Exempt and Government Entities), contact Michael B. Blumenfeld at (202) 317-6000 (not a toll-free call), or

(7) the Associate Chief Counsel (International), contact Nancy Galib at (202) 317-3800 (not a toll-free call).

For further information regarding user fees, contact the Docket, Records, and User Fee Branch at (202) 317-5221 (not a toll-free call).

For further information regarding determination letters:

SBSE and WI taxpayers should contact the offices listed in Appendix F of this Revenue Procedure;

LB&I taxpayers should contact Melanie Perrin in the Office of Pre-Filing and Technical Guidance, LB&I, at (202) 317-3157 (not a toll-free call);

TE/GE taxpayers should also refer to Revenue Procedures 2016–4, 2016–5 and 2016–6, this bulletin, and 2016–10, next bulletin.

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**APPENDIX A  
SCHEDULE OF USER FEES**

NOTE: Checks or money orders must be in U.S. dollars.

(A) *FEE SCHEDULE*

*USER FEE FOR  
REQUESTS  
RECEIVED AFTER  
FEBRUARY 1, 2015*

*CATEGORY*

<p><b>(1) User fee for a request for a determination letter from a Director.</b> The user fee for each determination letter request governed by Rev. Proc. 2016–1, this revenue procedure.</p>	<p>\$275</p>
<p><b>(2) User fee for a request for an advance pricing agreement or a renewal of an advance pricing agreement.</b></p>	<p>See section 3.05 of Rev. Proc. 2015–41, 2015–35 I.R.B. 263.</p>
<p><b>(3) User fee for a request for a letter ruling or closing agreement.</b> Except for the user fees for advance pricing agreements and renewals, the reduced fees provided in paragraph (A)(4) of this appendix, the user fees provided in paragraph (A)(5) of this appendix, and the exemptions provided in section 15.04 of Rev. Proc. 2016–1, this revenue procedure, the user fee for each request for a letter ruling or closing agreement under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), or the Associate Chief Counsel (Tax Exempt and Government Entities) is as follows:</p>	
<p>(a) Accounting periods</p>	
<p>(i) Form 1128, <i>Application to Adopt, Change, or Retain a Tax Year</i>, (except as provided in paragraph (A)(4)(a) of this appendix)</p>	<p>\$4,200</p>
<p>(ii) Requests made on Part II of Form 2553, <i>Election by a Small Business Corporation</i>, to use a fiscal year based on a business purpose (except as provided in paragraph (A)(4)(a) of this appendix)</p>	<p>\$4,200</p>
<p>(iii) Letter ruling requests for extensions of time to file Form 1128, <i>Application to Adopt, Change, or Retain a Tax Year</i>, Form 8716, <i>Election To Have a Tax Year Other Than a Required Tax Year</i>, or Part II of Form 2553 under § 301.9100–3 (except as provided in paragraph (A)(4)(a) of this appendix)</p>	<p>\$3,700</p>
<p>(b) Changes in Methods of Accounting</p>	
<p>(i) Non-automatic Form 3115, <i>Application for Change in Accounting Method</i> (except as provided in paragraph (A)(4)(a) or (b), or (5)(b) of this appendix)</p>	<p>\$8,600</p>
<p>(ii) Letter ruling requests for extensions of time to file Form 3115, <i>Application for Change in Accounting Method</i>, under § 301.9100–3 (except as provided in paragraph (A)(4)(a) or (b), or (5)(c) of this appendix)</p>	<p>\$9,100</p>
<p>NOTE: Effective February 3, 2016, the user fees provided in paragraph (A)(3)(b) of this appendix apply to exempt organizations filing a Form 3115 for a non-automatic change in method of accounting. No user fee is required if the change in accounting period or method of accounting is permitted to be made pursuant to a published automatic change request procedure. See section 9.22 and Appendix G of Rev. Proc. 2016–1, this revenue procedure, for the list of automatic change request procedures published and/or in effect as of December 31, 2015.</p>	
<p>(c) (i) Letter ruling request for relief under § 301.9100–3</p>	<p>\$9,800</p>
<p>(ii) All other letter ruling requests (including accounting period and method of accounting requests other than those properly submitted on Form 1128, <i>Application to Adopt, Change, or Retain a Tax Year</i>, Part II of Form 2553, <i>Election by a Small Business Corporation</i>, or Form 3115, <i>Application for Change in Accounting Method</i>) (except as provided in paragraph (A)(4)(a) or (b), or (5)(a) of this appendix)</p>	<p>\$28,300</p>

CATEGORY

(d) Requests for closing agreements on a proposed transaction or on a completed transaction before a return for the transaction has been filed in which a letter ruling on that transaction is not requested or issued (except as provided in paragraph (A)(4)(a) or (b) of this appendix)	\$28,300
(e) A request for a Foreign Insurance Excise Tax Waiver Agreement	\$8,000
NOTE: A taxpayer who receives relief under § 301.9100-3 (for example, an extension of time to file Form 3115, <i>Application for Change in Accounting Method</i> ) will be charged a separate user fee for the letter ruling request on the underlying issue (for example, the accounting period or method of accounting application).	
<b>(4) Reduced user fee for a request for a letter ruling, method or period change, or closing agreement.</b> A reduced user fee for a request involving a personal, exempt organization, governmental entity, or business tax issue is provided in the following situations if the person provides the certification described in paragraph (B)(1) of this appendix:	
(a) Request involves a tax issue from a person with gross income (as determined under paragraphs (B)(2), (3), (4), and (5) of this appendix) of less than \$250,000	\$2,200
(b) Request involves a tax issue from a person with gross income (as determined under paragraphs (B)(2), (3), (4), and (5) of this appendix) of less than \$1 million and \$250,000 or more.	\$6,500
<b>(5) User fee for substantially identical letter ruling requests, identical changes in method of accounting, or plans from issuing authorities under § 25(c)(2)(B).</b> If the requirements of section 15.07 of Rev. Proc. 2016-1, this revenue procedure, are satisfied, the user fee for the following situations is as follows:	
(a) Substantially identical letter rulings requested (other than changes in methods of accounting requested on Form 3115)	
Situations in which a taxpayer requests substantially identical letter rulings for multiple entities with a common member or sponsor, or for multiple members of a common entity, or for two or more identical trusts or for multiple beneficiaries of a trust or a trust divided into identical subtrusts or for husband and wife making split gifts, for each additional letter ruling request after the \$28,300 fee or reduced fee, as applicable, has been paid for the first letter ruling request	\$2,700
NOTE: Each entity or member that is entitled to the user fee under paragraph (A)(5)(a) of this appendix, that receives relief under § 301.9100-3 (for example, an extension of time to file an election) will be charged a separate user fee for the letter ruling request on the underlying issue.	
NOTE: The fee charged for the first letter ruling is the highest fee applicable to any of the entities.	
(b) Identical change in method of accounting requested on a single Form 3115, <i>Application for Change in Accounting Method</i> , as provided in section 15.07(4). Fee for each additional applicant seeking the identical change in method of accounting on the same Form 3115 after the \$8,600 fee or reduced fee, as applicable, has been paid for the first applicant.	\$180
(c) Substantially identical plans under § 25(c)(2)(B)	\$1,500
Situations where an issuing authority under § 25 submits substantially identical plans for administering the 95-percent requirement of § 143(d)(1) following the submission of an initial plan that was approved.	
NOTE: The fee charged for the first letter ruling is the highest fee applicable to any of the entities.	
(d) Extension of time requested to file Form 3115, <i>Application for Change in Accounting Method</i> , for an identical change in method of accounting as provided in section 15.07(4). Fee for each additional or each additional applicant seeking the identical extension of time under § 301.9100-3 to file a single Form 3115 for the identical change in method of accounting after the \$9,100 fee or reduced fee, as applicable, has been paid for the first applicant.	\$180
NOTE: When an extension of time to file Form 3115, <i>Application for Change in Accounting Method</i> , is granted under § 301.9100-3 for multiple applicants, a separate user fee will be charged for the change in method of accounting application, Form 3115.	

*USER FEE FOR  
REQUESTS  
RECEIVED AFTER  
FEBRUARY 1, 2015*

*CATEGORY*

<b>(6) User fee for information letter requests.</b>	\$0
<b>(7) User fee for pre-filing agreements</b>	\$50,000
<b>(8) Tax treaty limitation of benefits.</b> See Rev. Proc. 2015–40, 2015–35 I.R.B. 236 for procedures for requesting competent authority assistance under tax treaties.	\$27,500
<b>(9) Statement of Value.</b> See Rev. Proc. 96–15 for procedures for requesting a statement of value.	
(a) Effective February 3, 2016:	
(i) User fee for a case with 1–3 items	\$5,700
(ii) Cost per each additional item beyond 3	\$290

**(B) PROCEDURAL MATTERS**

**(1) Required certification.** A person seeking a reduced user fee under paragraph (A)(4) of this appendix must provide the following certification in order to obtain the reduced user fee:

(a) If a person is seeking a reduced user fee under paragraph (A)(4)(a) of this appendix, the person must certify in the request that his, her, or its gross income, as defined under paragraphs (B)(2), (3), (4), and (5) of this appendix, as applicable, is less than \$250,000 as reported on their last federal income tax return (as amended) filed for a full (12 months) taxable year ending before the date the request is filed.

(b) If a person is seeking a reduced user fee under paragraph (A)(4)(b) of this appendix, the person must certify in the request that his, her, or its gross income, as defined under paragraphs (B)(2), (3), (4), and (5) of this appendix, as applicable, is less than \$1 million and more than \$250,000 for the last full (12 months) taxable year ending before the date the request is filed.

The certification must be attached as part of the ruling request.

**(2) Gross income for a request involving a personal tax issue.** For purposes of the reduced user fees provided in paragraphs (A)(4)(a) and (b) of this appendix of—

**(a) U.S. citizens and resident alien individuals, domestic trusts, and domestic estates,** “gross income” is equal to “total income” as reported on their last federal income tax return (as amended) filed for a full (12 months) taxable year ending before the date the request is filed, plus any interest income not subject to tax under § 103 (interest on state and local bonds) for that period. “Total income” is a line item on Federal tax returns. For example, if the 2014 Form 1040, *U.S. Individual Income Tax Return*, is the most recent 12-month taxable year return filed by a U.S. citizen, “total income” on the Form 1040 is the amount entered on line 22.

In the case of a request for a letter ruling or closing agreement from a domestic estate or trust that, at the time the request is filed, has not filed a Federal income tax return for a full taxable year, the reduced user fee in paragraph (A)(4)(a) of this appendix will apply if the decedent’s or (in the case of an individual grantor) the grantor’s total income as reported on the last Federal income tax return filed for a full taxable year ending before the date of death or the date of the transfer, taking into account any additions required to be made to total income described in this paragraph (B)(2)(a), is less than \$250,000 (or less than \$1,000,000 for the paragraph (A)(4)(b) fee to apply). In this case, the executor or administrator of the decedent’s estate or the grantor must provide the certification required under paragraph (B)(1) of this appendix.

**(b) Nonresident alien individuals, foreign trusts, and foreign estates,** “gross income” is equal to “total effectively connected income” as reported on their last Federal income tax return (as amended) filed for a full (12 months) taxable year ending before the date the request is filed, plus any income for the period from United States or foreign sources that is not taxable by the United States, whether by reason of § 103, an income tax treaty, § 871(h) (regarding portfolio interest), or otherwise, plus the total amount of any fixed or determinable annual or periodical income from United States sources, the United States tax liability for which is satisfied by withholding at the source. “Total effectively connected income” is a line item on Federal tax returns. For example, if the 2014 Form 1040NR, *U.S. Nonresident Alien Income Tax Return*, is the most recent 12-month taxable year return filed by a nonresident alien individual, “total effectively connected income” on the Form 1040NR is the amount entered on line 23.

In the case of a request for a letter ruling or closing agreement from a foreign estate or trust that, at the time the request is filed, has not filed a Federal income tax return for a full taxable year, the reduced user fee in paragraph (A)(4)(a) of this appendix will apply if the decedent’s or (in the case of an individual grantor) the grantor’s total income or total effectively connected income, as relevant, as reported on the last Federal income tax return filed for a full taxable year ending before the date of death or the date of the transfer, taking into account any additions required to be made to total income or total effectively connected income described respectively in paragraph (B)(2)(a) of this appendix or in this paragraph (B)(2)(b), is less than \$250,000 (or less than \$1,000,000 for the paragraph (A)(4)(b) fee to apply). In this case, the executor or administrator of the decedent’s estate or the grantor must provide the certification required under paragraph (B)(1) of this appendix.

**(3) Gross income for a request involving a business-related tax issue.** For purposes of the reduced user fees provided in paragraphs (A)(4)(a) and (b) of this appendix of—

**(a) U.S. citizens and resident alien individuals, domestic trusts, and domestic estates,** “gross income” is equal to gross income as defined under paragraph (B)(2)(a) of this appendix, plus “cost of goods sold” as reported on the same Federal income tax return.

**(b) Nonresident alien individuals, foreign trusts, and foreign estates,** “gross income” is equal to gross income as defined under paragraph (B)(2)(b) of this appendix, plus “cost of goods sold” as reported on the same Federal income tax return.

**(c) Partnerships with a Form 1065 filing requirement and corporations (foreign and domestic),** “gross income” is equal to “total income” as reported on their last Federal tax return (as amended) filed for a full (12 months) taxable year ending before the date the request is filed, plus “cost of goods sold” as reported on the same Federal tax return, plus any interest income not subject to tax under § 103 (interest on state and local bonds) for that period. Partnerships with a Form 1065 filing requirement should also include “gross rents” reported on Form 8825 at line 2, as well as the income amounts reported on Schedule K Form 1065 at lines 3a, 5, 6a, 7, 8, 9a, 10, and 11 from the same Federal tax return described in the preceding sentence to calculate “gross income” for the purpose of applying the reduced user fee in paragraph (A)(4) of this Appendix. If a partnership is not required to file or a corporation is not subject to tax, “total income” and “cost of goods sold” are the amounts that the partnership or corporation would have reported on the Federal tax return if the partnership had been required to file or the corporation had been subject to tax.

“Cost of goods sold” and “total income” are line items on Federal tax returns. For example, if the 2014 Form 1065, *U.S. Return of Partnership Income*, is the most recent 12-month taxable year return filed by a partnership, “cost of goods sold” and “total income” on the Form 1065 are the amounts entered on lines 2 and 8, respectively, and if the 2014 Form 1120, *U.S. Corporation Income Tax Return*, is the most recent 12-month taxable year return filed by a domestic corporation, “cost of goods sold” and “total income” on the Form 1120 are the amounts entered on lines 2 and 11, respectively.

If, at the time the request is filed, a partnership or corporation subject to tax has not filed a Federal tax return for a full taxable year, the reduced user fee in paragraph (A)(4)(a) or (b) of this appendix will apply if, in the aggregate, the partners’ or the shareholders’ gross income (as defined in paragraph (B)(3)(a), (b), or (c), of this appendix, as applicable) is less than \$250,000 for purposes of paragraph (A)(4)(a) or \$1 million for purposes of paragraph (A)(4)(b) for the last full (12 months) taxable year ending before the date the request is filed. In this case, the partners or the shareholders must provide the certification required under paragraph (B)(1) of this appendix.

**(4) Gross income for a request involving an exempt organization or governmental entity.** For purposes of the reduced user fees provided in paragraphs (A)(4)(a) and (b) of this appendix of—

**(a) Organizations exempt from income tax under “Subchapter F-Exempt Organizations” of the Code,** “gross income” is equal to the amount of gross receipts for the last full (12 months) taxable year ending before the date the request for a letter ruling or closing agreement is filed.

**(b) State, local, and Indian tribal government entities,** “gross income” is equal to the annual operating revenue of the government requesting the ruling for its last fiscal year ending before the date of the ruling request. The annual operating revenue is to be determined at the government level and not at the level of the government entity or agency making the request.

**(5) Special rules for determining gross income.** For purposes of paragraphs (B)(2), (3) and (4) of this appendix, the following rules apply for determining gross income.

**(a) Gross income of individuals, trusts, and estates.**

(1) In the case of a request from a married individual, the gross incomes (as defined in paragraph (B)(2) or (3) of this appendix, as applicable) of the applicant and the applicant’s spouse must be combined. This rule does not apply to an individual: (1) who is legally separated from his or her spouse and (2) who did not file a joint income tax return; and

(2) If there are two or more applicants filing the request, the gross incomes (as defined in paragraph (B)(2) or (3) of this appendix, as applicable) of the applicants must be combined.

**(b) Gross income of domestic partnerships and corporations.**

(1) In the case of a request from a domestic corporation, the gross income (as defined in paragraph (B)(3) of this appendix) of (i) all members of the applicant’s controlled group (as defined in § 1563(a)), and (ii) any taxpayer who is involved in the transaction on which the letter ruling or closing agreement is requested, must be combined; and

(2) In the case of a request from a domestic partnership, the gross income (as defined in paragraph (B)(3) of this appendix) of (i) the partnership, and (ii) any partner who owns, directly or indirectly, 50 percent or more of the capital interest or profits interest in the partnership, must be combined.

**(c) Gross income of exempt organizations.** If there are two or more organizations exempt from income tax under Subchapter F filing the request, the gross receipts (as defined in paragraph (B)(4)(a) of this appendix) of the applicants must be combined.

## APPENDIX B

### SAMPLE FORMAT FOR A LETTER RULING REQUEST

#### INSTRUCTIONS

To assist you in preparing a letter ruling request, the Service is providing this sample format. You are not required to use this sample format. If your request is not identical or similar to the sample format, the different format will not defer consideration of your request.

*(Insert the date of request)*

Internal Revenue Service

*Insert either:* Associate Chief Counsel (Insert one of the following: Corporate, Financial Institutions and Products, Income Tax and Accounting, International, Passthroughs and Special Industries, Procedure and Administration, or Tax Exempt and Government Entities)

Attn: CC:PA:LPD:DRU

P.O. Box 7604

Ben Franklin Station

Washington, DC 20044

Dear Sir or Madam:

*(Insert the name of the taxpayer)* requests a ruling on the proper treatment of *(insert the subject matter of the letter ruling request)* under section *(insert the number)* of the Internal Revenue Code.

[If the taxpayer is requesting expedited handling, a statement to that effect must be attached to, or contained in, the letter ruling request. The statement must explain the need for expedited handling. *See* section 7.02(4) of Rev. Proc. 2016-1, this revenue procedure. Hereafter, all references are to Rev. Proc. 2016-1 unless otherwise noted.]

#### A. STATEMENT OF FACTS

##### 1. Taxpayer Information

[Provide the statements required by sections 7.01(1)(a) and (b).]

##### 2. Description of Taxpayer's Business Operations

[Provide the statement required by section 7.01(1)(c).]

##### 3. Facts Relating to Transaction

[The ruling request must contain a complete statement of the facts relating to the transaction that is the subject of the letter ruling request. This statement must include a detailed description of the transaction, including material facts in any accompanying documents, and the business reasons for the transaction. *See* sections 7.01(1)(d), 7.01(1)(e), and 7.01(2).]

#### B. RULING REQUESTED

[The ruling request should contain a concise statement of the ruling requested by the taxpayer. The Service prefers that the language of the requested ruling be exactly the same as the language the taxpayer wishes to receive.]

#### C. STATEMENT OF LAW

[The ruling request must contain a statement of the law in support of the taxpayer's views or conclusion and identify any pending legislation that may affect the proposed transaction. The taxpayer also is strongly encouraged to identify and discuss any authorities believed to be contrary to the position advanced in the ruling request. *See* sections 7.01(6), 7.01(8), 7.01(9), and 7.01(10).]

#### D. ANALYSIS

[The ruling request must contain a discussion of the facts and an analysis of the law. The taxpayer also is strongly encouraged to identify and discuss any authorities believed to be contrary to the position advanced in the ruling request. *See* sections 7.01(3), 7.01(6), 7.01(8), 7.01(9), and 7.01(10).]

#### E. CONCLUSION

[The ruling request should contain a statement of the taxpayer's conclusion on the ruling requested.]

## F. PROCEDURAL MATTERS

### 1. Revenue Procedure 2016–1 Statements

- a. [Provide the statement required by section 7.01(4) regarding whether any return of the taxpayer, a related taxpayer within the meaning of § 267 or of a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504 which would be affected by the requested letter ruling or determination letter, is currently under examination, before Appeals, or before a Federal court, or was previously under examination, before Appeals, or before a Federal court.]
- b. [Provide the statement required by section 7.01(5)(a) regarding whether the Service previously ruled on the same or similar issue for the taxpayer, a related taxpayer, or a predecessor. Please further note that if a reduced user fee is being submitted, a certification of eligibility for the reduced fee must be included with the ruling request.]
- c. [Provide the statement required by section 7.01(5)(b) regarding whether the taxpayer, a related taxpayer, a predecessor, or any representatives previously submitted a request (including an application for change in method of accounting) involving the same or similar issue but withdrew the request before a letter ruling or determination letter was issued.]
- d. [Provide the statement required by section 7.01(5)(c) regarding whether the taxpayer, a related taxpayer, or a predecessor previously submitted a request (including an application for change in method of accounting) involving the same or a similar issue that is currently pending with the Service.]
- e. [Provide the statement required by section 7.01(5)(d) regarding whether, at the same time as this request, the taxpayer or a related taxpayer is presently submitting another request (including an application for change in method of accounting) involving the same or similar issue to the Service.]
- f. [Provide the statement required by section 7.01(5)(e) regarding whether the taxpayer or a related taxpayer had, or has scheduled, a pre-submission conference involving the same or a similar issue.]
- g. [If the letter ruling request involves the interpretation of a substantive provision of an income or estate tax treaty, provide the statement required by section 7.01(6) regarding whether the tax authority of the treaty jurisdiction has issued a ruling on the same or similar issue for the taxpayer, a related taxpayer, or a predecessor; whether the same or similar issue is being examined, or has been settled, by the tax authority of the treaty jurisdiction or is otherwise the subject of a closing agreement in that jurisdiction; and whether the same or similar issue is being considered by the competent authority of the treaty jurisdiction.]
- h. [Provide the statement required by section 7.01(8) regarding whether the law in connection with the letter ruling request is uncertain and whether the issue is adequately addressed by relevant authorities.]
- i. [If the taxpayer determines that there are no contrary authorities, a statement in the request to this effect should be included. *See* section 7.01(9).]
- j. [If the taxpayer wants to have a conference on the issues involved in the letter ruling request, the ruling request should contain a statement to that effect. *See* section 7.02(6).]
- k. [If the taxpayer is requesting a copy of any document related to the letter ruling request to be sent by facsimile (fax) transmission, the ruling request should contain a statement to that effect. *See* section 7.02(5).]
- l. [If the taxpayer is requesting separate letter rulings on multiple issues, the letter ruling request should contain a statement to that effect. *See* section 7.02(1).]
- m. [If the taxpayer is seeking to obtain the user fee provided in paragraph (A)(5)(a) of Appendix A for substantially identical letter rulings, the letter ruling request must contain the statements required by section 15.07.]

### 2. Administrative

- a. [The ruling request should state: “The deletion statement and checklist required by Rev. Proc. 2016–1 are enclosed.” *See* sections 7.01(11) and 7.01(18).]
- b. [The ruling request should state: “The required user fee of \$ (*Insert the amount of the fee*) is enclosed.” Please note that the check or money order must be in U.S. dollars and made payable to the Internal Revenue Service. *See* section 15 and Appendix A.]
- c. [If the taxpayer’s authorized representative is to sign the letter ruling request or is to appear before the Service in connection with the request, the ruling request should state: “A Power of Attorney is enclosed.” *See* sections 7.01(13), 7.01(14), and 7.02(2).]

Sincerely yours,

(*Insert the name of the taxpayer or the taxpayer’s authorized representative*)

By:

Signature Date

Typed or printed name of  
person signing request

*DECLARATION:* [*See* section 7.01(15).]

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete.

*(Insert the name of the taxpayer)*

By:

\_\_\_\_\_  
Signature

Title

Date

*(must be signed by taxpayer, not by taxpayer's representative, see section 7.01(15)(b) of this revenue procedure)*

Typed or printed name of  
person signing declaration

[If the taxpayer is a corporation that is a member of an affiliated group filing consolidated returns, the above declaration must also be signed and dated by an officer of the common parent of the group. *See* section 7.01(15).]



## APPENDIX C

### CHECKLIST

#### IS YOUR LETTER RULING REQUEST COMPLETE?

#### INSTRUCTIONS

The Service will be able to respond more quickly to your letter ruling request if it is carefully prepared and complete. Use this checklist to ensure that your request is in order. Complete the four items of information requested before the checklist. Answer each question by circling “Yes,” “No,” or “N/A.” When a question contains a place for a page number, insert the page number (or numbers) of the request that gives the information called for by a “Yes” answer to a question. **Sign and date the checklist (as taxpayer or authorized representative) and place it on top of your request.**

If you are an authorized representative submitting a request for a taxpayer, you must include a completed checklist with the request or the request will either be returned to you or substantive consideration of it will be deferred until a completed checklist is submitted. **If you are a taxpayer preparing your own request without professional assistance, an incomplete checklist will not cause the return of your request or defer substantive consideration of your request.** You should still complete as much of the checklist as possible and submit it with your request.

**TAXPAYER’S NAME**

**TAXPAYER’S I.D. NO.**

**ATTORNEY/P.O.A.**

**PRIMARY CODE SECTION**

**CIRCLE ONE**

**ITEM**

- |                      |  |
|----------------------|--|
| Yes No               | 1. Does your request involve an issue under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), or the Associate Chief Counsel (Tax Exempt and Government Entities)? <i>See</i> section 3 of Rev. Proc. 2016–1, this revenue procedure. For issues under the jurisdiction of other offices, <i>see</i> section 4 of Rev. Proc. 2016–1. (Hereafter, all references are to Rev. Proc. 2016–1 unless otherwise noted.)   |
| Yes No               | 2. Have you read Rev. Proc. 2016–1, Rev. Proc. 2016–3, and Rev. Proc. 2016–7, this bulletin, to see if part or all of the request involves a matter on which letter rulings are not issued or are ordinarily not issued?   |
| Yes No N/A           | 3. If your request involves a matter on which letter rulings are not ordinarily issued, have you given compelling reasons to justify the issuance of a letter ruling? Before preparing your request, you may want to call the branch in the Office of Associate Chief Counsel (Corporate), the Office of Associate Chief Counsel (Financial Institutions and Products), the Office of Associate Chief Counsel (Income Tax and Accounting), the Office of Associate Chief Counsel (International), the Office of Associate Chief Counsel (Passthroughs and Special Industries), the Office of Associate Chief Counsel (Procedure and Administration), or the Office of Associate Chief Counsel (Tax Exempt and Government Entities) responsible for substantive interpretations of the principal Internal Revenue Code section on which you are seeking a letter ruling to discuss the likelihood of an exception. For matters under the jurisdiction of—<br><br>(a) the Office of Associate Chief Counsel (Corporate), the Office of Associate Chief Counsel (Financial Institutions and Products), the Office of Associate Chief Counsel (Income Tax and Accounting), the Office of Associate Chief Counsel (Passthroughs and Special Industries), or the Office of Associate Chief Counsel (Tax Exempt and Government Entities), the Office of the Associate Chief Counsel (Procedure and Administration), the appropriate branch to call may be obtained by calling (202) 317-5221 (not a toll-free call);<br><br>(b) the Office of the Associate Chief Counsel (International), the appropriate branch to call may be obtained by calling (202) 317-3800 (not a toll-free call). |
| Yes No N/A<br>Page__ | 4. If the request involves a retirement plan qualification matter under § 401(a), § 409, or § 4975(e)(7), have you demonstrated that the request satisfies the three criteria in section 4.02 of Rev. Proc. 2016–3, this Bulletin, for a ruling?   |

- Yes No N/A  
Page\_\_ 5. If the request deals with a completed transaction, have you filed the return for the year in which the transaction was completed? *See* section 5.01.
- Yes No 6. Are you requesting the letter ruling on a hypothetical situation or question? *See* section 6.12.
- Yes No 7. Are you requesting the letter ruling on alternative plans of a proposed transaction? *See* section 6.12.
- Yes No 8. Are you requesting the letter ruling for only part of an integrated transaction?
- Yes No  
Page\_\_ 9. Are you requesting a letter ruling under the jurisdiction of Associate Chief Counsel (Corporate) on a significant issue (within the meaning of section 3.01(50) of Rev. Proc. 2016-3, this Bulletin) with respect to a transaction described in § 332, § 351, § 355, or § 1036 or a reorganization within the meaning of § 368? *See* section 6.03.
- Yes No 10. Are you requesting the letter ruling for a business, trade, industrial association, or similar group concerning the application of tax law to its members? *See* section 6.05.
- Yes No 11. Are you requesting the letter ruling for a foreign government or its political subdivision? *See* section 6.07.
- Yes No  
Page\_\_ 12. Have you included a complete statement of all the facts relevant to the transaction? *See* section 7.01(1).
- Yes No N/A 13. Have you submitted with the request true copies of all wills, deeds, and other documents relevant to the transaction, and labeled and attached them in alphabetical sequence? *See* section 7.01(2).
- Yes No N/A 14. Have you submitted with the request a copy of all applicable foreign laws, and certified English translations of documents that are in a language other than English or of foreign laws in cases where English is not the official language of the foreign country involved? *See* section 7.01(2).
- Yes No 15. Have you included an analysis of facts and their bearing on the issues? Have you included, rather than merely incorporated by reference, all material facts from the documents in the request? *See* section 7.01(3).
- Yes No  
Page\_\_ 16. Have you included the required statement regarding whether any return of the taxpayer (or any return of a related taxpayer within the meaning of § 267 or of a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504) who would be affected by the requested letter ruling or determination letter is currently or was previously under examination, before Appeals, or before a Federal court? *See* section 7.01(4).
- Yes No  
Page\_\_ 17. Have you included the required statement regarding whether the Service previously ruled on the same or similar issue for the taxpayer, a related taxpayer, or a predecessor? *See* section 7.01(5)(a).
- Yes No  
Page\_\_ 18. Have you included the required statement regarding whether the taxpayer, a related taxpayer, a predecessor, or any representatives previously submitted a request (including an application for change in method of accounting) involving the same or similar issue but withdrew the request before the letter ruling or determination letter was issued? *See* section 7.01(5)(b).
- Yes No  
Page\_\_ 19. Have you included the required statement regarding whether the taxpayer, a related taxpayer, or a predecessor previously submitted a request (including an application for change in method of accounting) involving the same or similar issue that is currently pending with the Service? *See* section 7.01(5)(c).
- Yes No  
Page\_\_ 20. Have you included the required statement regarding whether, at the same time as this request, the taxpayer or a related taxpayer is presently submitting another request (including an application for change in method of accounting) involving the same or similar issue to the Service? *See* section 7.01(5)(d).
- Yes No  
Page\_\_ 21. Have you included the required statement regarding whether the taxpayer or a related taxpayer had, or has scheduled, a pre-submission conference involving the same or a similar issue? *See* section 7.01(5)(e).
- Yes No N/A  
Page\_\_ 22. If your request involves the interpretation of a substantive provision of an income or estate tax treaty, have you included the required statement regarding whether the tax authority of the treaty jurisdiction has issued a ruling on the same or similar issue for the taxpayer, a related taxpayer, or a predecessor; whether the same or similar issue is being examined, or has been settled, by the tax authority of the treaty jurisdiction or is otherwise the subject of a closing agreement in that jurisdiction; and whether the same or similar issue is being considered by the competent authority of the treaty jurisdiction? *See* section 7.01(6).

- Yes No N/A  
Page\_\_ 23. If your request is for recognition of Indian tribal government status or status as a political subdivision of an Indian tribal government, does your request contain a letter from the Bureau of Indian Affairs regarding the tribe's status? *See* section 7.01(7), which states that taxpayers are encouraged to submit this letter with the request and provides the address for the Bureau of Indian Affairs.
- Yes No  
Page\_\_ 24. Have you included the required statement of relevant authorities in support of your views? *See* section 7.01(8).
- Yes No  
Page\_\_ 25. Have you included the required statement regarding whether the law in connection with the request is uncertain and whether the issue is adequately addressed by relevant authorities? *See* section 7.01(8).
- Yes No  
Page\_\_ 26. Does your request discuss the implications of any legislation, tax treaties, court decisions, regulations, notices, revenue rulings, or revenue procedures that you determined to be contrary to the position advanced? *See* section 7.01(9), which states that taxpayers are encouraged to inform the Service of such authorities.
- Yes No N/A  
Page\_\_ 27. If you determined that there are no contrary authorities, have you included a statement to this effect in your request? *See* section 7.01(9).
- Yes No N/A  
Page\_\_ 28. Have you included in your request a statement identifying any pending legislation that may affect the proposed transaction? *See* section 7.01(10).
- Yes No 29. Have you included the deletion statement required by § 6110 and placed it on the top of the letter ruling request as required by section 7.01(11)(b)?
- Yes No  
Page\_\_ 30. Have you (or your authorized representative) signed and dated the request? *See* section 7.01(12).
- Yes No N/A 31. If the request is signed by your representative or if your representative will appear before the Service in connection with the request, is the request accompanied by a properly prepared and signed power of attorney with the signatory's name typed or printed? *See* section 7.01(14).
- Yes No  
Page\_\_ 32. Have you signed, dated, and included the penalties of perjury statement in the format required by section 7.01(15)?
- Yes No N/A 33. Are you submitting your request in duplicate if necessary? *See* section 7.01(16).
- Yes No  
Page\_\_ 34. If you are requesting separate letter rulings on different issues involving one factual situation, have you included a statement to that effect in each request? *See* section 7.02(1).
- Yes No N/A 35. If you want copies of the letter ruling sent to a representative, does the power of attorney contain a statement to that effect? *See* section 7.02(2).
- Yes No N/A 36. If you do not want a copy of the letter ruling to be sent to any representative, does the power of attorney contain a statement to that effect? *See* section 7.02(2).
- Yes No N/A 37. If you are making a two-part letter ruling request, have you included a summary statement of the facts you believe to be controlling? *See* section 7.02(3).
- Yes No  
Page\_\_ 38. If you want your letter ruling request to be processed ahead of the regular order or by a specific date, have you requested expedited handling in the manner required by section 7.02(4) and stated a compelling need for such action in the request? *See* section 7.02(4) of this revenue procedure.
- Yes No  
Page\_\_ 39. If you are requesting a copy of any document related to the letter ruling request to be sent by facsimile (fax) transmission, have you included a statement to that effect? *See* section 7.02(5).
- Yes No  
Page\_\_ 40. If you want to have a conference on the issues involved in the request, have you included a request for conference in the letter ruling request? *See* section 7.02(6).
- Yes No 41. Have you included the correct user fee with the request and is your check or money order in U.S. dollars and payable to the Internal Revenue Service? *See* section 15 and Appendix A to determine the correct amount.
- Yes No  
Page\_\_ 42. If your request involves a personal, exempt organization, governmental entity, or business-related tax issue and you qualify for the reduced user fee because your gross income is less than \$250,000, have you included the required certification? *See* paragraphs (A)(4)(a) and (B)(1) of Appendix A.

- Yes No  
Page\_\_ 43. If your request involves a personal, exempt organization, governmental entity, or business-related tax issue and you qualify for the reduced user fee because your gross income is less than \$1 million, have you included the required certification? *See* paragraphs (A)(4)(b) and (B)(1) of Appendix A.
- Yes No  
Page\_\_ 44. If you qualify for the user fee for substantially identical letter rulings, have you included the required information? *See* section 15.07(2) and paragraph (A)(5)(a) of Appendix A.
- Yes No  
Page\_\_ 45. If you qualify for the user fee for a § 301.9100 request to extend the time for filing an identical change in method of accounting on a single Form 3115, *Application for Change in Accounting Method*, have you included the required information? *See* section 15.07(4) and paragraph (A)(5)(d) of Appendix A.
- Yes No N/A 46. If your request is covered by any of the checklists, guideline revenue procedures, notices, safe harbor revenue procedures, or other special requirements listed in Appendix G, have you complied with all of the requirements of the applicable revenue procedure or notice?
- Rev. Proc.  
\_\_\_\_\_  
\_\_\_\_\_ List other applicable revenue procedures or notices, including checklists, used or relied upon in the preparation of this letter ruling request (Cumulative Bulletin or Internal Revenue Bulletin citation not required).
- Yes No N/A  
Page\_\_ 47. If you are requesting relief under § 7805(b) (regarding retroactive effect), have you complied with all of the requirements in section 11.11?
- Yes No N/A  
Page\_\_ 48. If you are requesting relief under § 301.9100 for a late entity classification election, have you included a statement that complies with section 4.04 of Rev. Proc. 2009–41, 2009–39 I.R.B. 439? *See* section 5.03(5) of this revenue procedure.
- Yes No N/A  
Page\_\_ 49. If you are requesting relief under § 301.9100, and your request involves a year that is currently under examination or with appeals, have you included the required notification, which also provides the name and telephone number of the examining agent or appeals officer? *See* section 7.01(4) of this revenue procedure.
- Yes No 50. If you are requesting relief under § 301.9100, have you included the affidavit(s) and declaration(s) required by § 301.9100–3(e)? *See* § 5.03(1) of this revenue procedure.
- Yes No 51. If you are requesting relief under § 301.9100–3, and the period of limitations on assessment under § 6501(a) will expire for any year affected by the requested relief before the anticipated receipt of a letter ruling, have you secured consent under § 6501(c)(4) to extend the period of limitations on assessment for the year(s) at issue? *See* § 5.03(2) of this revenue procedure.
- Yes No 52. Have you addressed your request to the attention of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), or the Associate Chief Counsel (Tax Exempt and Government Entities), as appropriate? The mailing address is:

**Internal Revenue Service  
Attn: CC:PA:LPD:DRU  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044**

If a private delivery service is used, the address is:

**Internal Revenue Service  
Attn: CC:PA:LPD:DRU, Room 5336  
1111 Constitution Ave., NW  
Washington, DC 20224**

The package should be marked: RULING REQUEST SUBMISSION. Improperly addressed requests may be delayed (sometimes for over a week) in reaching CC:PA:LPD:DRU for initial processing.

\_\_\_\_\_  
Signature

Title or Authority

Date

Typed or printed name of  
person signing checklist

## APPENDIX D

### ADDITIONAL CHECKLIST FOR GOVERNMENT PICK-UP PLAN RULING REQUESTS

In order to assist Associate Chief Counsel (Tax Exempt and Government Entities) in processing a ruling request involving government pick-up plans, in addition to the items in Appendix C please check the following list.

- |                 |    |     |   |
|-----------------|----|-----|---|
| Yes<br>Page ___ | No | N/A | 1. Is the plan qualified under § 401(a) of the Code? (Evidence of qualification or representation that the plan is qualified.)  |
| Yes<br>Page ___ | No | N/A | 2. Is the organization that established the plan a State or political subdivision thereof, or any agency or instrumentality of the foregoing? An example of this would be a representation that the organization that has established the plan is a political subdivision or municipality of the State.   |
| Yes<br>Page ___ | No | N/A | 3. Is there specific information regarding who are the eligible participants?   |
| Yes<br>Page ___ | No | N/A | 4. Are the contributions that are the subject of the ruling request mandatory employee contributions? These contributions must be for a specified dollar amount or a specific percentage of the participant's compensation and the dollar amount or percentage of compensation cannot be subject to change.   |
| Yes<br>Page ___ | No | N/A | 5. Does the plan provide that the participants do not have the election to opt in and/or out of the plan?   |
| Yes<br>Page ___ | No | N/A | 6. Are copies of the enacting legislation providing that the contributions although designated as employee contributions are being paid by the employer in lieu of contributions by the employee included?  |
| Yes<br>Page ___ | No | N/A | 7. Are copies of the specific enabling authorization that provides the employee must not have the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the plan included? For example, a resolution, ordinance, plan provision, or collective bargaining agreement could specify this information. |

## APPENDIX E

### ADDITIONAL CHECKLIST FOR CHURCH PLAN RULING REQUESTS

In order to assist Associate Chief Counsel (Tax Exempt and Government Entities) in processing a church plan ruling request, in addition to the items in Appendix C, please check the following list.

- Yes No N/A  
Page \_\_\_\_ 1. Is there specific information showing that the submission is on behalf of a plan established by a named church or convention or association of churches? The information must show how the sponsoring organization, if not a church or convention or association of churches, is controlled by, or associated with, the named church or convention or association of churches. For example, the board of directors of the sponsoring organization may be made up of members of the named church, or the sponsoring organization might be listed in the church's official directory of related organizations whose mission is to further the objectives of the church. In order to be considered associated with a church or convention or association of churches, the organization must share common religious bonds and convictions with that church or convention or association of churches.
- Yes No N/A  
Page \_\_\_\_ 2. Is there specific information showing that the organization that has established the plan is a tax-exempt organization as described in § 501 of the Code?
- Yes No N/A  
Page \_\_\_\_ 3. Is there a representation that the plan for which the ruling is being requested is qualified under § 401(a) of the Code or meets the requirements of § 403(b) of the Code?
- Yes No N/A  
Page \_\_\_\_ 4. Does the ruling request clearly state who are the eligible participants and the name of the employer of these eligible participants?
- Yes No N/A  
Page \_\_\_\_ 5. Is there a representation that none of the eligible participants are or can be considered employed in connection with one or more unrelated trades or businesses within the meaning of § 513 of the Code?
- Yes No N/A  
Page \_\_\_\_ 6. Is there a representation that all of the eligible participants are or will be employed by the named church or convention or association of churches, and will not include employees of for-profit entities? An example of an eligible employee includes a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry.
- Yes No N/A  
Page \_\_\_\_ 7. Is there specific information showing an existing plan committee whose principal purpose or function is the administration or funding of the plan? This committee must be controlled by or associated with the named church or convention or association of churches.
- Yes No N/A  
Page \_\_\_\_ 8. Is the composition of the committee stated?
- Yes No N/A  
Page \_\_\_\_ 9. Did the plan sponsor provide a written notice to interested persons that a letter ruling under § 414(e) of the Code on behalf of a church plan will be submitted to the IRS? (See Rev. Proc. 2011-44).
- Yes No N/A  
Page \_\_\_\_ 10. Does the ruling request include a copy of the notice?

## APPENDIX F

### LIST OF SMALL BUSINESS/SELF-EMPLOYED OPERATING DIVISION (SB/SE) OFFICES TO WHICH TO SEND REQUESTS FOR DETERMINATION LETTERS

SB/SE and W&I taxpayers should send requests for determination letters under this Rev. Proc. 2016-1 to the appropriate SB/SE office listed below. Both the request and its envelope should be marked "DETERMINATION LETTER REQUEST."

#### INCOME TAX

Requests for determination letters regarding income tax (including requests from international taxpayers) should be sent to:

**Office of the Director, Technical Services  
Internal Revenue Service  
Attn: SE:S:E:TS  
Mail Stop 5000  
24000 Avila Road  
Laguna Niguel, CA 92677**

#### ESTATE AND GIFT TAXES

Requests for determination letters regarding estate and gift tax should be sent to:

**Program Manager, Estate & Gift Tax Policy  
Internal Revenue Service  
SE:S:E:HQ:SEP:E&GP  
6340 Variel  
Woodland Hills, CA 91367**

#### EMPLOYMENT TAXES

Requests for determination letters regarding employment tax (except for requests for determination of worker status made on Form SS-8, *Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding*, which should be sent to the address in the Form instructions) should be sent to:

**Program Manager, Employment Tax Policy  
Internal Revenue Service  
Attn: SE:S:E:HQ:SEP  
c/o Director, Specialty Examination Policy  
5000 Ellin Road, C9-400  
Lanham, MD 20706**

#### EXCISE TAXES

Requests for determination letters regarding excise taxes should be sent to:

**Program Manager, Excise Tax Policy  
Internal Revenue Service  
Attn: SE:S:E:HQ:SEP  
c/o Director, Specialty Examination Policy  
5000 Ellin Road, C9-400  
Lanham, MD 20706**

## APPENDIX G

### CHECKLISTS, GUIDELINE REVENUE PROCEDURES, NOTICES, SAFE HARBOR REVENUE PROCEDURES, AND AUTOMATIC CHANGE REVENUE PROCEDURES

Specific revenue procedures and notices supplement the general instructions for requests explained in section 7 of this revenue procedure and apply to requests for letter rulings or determination letters regarding the Code sections and matters listed in this section.

#### Checklists, guideline revenue procedures, and notices

##### CODE OR REGULATION SECTION

103, 141–150, 1394, 1400L(d), 1400N(a), 1400U–1, 1400U–3, 7478, and 7871  
Issuance of state or local obligations

1.166–2(d)(3)  
Uniform express determination letter for making election

Subchapter C-Corporate Distributions, Adjustments, Transfers, and Reorganizations

301  
Nonapplicability on sales of stock of employer to defined contribution plan

302, 311  
Checklist questionnaire

302(b)(4)  
Checklist questionnaire

311  
Checklist questionnaire

332  
Checklist questionnaire

**.01** For requests relating to the following Code sections and subject matters, refer to the following checklists, guideline revenue procedures, and notices.

##### REVENUE PROCEDURE AND NOTICE

Rev. Proc. 96–16, 1996–1 C.B. 630 (for a reviewable ruling under § 7478 and a nonreviewable ruling); Rev. Proc. 88–31, 1988–1 C.B. 832 (for approval of areas of chronic economic distress); and Rev. Proc. 82–26, 1982–1 C.B. 476 (for “on behalf of” and similar issuers). For approval of areas of chronic economic distress, Rev. Proc. 88–31 explains how this request for approval must be submitted to the Assistant Secretary for Housing/Federal Housing Commissioner of the Department of Housing and Urban Development.

Rev. Proc. 92–84, 1992–2 C.B. 489.

Rev. Proc. 77–37, 1977–2 C.B. 568, as modified by Rev. Proc. 89–30, 1989–1 C.B. 895, and as amplified by Rev. Proc. 77–41, 1977–2 C.B. 574, Rev. Proc. 83–81, 1983–2 C.B. 598 (*see also* Rev. Proc. 2016–3, this bulletin), Rev. Proc. 84–42, 1984–1 C.B. 521 (superseded, in part, as to no-rule areas by Rev. Proc. 2016–3, this bulletin), Rev. Proc. 86–42, 1986–2 C.B. 722, and Rev. Proc. 89–50, 1989–2 C.B. 631. *But see* section 3.01 of Rev. Proc. 2016–3, which states that the Service will not issue a letter ruling as to whether a transaction constitutes a reorganization within the meaning of § 368. However, the Service will issue a letter ruling addressing significant issues (within the meaning of section 3.01 of Rev. Proc. 2016–3) presented in a reorganization within the meaning of § 368. The information and representations described in these revenue procedures should be included in a letter ruling request only to the extent that they relate to the significant issues with respect to which the letter ruling is requested. *See* section 6.03(4).

Rev. Proc. 87–22, 1987–1 C.B. 718.

Rev. Proc. 86–18, 1986–1 C.B. 551; and Rev. Proc. 77–41, 1977–2 C.B. 574.

Rev. Proc. 81–42, 1981–2 C.B. 611.

Rev. Proc. 86–16, 1986–1 C.B. 546.

*See* section 3.01 of Rev. Proc. 2016–3, this Bulletin, which states that the Service will not issue a letter ruling on whether a corporate distribution qualifies for nonrecognition treatment under § 332. However, the Service will issue a letter ruling addressing significant issues (within the meaning of section 3.01 of Rev. Proc. 2016–3) presented in a transaction described in § 332. The information and representations described in Rev. Proc. 90–52, 1990–2 C.B. 626, should be included in a letter ruling request only to the extent that they relate to the significant issues with respect to which the letter ruling is requested. *See* section 6.03(4).



338 Extension of time to make elections	Rev. Proc. 2003–33, 2003–1 C.B. 803, provides guidance as to how an automatic extension of time under § 301.9100–3 of the Treasury Regulations may be obtained to file elections under § 338. This revenue procedure also informs taxpayers who do not qualify for the automatic extension of the information necessary to obtain a letter ruling.
351 Checklist questionnaire	<i>See</i> section 3.01 of Rev. Proc. 2016–3, this Bulletin, which states that the Service will not issue a letter ruling on whether certain transfers to controlled corporations qualify for nonrecognition treatment under § 351. However, the Service will issue a letter ruling addressing significant issues (within the meaning of section 3.01 of Rev. Proc. 2016–3) presented in a transaction described in § 351. The information and representations described in Rev. Proc. 83–59, 1983–2 C.B. 575, should be included in a letter ruling request only to the extent that they relate to the significant issues with respect to which the letter ruling is requested. <i>See</i> section 6.03(4).
355 Checklist questionnaire	<i>See</i> section 3.01 of Rev. Proc. 2016–3, this Bulletin, which states that the Service will not issue a letter ruling on whether certain distributions of controlled corporation stock qualify for nonrecognition treatment under § 355. However, the Service will issue a letter ruling addressing significant issues (within the meaning of section 3.01 of Rev. Proc. 2016–3) presented in a transaction described in § 355. The information and representations described in Rev. Proc. 96–30, 1996–1 C.B. 696, should be included in a letter ruling request only to the extent that they relate to the significant issues with respect to which the letter ruling is requested. <i>See</i> section 6.03(4).
368(a)(1)(E) Checklist questionnaire	<i>See</i> section 3.01 of Rev. Proc. 2016–3, this Bulletin, which states that the Service will not issue a letter ruling as to whether a transaction constitutes a reorganization, including a recapitalization within the meaning of § 368(a)(1)(E) (or a transaction that qualifies under § 1036). However, the Service will issue a letter ruling addressing significant issues (within the meaning of section 3.01 of Rev. Proc. 2016–3) presented in a transaction described in § 368(a)(1)(E) (or in a transaction described in § 1036). The information and representations described in Rev. Proc. 81–60, 1981–2 C.B. 680, should be included in a letter ruling request only to the extent that they relate to the significant issues. <i>See</i> section 6.03(4).
412, 4971(b) Additional tax (on failure to meet minimum funding standards)	Rev. Proc. 81–44, 1981–2 C.B. 618, provides guidance for requesting a waiver of the 100 percent tax imposed under § 4971(b) on a pension plan that fails to meet the minimum funding standards of § 412.
412(d) Minimum funding standards	Rev. Proc. 2004–15, 2004–1 C.B. 490, provides guidance for requesting a waiver of the minimum funding standards.
412(c)(7)(B) Minimum funding standards–restrictions on plan amendments	Rev. Proc. 79–62, 1979–2 C.B. 576 provides guidance for requesting a determination that a plan amendment is reasonable and provides for only de minimis increases in plan liabilities in accordance with former § 412(f)(2)(A) (now § 412(c)(7)(B)(i)).
412(d)(2) Minimum funding standards–certain retroactive plan amendments	Rev. Proc. 94–42, 1994–1 C.B. 717, sets forth procedures under which a plan sponsor may file notice with and obtain approval for a retroactive amendment described in § 412(d)(2) (formerly § 412(c)(8)) and § 302(d)(2) of the Employee Retirement Income Security Act of 1974 (ERISA) that reduces prior accrued benefits.
414(e) Church plans	Rev. Proc. 2011–44, 2011–39 I.R.B. 445 provides supplemental procedures for requesting a ruling relating to church plans under section 414(e). This revenue procedure provides that plan participants and other interested persons must receive a notice when a letter ruling is requested and a copy of the notice must be submitted as part of the ruling request. It also provides procedures for the Service to receive and consider comments about the ruling request from interested persons. <i>See</i> Appendix E.
414(r) Qualified separate lines of business–administrative scrutiny	Rev. Proc. 93–41, 1993–2 C.B. 536, sets forth procedures relating to the issuance of an administrative scrutiny determination, which is a determination by the Service as to whether a separate line of business satisfies the requirement of administrative scrutiny, within the meaning of § 1.414(r)–6, for the testing year.

461(h) Alternative method for the inclusion of common improvement costs in basis	Rev. Proc. 92–29, 1992–1 C.B. 748.
482 Advance pricing agreements	Rev. Proc. 2015–40, 2015–35 I.R.B. 236, and Rev. Proc. 2015–41, 2015–35 I.R.B. 263.
521 Appeal procedure with regard to adverse determination letters and revocation or modification of exemption letter rulings and determination letters	Rev. Proc. 2016–5, this Bulletin.
817(h) Closing agreement for inadvertent failures of variable contracts	Rev. Proc. 2008–41, 2008–2 C.B. 155.
860 Self Determination of Deficiency Dividend	Rev. Proc. 2009–28, 2009–20 I.R.B. 1011.
877, 2107, and 2501(a)(3) Individuals who lose U.S. citizenship or cease to be taxed as long-term U.S. residents with a principal purpose to avoid U.S. taxes	Notice 97–19, 1997–1 C.B. 394, as modified by Notice 98–34, 1998–2 C.B. 29, and as obsoleted in part by Notice 2005–36, 2005–1 C.B. 1007.
1362(b)(5) and 1362(f) Relief for late S corporation and related elections under certain circumstances	Rev. Proc. 2013–30, 2013–36 I.R.B. 173.
1362(b)(5) and 301.7701–3 Automatic extensions of time for late S corporation election and late corporate entity classification	Rev. Proc. 2013–30, 2013–36 I.R.B. 173.
1.1502–13(e)(3) Consent to treat intercompany transactions on a separate entity basis and revocation of this consent	Rev. Proc. 2009–31, 2009–27 I.R.B. 107.
1.1502–75(b) Consent to Be Included in a Consolidated Income Tax Return	Rev. Proc. 2014–24, 2014–13 I.R.B. 879, provides a determination that certain subsidiary corporations are treated as if they had filed a Form 1122, <i>Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated Income Tax Return</i> , even though they failed to do so. This revenue procedure also informs taxpayers who do not qualify for the automatic determination of the procedure for requesting such determination.
1.1502–76(a)(1) Consent to file a consolidated return where member(s) of the affiliated group use a 52–53 week taxable year	Rev. Proc. 89–56, 1989–2 C.B. 643, as modified by Rev. Proc. 2006–21, 2006–1 C.B. 1050.

1504(a)(3)(A) and (B) Waiver of application of § 1504(a)(3)(A) for certain corporations	Rev. Proc. 2002–32, 2002–1 C.B. 959, as modified by Rev. Proc. 2006–21, 2006–1 C.B. 1050.
1552 Consent to elect or change method of allocating affiliated group’s consolidated Federal income tax liability	Rev. Proc. 90–39, 1990–2 C.B. 365, as clarified by Rev. Proc. 90–39A, 1990–2 C.B. 367, and as modified by Rev. Proc. 2006–21, 2006–1 C.B. 1050.
2642 Allocations of generation- skipping transfer tax exemption	Rev. Proc. 2004–46, 2004–2 C.B. 142, provides an alternative method for requesting relief to make a late allocation of the generation-skipping transfer tax exemption. This revenue procedure also informs taxpayers who are denied relief or who are outside the scope of the revenue procedure of the information necessary for obtaining a letter ruling.
2652(a)(3) Reverse qualified terminable interest property elections	Rev. Proc. 2004–47, 2004–2, C.B. 169, provides an alternative method for certain taxpayers to obtain an extension of time to make a late reverse qualified terminable interest property election under § 2652(a)(3). This revenue procedure also informs taxpayers who are denied relief or who are outside the scope of the revenue procedure of the information necessary to obtain a letter ruling.
4980B Failure to satisfy continuation coverage requirements of group health plans	Rev. Proc. 87–28, 1987–1 C.B. 770 (treating references to former § 162(k) as if they were references to § 4980B).
7701 Relief for a late initial classification election for a newly formed entity	Rev. Proc. 2009–41, 2009–39 I.R.B. 439.
7701(a)(40) and 7871(d) Indian tribal governments and subdivision of Indian tribal governments	Rev. Proc. 84–37, 1984–1 C.B. 513, as modified by Rev. Proc. 86–17, 1986–1 C.B. 550, and Rev. Proc. 2016–1, this revenue procedure, (provides guidelines for obtaining letter rulings recognizing Indian tribal government or tribal government subdivision status; also provides for inclusion in list of federally recognized Indian tribes published annually by the Department of the Interior, Bureau of Indian Affairs, or in list of recognized subdivisions of Indian tribal governments in revised versions of Rev. Proc. 84–36, 1984–1 C.B. 510, as modified and made permanent by Rev. Proc. 86–17).
301.7701–2(a) Classification of undivided fractional interests in rental real estate	Rev. Proc. 2002–22, 2002–1 C.B. 733 (specifies the conditions under which the Service will consider a letter ruling request that an undivided fractional interest in rental real property (other than a mineral property as defined in § 614) is not an interest in a business entity).
301.7701–3 Automatic extensions of time for late S corporation election and late corporate entity classification	Rev. Proc. 2013–30, 2013–36 I.R.B. 173.
301.9100–3 Extension of time to make entity classification election	Rev. Proc. 2009–41, 2009–39 I.R.B. 439.
7702 Closing agreement for failure to account for charges for qualified additional benefits	Rev. Proc. 2010–26, 2010–30 I.R.B. 91.
7702 Closing agreement for failed life insurance contracts	Rev. Proc. 2008–40, 2008–2 C.B. 151.

7702A Closing agreement for inadvertent non-egregious failure to comply with modified endowment contract rules	Rev. Proc. 2008–39, 2008–2 C.B. 143.
7704(g) Revocation of election	Notice 98–3, 1998–1 C.B. 333.
<i>SUBJECT MATTERS</i>	<i>REVENUE PROCEDURE</i>
Accounting periods; changes in period	Rev. Proc. 2002–39, 2002–1 C.B. 1046, as clarified and modified by Notice 2002–72, 2002–2 C.B. 843, as modified by Rev. Proc. 2003–34, 2003–1 C.B. 856, and modified by Rev. Proc. 2003–79, 2003–2 C.B. 1036; and Rev. Proc. 2016–1, this revenue procedure, for which sections 1, 2.01, 2.02, 2.05, 3.03, 5.02, 6.03, 6.05, 6.07, 6.11, 7.01(1), 7.01(2), 7.01(3), 7.01(4), 7.01(5), 7.01(6), 7.01(8), 7.01(9), 7.01(10), 7.01(13), 7.01(14), 7.01(15), 7.02(2), 7.02(4), 7.02(5), 7.02(6), 7.04, 7.05, 7.07, 7.08, 8.01, 8.03, 8.04, 8.05, 8.06, 10, 11, 15, 17, 18, Appendix A, and Appendix G are applicable.
Classification of liquidating trusts	Rev. Proc. 82–58, 1982–2 C.B. 847, as modified and amplified by Rev. Proc. 94–45, 1994–2 C.B. 684, and as amplified by Rev. Proc. 91–15, 1991–1 C.B. 484 (checklist questionnaire), as modified and amplified by Rev. Proc. 94–45.
Earnings and profits determinations	Rev. Proc. 75–17, 1975–1 C.B. 677; Rev. Proc. 2016–1, this revenue procedure, sections 2.05, 3.03, 7, 8, and 10.05; and Rev. Proc. 2016–3, this Bulletin, section 3.01.
Estate, gift, and generation-skipping transfer tax issues	Rev. Proc. 91–14, 1991–1 C.B. 482 (checklist questionnaire).
Intercompany transactions; election not to defer gain or loss	Rev. Proc. 2009–31, 2009–27 I.R.B. 107.
Leveraged leasing	Rev. Proc. 2001–28, 2001–1 C.B. 1156, and Rev. Proc. 2001–29, 2001–1 C.B. 1160.
Rate orders; regulatory agency; normalization	<p>A letter ruling request that involves a question of whether a rate order that is proposed or issued by a regulatory agency will meet the normalization requirements of § 168(f)(2) (pre-Tax Reform Act of 1986, § 168(e)(3)) and former §§ 46(f) and 167(l) ordinarily will not be considered unless the taxpayer states in the letter ruling request whether—</p> <p>(1) the regulatory authority responsible for establishing or approving the taxpayer’s rates has reviewed the request and believes that the request is adequate and complete; and</p> <p>(2) the taxpayer will permit the regulatory authority to participate in any Associate office conference concerning the request.</p> <p>If the taxpayer or the regulatory authority informs a consumer advocate of the request for a letter ruling and the advocate wishes to communicate with the Service regarding the request, any such communication should be sent to: Internal Revenue Service, Associate Chief Counsel (Procedure and Administration), Attn: CC:PA:LPD:DRU, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044 (or, if a private delivery service is used: Internal Revenue Service, Associate Chief Counsel (Procedure and Administration), Attn: CC:PA:LPD:DRU, Room 5336, 1111 Constitution Ave., NW, Washington, DC 20224). These communications will be treated as third party contacts for purposes of § 6110.</p>
Unfunded deferred compensation	Rev. Proc. 71–19, 1971–1 C.B. 698, as amplified by Rev. Proc. 92–65, 1992–2 C.B. 428. <i>See</i> Rev. Proc. 92–64, 1992–2 C.B. 422, as modified by Notice 2000–56, 2000–2 C.B. 393, for the model trust for use in Rabbi Trust Arrangements.

**Safe harbor revenue procedures**

**.02** For requests relating to the following Code sections and subject matters, refer to the following safe harbor revenue procedures.

*CODE OR REGULATION SECTION*

*REVENUE PROCEDURE*

23 and 36C

Adoption credit for foreign adoptions

Rev. Proc. 2010–31, 2010–40 I.R.B. 413.

103 and 141–150

Issuance of state or local obligations

Rev. Proc. 97–13, 1997–1 C.B. 632, as modified by Rev. Proc. 2001–39, 2001–2 C.B. 38 and amplified by Notice 2014–67, 2014–46 I.R.B. 822 (management contracts); and Rev. Proc. 2007–47, 2007–2 C.B. 108 (research agreements).

61

Utility Cost Recovery  
Securitization Transactions

Rev. Proc. 2005–62, 2005–2 C.B. 507.

137

Exclusion for Employer Reimbursements

Rev. Proc. 2010–31, 2010–40 I.R.B. 413.

162

Restaurant Small Wares Costs

Rev. Proc. 2002–12, 2002–1 C.B. 374.

165

Losses from corrosive drywall  
  
Theft losses from fraudulent investment arrangements

Rev. Proc. 2010–36, 2010–42 I.R.B. 439.

Rev. Proc. 2009–20, 2009–14 I.R.B. 749; Rev. Proc. 2011–58, 2011–50 I.R.B. 849 (modifies Rev. Proc. 2009–20).

167 and 168

Primary use of certain cable network assets described in asset class 48.42 of Rev. Proc. 87–56, 1987–2 C.B. 674

Section 9 of Rev. Proc. 2015–12, 2015–2 I.R.B. 266.

168

Depreciation of original and replacement tires for certain vehicles

Rev. Proc. 2002–27, 2002–1 C.B. 802.

168

Depreciation of fiber optic node and trunk line of a cable system operator

Section 8 of Rev. Proc. 2015–12, 2015–2 I.R.B. 266.

168

Recovery periods of certain tangible assets used by wireless telecommunication carriers

Rev. Proc. 2011–22, 2011–18 I.R.B. 737

263, 471

Treatment of rotatable spare parts as inventory or depreciable property

Rev. Proc. 2007–48, 2007–2 C.B. 110

263

Safe harbor methods for track structure expenditures

Rev. Proc. 2002–65, 2002–2 C.B. 700; Rev. Proc. 2001–46, 2001–2 C.B. 263.

263 Determination whether expenditures to maintain, replace or improve wireline network assets must be capitalized	Rev. Proc. 2011–27, 2011–18 I.R.B. 740.
263 Determination whether expenditures to maintain, replace or improve wireless network assets must be capitalized	Rev. Proc. 2011–28, 2011–18 I.R.B. 743.
263 Allocating success-based fees paid in business acquisitions or reorganizations	Rev. Proc. 2011–29, 2011–18 I.R.B. 746.
263 Electric trade and distribution property assets	Rev. Proc. 2011–43, 2011–37 I.R.B. 326.
263A Safe harbor methods for certain motor vehicle dealerships	Rev. Proc. 2010–44, 2010–49 I.R.B. 811.
280A Safe harbor method to determine the amount of deductible expenses attributable to certain business use of a residence	Rev. Proc. 2013–13, 2013–6 I.R.B. 478.
280B Certain structural modifications to a building not treated as a demolition	Rev. Proc. 95–27, 1995–1 C.B. 704.
446 Film producer’s treatment of certain creative property costs	Rev. Proc. 2004–36, 2004–1 C.B. 1063.
446 Bank’s treatment of uncollected interest	Rev. Proc. 2007–33, 2007–1 C.B. 1289.
448 Nonaccrual-experience method–book safe harbor method	Rev. Proc. 2011–46, 2011–42 I.R.B. 518.
451 Safe harbor for capital cost reduction payments	Rev. Proc. 2002–36, 2002–1 C.B. 993
451 Treatment of gift cards issued to customers in exchange for returned merchandise	Rev. Proc. 2011–17, 2011–5 I.R.B. 441.

451 Safe harbor for certain minors' trusts established under the Indian Gaming Regulatory Act (U.S.C. §§ 2701–2721)	Rev. Proc. 2011–56, 2011–49 I.R.B. 834.
461 Safe harbor method for payroll tax liabilities for compensation	Rev. Proc. 2008–25, 2008–1 C.B. 686.
471 Estimating inventory shrinkage	Rev. Proc. 98–29, 1998–1 C.B. 857.
471 Valuation of automobile dealer vehicle parts inventory	Rev. Proc. 2002–17, 2002–1 C.B. 676.
471 Valuation of remanufactured cores	Rev. Proc. 2003–20, 2003–1 C.B. 445.
471 Valuation of heavy equipment dealer parts inventory	Rev. Proc. 2006–14, 2006–1 C.B. 350.
471 Rolling-average method of accounting for inventories	Rev. Proc. 2008–43, 2008–2 C.B. 186.
475 Eligible positions	Rev. Proc. 2007–41, 2007–1 C.B. 1492.
584(a) Qualification of a proposed common trust fund plan	Rev. Proc. 92–51, 1992–1 C.B. 988.
642(c)(5) Qualification of trusts as pooled income funds	Rev. Proc. 88–53, 1988–2 C.B. 712.
664 Charitable remainder trusts	Rev. Proc. 2005–24, 2005–1 C.B. 909, as modified by Notice 2006–15, 2006–1 C.B. 501.
664(d)(1) Qualification of trusts as charitable remainder annuity trusts	Rev. Proc. 2003–53, 2003–2 C.B. 230; Rev. Proc. 2003–54, 2003–2 C.B. 236; Rev. Proc. 2003–55, 2003–2 C.B. 242; Rev. Proc. 2003–56, 2003–2 C.B. 249; Rev. Proc. 2003–57, 2003–2 C.B. 257; Rev. Proc. 2003–58, 2003–2 C.B. 262; Rev. Proc. 2003–59, 2003–2 C.B. 268; Rev. Proc. 2003–60, 2003–2 C.B. 274.
664(d)(2) and (3) Qualification of trusts as charitable remainder unitrusts	Rev. Proc. 2005–52, 2005–2 C.B. 326; Rev. Proc. 2005–53, 2005–2 C.B. 339; Rev. Proc. 2005–54, 2005–2 C.B. 353; Rev. Proc. 2005–55, 2005–2 C.B. 367; Rev. Proc. 2005–56, 2005–2 C.B. 383; Rev. Proc. 2005–57, 2005–2 C.B. 392; Rev. Proc. 2005–58, 2005–2 C.B. 402; Rev. Proc. 2005–59, 2005–2 C.B. 412.
832 Insurance company premium acquisition expenses	Rev. Proc. 2002–46, 2002–2 C.B. 105.
856(c) Certain loans treated as real estate assets	Rev. Proc. 2003–65, 2003–2 C.B. 336.
860H Transfers of ownership interests in Financial Asset Securitization Investment Trusts	Rev. Proc. 2001–12, 2001–1 C.B. 335.

1031(a) Qualification as a qualified exchange accommodation arrangement	Rev. Proc. 2000–37, 2000–2 C.B. 308, as modified by Rev. Proc. 2004–51, 2004–2 C.B. 294.
1031 Safe harbor with respect to exchanges of residential real property	Rev. Proc. 2008–16, 2008–1 C.B. 547.
1031 Safe harbor for reporting gain or loss on failed exchanges	Rev. Proc. 2010–14, 2010–12 I.R.B. 456.
1272(a)(6) Proportional method of accounting for original issue discount on pools of credit card receivables	Rev. Proc. 2013–26, 2013–22 I.R.B. 1160.
1286 Determination of reasonable compensation under mortgage servicing contracts	Rev. Proc. 91–50, 1991–2 C.B. 778.
1362(f) Automatic inadvertent termination relief to certain corporations	Rev. Proc. 2013–30, 2013–36 I.R.B. 173.
2056A Qualified Domestic Trust	Rev. Proc. 96–54, 1996–2 C.B. 386.
2702(a)(3)(A) and 25.2702–5(c) Qualified Personal Residence Trust	Rev. Proc. 2003–42, 2003–1 C.B. 993.
4051(a)(2) Imposition of tax on heavy trucks and trailers sold at retail	Rev. Proc. 2005–19, 2005–1 C.B. 832.
1.7704–2(d) New business activity of existing partnership is closely related to pre-existing business	Rev. Proc. 92–101, 1992–2 C.B. 579.

*SUBJECT MATTERS*

Certain rent-to-own contracts treated as leases

**Automatic change in accounting period revenue procedures**

*REVENUE PROCEDURE*

Rev. Proc. 95–38, 1995–2 C.B. 397.

**.03** For requests for an automatic change in accounting period, refer to the following automatic change revenue procedures.

Rev. Proc. 2006–45, 2006–2 C.B. 851, as clarified and modified by Rev. Proc. 2007–64, 2007–2 C.B. 818 (certain corporations); Rev. Proc. 2006–46, 2006–2 C.B. 859 (certain partnerships, subchapter S corporations, personal service corporations, and trusts); and Rev. Proc. 2003–62, 2003–2 C.B. 299 (individuals seeking a calendar year);

The Commissioner’s consent to an otherwise qualifying automatic change in accounting period is granted only if the taxpayer timely complies with the applicable automatic change revenue procedure.



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**SECTION 1. PURPOSE AND AUTHORITY**

**Description of purpose**

.01 Technical advice. This revenue procedure explains when and how the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), and the Associate Chief Counsel (Tax Exempt and Government Entities) provide technical advice memoranda (TAMs) to a Director or an Appeals Area Director. It also explains the rights that a taxpayer has when a field office requests a TAM regarding a tax matter. Rev. Proc. 2015–2 superseded.

**Updated annually**

.02 This revenue procedure is updated annually as the second revenue procedure of the year, but may be modified during the year.

**Delegation authority**

.03 The provisions of this revenue procedure apply if the authority normally exercised by the Director has been properly delegated to another official.

**SECTION 2. DEFINITIONS**

**Operating division**

.01 The term “operating division” means the (1) Large Business & International Division (LB&I); (2) the Small Business/Self-Employed Division (SB/SE); (3) the Wage and Investment Division (W&I); and (4) the Tax Exempt and Government Entities Division (TE/GE).

**Director**

.02 The term “Director” means (1) the Director, Field Operations (LB&I) for the taxpayer’s industry; (2) a Territory Manager, Field Compliance (SB/SE); (3) the Director, Compliance (W&I); (4) the Director, International Compliance, Strategy and Policy; (5) the Director, Employee Plans Examinations; (6) the Director, Employee Plans Rulings & Agreements; (7) the

Director, Exempt Organizations Examinations; (8) the Director, Exempt Organizations Rulings & Agreements; (9) the Director, Federal, State & Local Governments; (10) the Director, Tax Exempt Bonds; (11) the Director, Indian Tribal Governments; (12) the Appeals Area Director; (13) the Appeals Director, Domestic Operations, (14) the Appeals Director, International Operations; or (15) any official to whom the authority normally exercised by a Director has properly been delegated.

**Territory Manager**

.03 The term “Territory Manager” means (1) a Territory Manager (LB&I); (2) a Territory Manager, Examination (SB/SE); (3) a Territory Manager, Specialty (SB/SE); (4) the Director, Compliance (W&I); (5) the Employee Plans Examinations Area Manager; (6) the Exempt Organizations Examinations Area Manager; (7) the Employee Plans Determinations Manager; (8) the Exempt Organizations Rulings & Agreements Area Manager; (9) the Group Manager, Federal, State & Local Governments; (10) program managers within Tax Exempt Bonds; (11) the Manager, Field Operations, Tax Exempt Bonds; or (12) the Group Manager, Indian Tribal Governments.

**Appeals officer**

.04 The term “Appeals officer” means the Appeals officer assigned to the taxpayer’s case and includes an Appeals Team Case Leader or settlement officer.

**Taxpayer**

.05 The term “taxpayer” means any person subject to any provision of the Internal Revenue Code, including an issuer of obligations the interest on which is excluded from gross income under § 103, issuers of other bonds that provided a tax subsidy, and the taxpayer’s representatives.

**Associate office**

.06 The term “Associate office” means (1) the Office of Associate Chief Counsel (Corporate); (2) the Office of Associate Chief Counsel (Financial Institutions and Products); (3) the Office of Associate Chief Counsel (Income Tax and Accounting); (4) the Office of Associate Chief Counsel (International); (5) the Office of Associate Chief Counsel (Passthroughs and Special Industries); (6) the Office of Associate Chief Counsel (Procedure and Administration); or (7) the Office of Associate Chief Counsel (Tax Exempt and Government Entities).

**Field office**

.07 The term “field office” means personnel in any examination or Appeals office. For qualified retirement plan and exempt organizations matters, the term “field office” also means personnel in any Rulings & Agreements office.

**Field counsel**

.08 The term “field counsel” means any attorney assigned to the Division Counsel for an operating division who is not a member of Division Counsel Headquarters.

**SECTION 3. THE  
NATURE OF  
TECHNICAL ADVICE**

**When advice furnished**

.01 Technical advice is advice furnished by an Associate office in a memorandum that responds to any request, submitted under this revenue procedure, for assistance on any technical or procedural question that develops during any proceeding before the Service. The field office may request a TAM when the application of the law to the facts involved is unclear. The question must be on the interpretation and proper application of tax laws, tax treaties, regulations, revenue rulings, notices, or other precedents to a specific set of facts that concerns the treatment of an item in a tax period under examination or appeal. A TAM may not be requested for prospective or hypothetical transactions (except for TAMs in connection with a taxpayer’s request for a determination letter on a matter within the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division, pursuant to Rev. Proc. 2016–4, 2016–5, 2016–6, or 2016–10). Proceedings before the Service include: (1) the examination of a taxpayer’s return; (2) the

consideration of a taxpayer's claim for credit or refund; (3) any matter under examination or in Appeals pertaining to tax-exempt bonds, tax credit bonds, or mortgage credit certificates; and (4) any other matter involving a specific taxpayer under the jurisdiction of a Director. Technical advice does not include any oral legal advice or any written legal advice furnished to the field office that is not submitted and processed under this revenue procedure.

**TAM may be requested even if previous TAM on same matter was issued**

.02 A Director may raise an issue in any tax period, even if a TAM was requested and furnished for the same or similar issue for another tax period. The field office may also request a TAM on an issue even if Appeals disposed of the same or similar issue for another tax period of the same taxpayer.

**Taxpayer participation**

.03 Taxpayers will be afforded an opportunity to participate in the TAM process. Taxpayer participation is preferred but not required in order to process a request for technical advice. A taxpayer's failure to participate in stages identified as "material," however, will constitute waiver of the right to the conference described in section 9.

Under no circumstances will a taxpayer be treated as having waived its right to see the issued TAM or having waived its rights regarding disclosure and deletions described in section 10.

**Areas of mandatory technical advice on employee plans matters**

.04 Regarding qualified retirement plan matters, a request for a TAM is required in cases concerning (1) proposed adverse or proposed revocation letters on collectively bargained plans, (2) plans for which the Service is proposing to issue a revocation letter because of certain fiduciary actions that violate the exclusive benefit rule of § 401(a) of the Code and are subject to Part 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, Pub. L. No. 93-406, 1974-3 C.B. 1, 43, or (3) amendments to defined contribution plans pursuant to Rev. Proc. 2004-15, 2004-1 C.B. 490, in connection with a waiver of the minimum funding standard and a request for a determination letter. *See* section 15 of Rev. Proc. 2016-6 of this Bulletin, and section 3.04 of Rev. Proc. 2004-15, 2004-1 C.B. 490.

**Basis for requests by Exempt Organizations Rulings & Agreements**

.05 The circumstances in which the Director, Exempt Organizations Rulings & Agreements should seek Technical Advice in the course of processing applications for tax exemption are described in Rev. Proc. 2016-5, this Bulletin, section 5. Technical Advice may also be requested by EO Determinations in connection with requests for determination letters where no pending application for tax exemption is involved. A request for a TAM is not required if the Director, EO Examinations proposes to revoke or modify a letter recognizing tax-exempt status issued by the Service.

**SECTION 4. TYPES OF ISSUES NOT SUBJECT TO THIS PROCEDURE**

**Alcohol, tobacco, and firearms taxes**

.01 The procedures for obtaining technical advice specifically applicable to federal alcohol, tobacco, and firearms taxes under subtitle E of the Code are currently under the jurisdiction of the Alcohol and Tobacco Tax and Trade Bureau of the Treasury Department.

**Employment status determinations**

.02 Employment status determination letters issued pursuant to section 12.06 of Rev. Proc. 2016-1, of this Bulletin, are not subject to technical advice procedures.

**Issues under § 301.9100**

.03 A request for an extension of time for making an election or other application for relief under § 301.9100-3 of the Procedure and Administration Regulations is not submitted as a request for technical advice. Instead, the request must be submitted as a request for a letter ruling, even if

submitted after the examination of the taxpayer's return has begun or after the issues in the return are being considered in Appeals or a federal court. Therefore, a request under § 301.9100 should be submitted under Rev. Proc. 2016-1, of this Bulletin, and the payment of the applicable user fee is determined under Appendix A of Rev. Proc. 2016-1. However, a request under § 301.9100 related to recharacterization of a Roth IRA should be submitted under Rev. Proc. 2016-4 of this Bulletin (including payment of the applicable user fee listed in section 6 of Rev. Proc. 2016-8). Requests for relief pertaining to exemption application matters involving §§ 505(c) and 508 are considered in the determination letter process under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division.

#### **Frivolous issues**

.04 Associate offices will not issue a TAM on frivolous issues. The field office will deny a taxpayer's request for a TAM if it involves frivolous issues. For purposes of this revenue procedure, a "frivolous issue" is one without basis in fact or law or one asserting a position held by revenue ruling, case law, or any court to be frivolous or groundless. Examples of frivolous or groundless issues include, but are not limited to: (1) positions that espouse frivolous "constitutional" claims, such as claims that the requirement to file tax returns and pay taxes constitutes an unreasonable search barred by the Fourth Amendment, violates Fifth and Fourteenth Amendment protections of due process, violates Thirteenth Amendment protections against involuntary servitude, or is unenforceable because the Sixteenth Amendment does not authorize nonapportioned direct taxes or because it was never ratified; and (2) positions asserting that income taxes are voluntary, that the term "income" is not defined in the Internal Revenue Code, or that the preparation and filing of income tax returns violates the Paperwork Reduction Act. Additional examples of frivolous or groundless issues may be found in IRS publications and other guidance (including, but not limited to, section 6.10 of Rev. Proc. 2016-1, Notice 2010-33, and I.R.M. section 4.10.12.1.1).

#### **Issues in a docketed case**

.05 A field office may not request technical advice on an issue if the same issue of the same taxpayer (or of a related taxpayer within the meaning of § 267 or a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504) is in a docketed case for any taxable year. If a case is docketed for an estate tax issue of a taxpayer while a request for technical advice on the same issue of the same taxpayer is pending, the Associate office may issue the TAM only if the appropriate Appeals officer and field counsel agree, by memorandum, to the issuance of the TAM.

#### **Collection issues**

.06 The Associate Chief Counsel (Procedure and Administration) does not provide technical advice on matters arising under the Internal Revenue Code and related statutes and regulations that involve the collection of taxes (including interest and penalties). With respect to such matters, the Associate Chief Counsel (Procedure and Administration) may issue alternative forms of advice.

### **SECTION 5. INITIATING A REQUEST FOR TECHNICAL ADVICE**

#### **Initiating a request for technical advice**

.01 Because technical advice is issued to assist field offices, it is the field office that determines whether to request it. In determining whether to request technical advice, the field office should consider whether other forms of guidance, e.g., published guidance, generic advice, or some other form of advice, would be more appropriate. Before requesting technical advice, however, the field office must request assistance and a recommendation from field counsel. If the field office disagrees with that recommendation, the field office must seek reconciliation with field counsel through their respective supervisors. Any request for technical advice must be approved in writing by a Director. If technical advice is requested from the Associate Chief Counsel (Tax Exempt and Government Entities) for a case with either an unagreed prohibited transaction, as defined in § 4975(c)(1) and ERISA § 406(a), or a violation of the exclusive benefit rule of § 401(a)(2) or

ERISA § 404(a)(1)(A), a Form 6212-B must be submitted to the Department of Labor prior to submitting the request for technical advice. The mandatory technical advice described in section 3.04 of this revenue procedure, for cases concerning amendments to defined contribution plans pursuant to Rev. Proc. 2004-15, 2004-1 C.B. 490, in connection with a waiver of the minimum funding standard and a request for a determination letter, is treated as if it had been a request for technical advice submitted by the Director.

**Taxpayer may request technical advice**

.02 While a case is under the jurisdiction of a Director, a taxpayer may request that an issue be referred to the Associate office for technical advice. The request may be oral or written and should be directed to the field office. If the field office decides that a taxpayer's request for referral of an issue to the Associate office for a TAM is unwarranted, the field office will notify the taxpayer. A taxpayer's request for referral of an issue for technical advice will not be denied merely because the Associate office has already provided legal advice other than a TAM to the field office on the matter.

**Appeal of field office denial of TAM request**

.03 The taxpayer may appeal the field office's denial of the taxpayer's TAM request by submitting to the field office, within 30 calendar days after notification that the request was denied, a written statement of the reasons why the matter should be referred to the Associate office. The statement should include a description of all pertinent facts (including any facts in dispute); a statement of the issue that the taxpayer would like to have addressed; a discussion of any relevant statutory, regulatory, or administrative provisions, tax treaties, case law, or other authority; and an explanation of the taxpayer's position and the need for technical advice. Any extensions of the 30-day period must be requested in writing and must be approved by the Director, the LB&I Territory Manager, or the Tax Exempt Bonds Manager, Field Operations. Decisions on any extensions by the Director, the LB&I Territory Manager, or the Tax Exempt Bonds Manager, Field Operations, are final and may not be appealed.

Upon receipt, the field office will refer the taxpayer's written statement, along with the field office's statement of why the issue should not be referred to the Associate office for technical advice, to the Director, the LB&I Territory Manager, or the Tax Exempt Bonds Manager, Field Operations, for decision. The Director, the LB&I Territory Manager, or the Tax Exempt Bonds Manager, Field Operations, will determine whether the issue should be referred for technical advice on the basis of the statements of the field office and the taxpayer. No conference will be held with the taxpayer or the taxpayer's representative. If the Director, the LB&I Territory Manager, or the Tax Exempt Bonds Manager, Field Operations, determines that a TAM is not warranted, the taxpayer will be informed in writing of the proposed denial of the request and the reasons for the denial (unless doing so would prejudice the Government's interests).

**The decision of the Director, the LB&I Territory Manager, or the Tax Exempt Bonds Manager, Field Operations may be reviewed but not appealed**

.04 The taxpayer may not appeal the decision of the Director, the LB&I Territory Manager, or the Tax Exempt Bonds Manager, Field Operations, not to request a TAM. If the taxpayer does not agree with the proposed denial, all data on the issue for which a TAM has been sought, including the taxpayer's written request and statements, will be submitted for review to the Director, LB&I; the Director, Examination, SB/SE; the Director, Specialty Tax, SB/SE; the Director, Compliance, W&I; the Director, Federal, State & Local Governments; the Director, Tax Exempt Bonds; the Director, Indian Tribal Governments; the Appeals Director, Tax Policy and Procedure (Exam); or the Commissioner, Tax Exempt and Government Entities Division (who will review the proposed denial through the Director, Employee Plans; the Director, Exempt Organizations; or, if appropriate, the Appeals Director, Tax Policy and Procedure (Exam)). Review of the proposed denial will be based solely on the written record. No conference will be held with the taxpayer or the taxpayer's representative. The person responsible for review may consult with the Associate office, if appropriate, and will notify the field office whether the proposed denial of the taxpayer's request is approved or denied within 45 days of receiving all information. The field office will then notify the taxpayer. While the matter is under review, the field office will suspend any final decision on the issue (except when the delay would prejudice the Government's interests). If the request for technical advice has been denied because the issue is frivolous as described in 4.04 above, this review process is not available.

## SECTION 6. PRE-SUBMISSION CONFERENCES

### Purpose

.01 A pre-submission conference helps the field office, field counsel, the taxpayer, and the Associate office agree on the appropriate scope of the request for technical advice and the factual information and documents that must be included in the request. A pre-submission conference is not an alternative procedure for addressing the merits of the substantive positions advanced by the field office or by the taxpayer. During the pre-submission conference, the parties should discuss the framing of the issues and the background information and documents that should be included in the formal submission of the request for technical advice.

### Pre-submission conferences are mandatory

.02 Pre-submission conferences include the taxpayer and representatives from the field office, field counsel, and the Associate office. These conferences are mandatory because they promote expeditious processing of requests for technical advice. If a request for technical advice is submitted without first holding a pre-submission conference, the Associate office will return the request for advice. Requests for technical advice can proceed even if a taxpayer declines to participate in a pre-submission conference.

### Actions before a pre-submission conference

.03 Before requesting a pre-submission conference, the field office and the taxpayer must exchange proposed statements of the pertinent facts and issues. The proposed statements should include any facts in dispute, the issues that the parties intend to discuss, any legal analysis and supporting authorities, and any other background information that the parties believe would facilitate the Associate office's understanding of the issues to be discussed during the conference. Prior to the scheduled pre-submission conference, the field office and the taxpayer must submit to the Associate office their respective statements of pertinent facts and issues. The legal analysis provided in the parties' statements should be sufficient to enable the Associate office to be reasonably informed about the subject matter. Failure of the taxpayer to provide a statement of pertinent issues and facts shall not be allowed to unduly delay the scheduling of the pre-submission conference. If it is not provided within a reasonable period of time, the conference may be scheduled without the statements.

The field office or the taxpayer must ensure that the Associate office receives a copy of any required power of attorney. Form 2848, *Power of Attorney and Declaration of Representative* (Rev. December 2015), should be used. See Conference and Practice Requirements of the Statement of Procedural Rules (26 C.F.R. §§ 601.501–601.509 (2012)). The assigned branch of the Associate office must receive the pre-submission materials at least 10 business days before the conference is to be held.

### Initiating a pre-submission conference

.04 A request for a pre-submission conference must be submitted in writing by the field office, with the assistance of field counsel. The request should identify the Associate office expected to have jurisdiction over the request for a TAM and should include a brief explanation of the primary issue so that an assignment to the appropriate branch of an Associate office can be made. If the request is submitted by Appeals, field counsel assignments will be subject to the *ex parte* rules set forth in section 1001(a)(4) of the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. No. 105–206, and Rev. Proc. 2012–18, 2012–10 I.R.B. 455. If the request involves an issue under the office of the Director, Abusive Tax Avoidance Transactions (ATAT) Examination, SB/SE, an issue under the office of the Director, Office of Tax Shelter Analysis (OTSA), LB&I, or an industry issue under the Office of Pre-Filing and Technical Guidance, LB&I, then the field office and field counsel should coordinate with the technical advisor and field counsel contact. If the request is from Appeals and involves a coordinated issue or emerging issue under the Appeals Domestic or International Operations or Appeals Coordinated Issue (ACI) Program, the Appeals officer must coordinate with the Appeals Domestic Operations or International Operations Technical Specialist.



**Manner of transmitting pre-submission materials**

.05 To obtain the protection of taxpayer information offered by the Chief Counsel Intranet firewall, the pre-submission materials must be electronically transmitted by field counsel to the Technical Services Support Branch (TSS4510). TSS4510 will ensure delivery of the pre-submission materials to the appropriate Associate office. The TSS4510 email box cannot accept encrypted mail.

If documents are not electronically available, or if documents cannot reasonably be transmitted electronically, the request may be sent by fax to TSS4510 at 202-317-6718. If the documents are sent by fax, the Director must also confirm the request in writing. Email or fax may be used to confirm the request. The Associate office will confirm receipt of the fax within one business day after receipt by the Associate office.

Copies of the taxpayer's statement of deletions, as discussed in section 7.05, and power of attorney (Form 2848, *Power of Attorney and Declaration of Representative* (Rev. December 2015)), should be transmitted by fax to the Associate office attorney assigned to the case.

The field office should send the original of the materials sent by fax, and any supporting materials, to the Associate office attorney assigned to the case by express mail or private delivery service in order to avoid any delays in regular mail.

**Scheduling the pre-submission conference**

.06 After the materials have been received, the branch of the Associate office responsible for conducting the pre-submission conference will contact the taxpayer, the field office, and field counsel to arrange a mutually convenient time for the parties to participate in the conference. The conference generally should be held within 15, but not more than 30, calendar days after the field office is contacted.

**Pre-submission conferences may be conducted in person**

.07 Although pre-submission conferences are generally conducted by telephone, the parties may choose to conduct the conference in person.

**Pre-submission conference may not be taped**

.08 No tape, stenographic, or other verbatim recording of a conference may be made by any party.

**Discussion of substantive issues is not binding on the Service**

.09 Any discussion of substantive issues at a pre-submission conference is advisory only, is not binding on the Service or on the Office of Chief Counsel, and cannot be relied upon as a basis for obtaining retroactive relief under the provisions of § 7805(b).

**New issues may be raised at pre-submission conference**

.10 During the pre-submission conference, the Office of Chief Counsel may raise new issues in addition to those submitted by the field office and the taxpayer.

**SECTION 7.  
SUBMITTING THE  
REQUEST FOR  
TECHNICAL ADVICE**

**Memorandum of issues, facts, law, and arguments**

.01 Every request for technical advice must include a memorandum that describes the facts, issues, applicable law, and arguments supporting the taxpayer's position on the issues and the field office's position on the issues. The field office will prepare this statement with the assistance of field counsel. The memorandum must include a statement of all the facts and the issues. If the taxpayer and the field office disagree about ultimate findings of fact or about the relevance of facts, all of the facts should be included with an explanation that highlights the areas of disagreement. The memorandum must include an explanation of the taxpayer's position. This explanation must include a discussion of any relevant statutory provisions, tax treaties, court

decisions, regulations, revenue rulings, revenue procedures, notices, and any other authority supporting the taxpayer's position. The memorandum must also include a similar explanation of the field office's position. Both the field office and the taxpayer should comment on any existing or pending legislation, tax treaties, regulations, revenue rulings, revenue procedures, or court decisions contrary to their respective positions. If either party determines that there are no authorities contrary to its position, that statement should be noted in the memorandum. The field office submits the request for technical advice.

When the taxpayer initiates the request for technical advice, the taxpayer must submit a written statement that incorporates the information provided above and the reasons for requesting technical advice. When the Service initiates the request for technical advice, the field office should notify the taxpayer that the Service is requesting technical advice and provide the taxpayer with a copy of the arguments supporting the Service's position. The taxpayer has 5 calendar days to state, in writing, any factual disagreement. The field office will make every effort to reach agreement on the facts and specific points at issue. The taxpayer is encouraged to submit a written statement with an explanation of the taxpayer's position and a discussion of the statutory provisions that support the taxpayer's position.

**Transaction involving multiple taxpayers**

.02 If the subject matter of the request involves a transaction among multiple taxpayers, the field office may submit a request for a single TAM, but only if each taxpayer agrees to participate in the process, including the furnishing of Forms 8821, Tax Information Authorization, or other written taxpayer consent.

**Foreign laws and documents: submission of relevant foreign laws and documents in the official language and in English**

.03 If applicable, the request for technical advice must include a copy of the relevant parts of all foreign laws, including statutes, regulations, administrative pronouncements, and any other relevant legal authority. This copy must be in the official language of the country involved and must be produced from an official publication of the foreign government or another widely available, generally accepted publication. If English is not the official language of the country involved, the submission must also include a copy of an English translation of the relevant parts of all foreign laws. The translation must be from an official publication of the foreign government or another widely available, generally accepted publication or from a certified English translation submitted in accordance with section 7.03(2) of this revenue procedure. The taxpayer or the field office must identify the title and date of publication, including updates, of any widely available, generally accepted publication used by the taxpayer or its qualified translator as a source for the relevant parts of the foreign law. The taxpayer and the field office must inform the Associate office of the implications of any authority believed to interpret the foreign law, such as pending legislation, treaties, court decisions, notices, and administrative decisions.

(1) If the interpretation of a foreign law or foreign document is a material fact, the Associate office, at its discretion, may refuse to provide a TAM. This section applies whether or not the field office and the taxpayer dispute the interpretation of a foreign law or foreign document. The interpretation of a foreign law or foreign document means making a judgment about the import or effect of the foreign law or document that goes beyond its plain meaning.

(2) If applicable, a request for technical advice must include an accurate and complete certified English translation of the relevant parts of all contracts, wills, deeds, agreements, instruments, trust documents, proposed disclaimers, or other documents in a language other than English. If the taxpayer or the field office chooses to submit certified English translations of foreign laws, those translations are to be based on an official publication of the foreign government or another widely available, generally accepted publication. In either case, the translations must be that of a qualified translator and are to be attested to by the translator. The attestation must contain: (1) the attestant's name and address; (2) a statement that the translation submitted is a true and accurate translation of the foreign language document or law; and (3) a statement about the attestant's qualifications as a translator and that attestant's qualifications and knowledge regarding tax matters or any foreign law translated if the law is not a tax law.

**Statement regarding interpretation of relevant income tax or estate tax treaty**

.04 A request for technical advice involving the interpretation of a substantive provision of a relevant income tax or estate tax treaty must include a written statement addressing whether: (1) the tax authority of the treaty jurisdiction has issued a ruling on the same or similar issue for the taxpayer, a related taxpayer (within the meaning of § 267 or a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504 (related taxpayer)), or any predecessor; (2) the same or similar issue for the taxpayer, a related taxpayer, or any predecessor, is being examined, or has been settled, by the tax authority of the treaty jurisdiction or is otherwise the subject of a closing agreement in that jurisdiction; and (3) the same or similar issue for the taxpayer, a related taxpayer, or any predecessor, is being considered by the competent authority of the treaty jurisdiction.

**Statement recommending information to be deleted from public inspection**

.05 Except as provided below, every request for technical advice must include a statement of proposed deletions from public inspection. The text of TAMs are open to public inspection under § 6110(a). The Service deletes certain information from the text before it is made available to the public in order to protect the privacy of taxpayers. To help the Service make the necessary deletions, the taxpayer must provide a statement indicating the deletions desired. A taxpayer who wants only names, addresses, and identifying numbers deleted should state this in the deletion statement. A taxpayer who wants more information deleted must provide a copy of the TAM request and supporting documents on which the taxpayer has placed brackets around the material to be deleted plus a statement indicating the statutory basis under § 6110(c) for each proposed deletion. The deletion statement must not appear in the memorandum described in section 7.01 of this revenue procedure. Instead, the deletion statement is to be made in a separate document that is signed and dated by the taxpayer or the taxpayer's authorized representative. A stamped signature or faxed signature is not permitted. If the deletion statement is not submitted, the taxpayer will be notified and advised by the field office that the statement is required. If the deletion statement is not received within 10 calendar days after the notification, the field office will use its best effort to provide the Associate office with an appropriate deletion statement. The taxpayer should follow this same process to propose deletions from any additional information submitted after the initial request for a TAM. An additional deletion statement is not required with each submission of additional information if the taxpayer's initial deletion statement requests that only names, addresses, and identifying numbers are to be deleted and the taxpayer wants only the same information deleted from the additional information. The requirements for submitting statements and other materials or proposed deletions in TAMs before public inspection is allowed do not apply to requests for any documents to the extent that the TAM is open to public inspection under § 6104. Section 6104(a)(1)(A) generally provides that if an organization described in § 501(c) or § 501(d) is exempt from taxation under § 501(a) or a political organization is exempt from taxation under § 527, the application for exemption under § 501(a) that the organization filed or the notice of status filed by a political organization pursuant to § 527(i) is open for public inspection as prescribed by regulations. Generally, § 6104(a)(1)(B) provides that an application filed with respect to: (1) the qualification of a pension, profit-sharing, or stock bonus plan under § 401(a) or § 403(a) or an individual retirement arrangement under § 408(a) or § 408(b) will be open to public inspection pursuant to regulations, as will (2) any application filed for an exemption from tax under § 501(a) of an organization forming part of a plan or account described above.

**Preparation of the memorandum; resolution of disagreements**

.06 The field office prepares the memorandum described in section 7.01 of this revenue procedure with the assistance of field counsel and sends it to the taxpayer by mail or fax transmission. The taxpayer then will have 5 calendar days from the date of mailing or fax transmission to respond by providing a written statement specifying any disagreement on the facts and issues. A taxpayer who needs more than 5 calendar days must submit a written request for an extension of time, subject to the approval of the field office. The field office will make a determination on the request for extension as soon as reasonably possible. The request for extension will be considered denied unless the field office informs the taxpayer otherwise. The decision of the field office on whether to approve an extension, and the length of any extension granted, is final and may not be appealed. After the taxpayer's response is received by the field office, the parties will have 10 calendar days to resolve remaining disagreements. If all disagreements about the statement of facts and issues are resolved, then the field office will prepare a single statement of those agreed facts and issues.

If disagreements continue, both the taxpayer's set of facts and issues and the field's set of facts and issues will be forwarded to the Associate office. The field office, with the assistance of field counsel, will prepare a memorandum for the Associate office highlighting the material factual differences, and provide a copy to the taxpayer for review. The taxpayer may respond in writing to the memorandum highlighting material factual differences. Examination (or Employee Plans or Exempt Organizations Rulings & Agreements) may revise the memorandum described in section 7.01 of this revenue procedure in response to the taxpayer's comments. This memorandum will be forwarded with the initial request for technical advice. The taxpayer's statement of facts and issues must be accompanied by the following declaration: "Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for technical advice, and such facts are true, correct, and complete." This declaration must be signed in accordance with the requirements in section 7.01(15)(b) of Rev. Proc. 2016-1. The field office must submit this declaration with the initial request for technical advice. If no agreement regarding the facts is reached, the Associate office may rely on the facts presented by the field office.

The field office will offer the taxpayer an opportunity to participate in the development of the TAM. If the taxpayer participates in the process, the field office will continue to offer the taxpayer the opportunity to participate. If the taxpayer does not participate in a material stage of the process after being offered an opportunity, the Associate office will nonetheless process the request, and the taxpayer will have waived the right to participate in the development and issuance of the TAM, including the right to the conference described in section 9. A taxpayer's failure to participate in the development of the memorandum will be considered a failure to participate in a material stage of the TAM process.

Under no circumstances will a taxpayer be treated as having waived its right to see the issued TAM or having waived its rights regarding disclosure and deletions described in section 10.

**Transmittal Form 4463,  
Request for Technical  
Advice**

.07 The field counsel with whom the TAM request was coordinated must use Form 4463, *Request for Technical Advice*, for submitting a request for a TAM through TSS4510 to the Associate office. While the field office is responsible for preparing Form 4463, field counsel must submit the Form 4463 for a TAM request to the TSS4510 email address. To the extent feasible, the accompanying documents should also be submitted to the TSS4510 email address, followed by hard copies upon the request of the assigned branch of the Associate office.

**All supporting and  
additional documents**

.08 Field counsel should send additional or supporting documents that are not available in electronic form by fax to TSS4510 at 202-317-6718 or by express mail or private delivery service to the following address to avoid any delays in regular mail:

Internal Revenue Service  
Attn: CC:PA:LPD:TSS, Room 5336 1111 Constitution Avenue, NW  
Washington, DC 20224

Whenever possible, all documents should contain the case number and name of the Associate office attorney assigned to the pre-submission conference for the TAM request.

The field office must indicate on the Form 4463 the proper mailing address of the Director to whom the Associate office should mail a copy of its reply to the TAM request under section 10.06 of this revenue procedure.

**Number of copies of  
request to be submitted**

.09 The field office must submit one paper copy of the request for a TAM to the address in section 7.08 of this revenue procedure. If the TAM relates to a SB/SE, W&I, or TE/GE taxpayer, the field office must send one paper copy to the Division Counsel of the operating division that has jurisdiction

over the taxpayer's tax return. If the TAM relates to a LB&I taxpayer, an electronic copy (no paper copy to follow) to "&LB&I HQ" email address should be sent. If the request is from an Appeals office, the field office must send an electronic copy (no paper copy to follow) to the "\*AP Tax Policy & Procedure" email address, with "Attention: TAM Coordinator" in the subject line.

#### **Power of attorney**

.10 Any authorized representative, as described in section 7.01(13) of Rev. Proc. 2016-1, whether or not enrolled to practice, must comply with Treasury Department Circular No. 230 (31 C.F.R. part 10 (2014)) and with the Conference and Practice Requirements of the Statement of Procedural Rules (26 C.F.R. §§ 601.501-601.509 (2012)). Form 2848, *Power of Attorney and Declaration of Representative* (Rev. December 2015), should be used. An original, a copy, or a fax transmission of the power of attorney is acceptable, if its authenticity is not reasonably disputed.

### **SECTION 8. INITIAL PROCESSING OF THE REQUEST FOR TECHNICAL ADVICE BY THE ASSOCIATE OFFICE**

#### **Assignment and initial review by Associate office attorney**

.01 After a request for technical advice has been received by the appropriate Associate office, it will be assigned to an Associate office attorney within a branch. The Associate office attorney determines whether the request meets all procedural requirements of sections 4, 5, 6, and 7 of this revenue procedure and whether it raises issues that may be appropriately addressed in a TAM.

#### **Other forms of guidance**

.02 If the assigned reviewer in the Associate office determines that guidance other than a TAM should be provided, the reviewer will immediately notify the Associate Chief Counsel. This other form of guidance may be published guidance, generic advice, or case-specific advice. Although the reviewer should make this determination as soon as possible, it may be made at any time during the processing of the request for advice. To make this determination, the reviewer should consider whether the issue has a broad application to similarly situated taxpayers or an industry and whether resolution of the issue is important to a clear understanding of the tax laws. The Associate Chief Counsel, after consultation with Division Counsel Headquarters and the Operating Division, will decide whether to provide the TAM or issue guidance in another form. The Associate Chief Counsel may decide to provide the TAM as well as another type of guidance, if doing so would promote sound tax administration.

#### **Initial acknowledgment and processing**

.03 Upon receipt of a request for technical advice, the Associate office attorney who is assigned as the primary attorney on the request should immediately contact the field office. The purpose of this contact is only to acknowledge receipt of the request. Unless otherwise indicated, all references in this section to the Associate office or Associate office attorney are to the Associate office and attorney with primary responsibility for the TAM request.

#### **Deficiencies in request leading to return**

.04 Within 7 calendar days after assignment, the Associate office attorney will contact the field office and field counsel to discuss any deficiencies in the request and will work with the field office and field counsel to correct them. If the deficiencies cannot be corrected over the next 7 calendar days, the request will be closed and returned to the field office. The request may be resubmitted when the deficiencies are corrected.

If only minor procedural deficiencies exist, the Associate office attorney will request the additional information without returning the case. If substantial additional information is required to resolve an issue or if major procedural problems cannot be resolved, the Associate office attorney will inform the field office and field counsel that the request for technical advice will be returned. If a request is returned, the field office should promptly notify the taxpayer of that decision and the reasons for the decision.

**Initial discussion**

.05 Within 21 calendar days of receipt, the Associate office attorney should contact the field office to discuss any procedural and substantive issues in the request. The Associate office attorney should also inform the field office about any matters referred to another Associate office or branch for assistance and provide points of contact for the other Associate offices or branches.

**If additional information requested**

.06 If additional information is needed, the Associate office attorney will obtain that information from the taxpayer, the field office, the Director, or the Appeals Area Director in the most expeditious manner possible. Any additional information requested from the taxpayer by the Associate office must be submitted by letter, accompanied by a penalties of perjury statement that conforms with the penalties of perjury statement set forth in section 7.06 of this revenue procedure, within 10 calendar days after the request for information is made. To facilitate prompt action, the Service and taxpayers are encouraged to exchange information by fax or express mail service whenever feasible. A taxpayer's failure to submit the additional information requested is considered a failure to participate in a material stage of the TAM process and results in a waiver of the right to the conference discussed in section 9.

*Request for additional information by fax*

To facilitate prompt action on TAM requests, the Service may request any additional information from the taxpayer by fax.

Because of the unsecured nature of a fax transmission, the Service will take certain precautions to protect confidential information. For example, the Service will use a cover sheet that identifies the intended recipient of the fax and the number of pages transmitted, that does not identify the taxpayer by name or tax identifying number and that contains a statement prohibiting unauthorized disclosure of the document if a recipient of the faxed document is not the intended recipient of the fax. Also, for example, the cover sheet should be faxed in an order in which it will become the first page covering the faxed document.

**Taxpayer request for extension of time to submit additional information**

.07 A taxpayer's request for an extension of time to submit additional information must be made in writing and received by the Associate office within the 10-day period. It must provide compelling facts and circumstances to justify an extension. Only the Associate Chief Counsel of the primary office to which the case is assigned may determine whether to grant or deny the request for an extension. Except in rare and unusual circumstances, the Associate office will not agree to an extension of more than 10 calendar days beyond the end of the 10-day period. There is no right to appeal the denial of a request for an extension.

**Where to send additional information**

.08 Any additional information submitted by the taxpayer should be sent to the attention of the assigned Associate office attorney. Generally, only the original of the additional information is necessary. In appropriate cases, however, the Associate office may request additional copies of the information. The taxpayer must also send a copy of the additional information to the field office and field attorney for comment.

Any comments by the field office or field attorney must be furnished within an agreed period of time to the Associate office with primary responsibility for the TAM request. If there are no comments, the Associate office attorney should be notified promptly. When the field office receives a copy of the additional information from the taxpayer, the field office must provide field counsel with a copy unless such copies have already been provided.

## **Tentative conclusions**

.09 The Associate office attorney will inform the field office and field counsel when all necessary substantive and procedural information has been received. If possible, the Associate office attorney will provide a tentative conclusion. If no tentative conclusion can be reached, the Associate office is encouraged to discuss the underlying complexities with the field office and field counsel. Because the Associate office attorney's tentative conclusion may change during the preparation and review of the TAM, the tentative conclusion is not considered final. If the tentative conclusion is changed, the Associate office attorney will inform the field office and field counsel. Neither the Associate office, nor the field office or the field counsel, should discuss the tentative conclusion and its underlying rationale with the taxpayer or the taxpayer's representative until the Associate office is ready to provide a TAM that agrees with the taxpayer's position or is ready to hold an adverse conference. To afford taxpayers an appropriate opportunity to prepare and present their position at a conference of right, however, the taxpayer or the taxpayer's representative is to be told (by the Associate office attorney) the tentative conclusion when scheduling the conference of right. Field counsel should be notified of, and given the opportunity to participate in, the notification to the taxpayer of the tentative conclusions and scheduling of the conference of right.

## **SECTION 9. TAXPAYER CONFERENCES**

### **Notification of conference**

.01 If the Associate office proposes to provide a TAM that will be adverse to the taxpayer, and if the taxpayer has not waived its right to a conference, the taxpayer will be informed of the time and place of the conference.

### **Scheduling conference**

.02 The conference for a TAM must occur within 10 calendar days after the taxpayer is informed that an adverse TAM is proposed. The Associate office will notify the field office and field counsel of the scheduled conference and will offer the field office and field counsel the opportunity to participate in the conference.

### **Taxpayer may request extensions**

.03 Only an Associate Chief Counsel may approve an extension of the 10-day period for holding a conference. Although extensions are granted in appropriate circumstances at the discretion of the Associate Chief Counsel, taxpayers should not expect extensions to be routinely granted. The taxpayer must submit a request for an extension in writing to the Associate Chief Counsel of the primary office to which the case is assigned, and must immediately notify the field office and field counsel of the request. The request must contain a detailed justification for the extension and must be submitted sufficiently before the end of the 10-day period to allow the Associate Chief Counsel to consider, and either approve or deny, the request before the end of the 10-day period. If unusual circumstances near the end of the 10-day period make a timely written request impracticable, the taxpayer may orally inform the assigned Associate office attorney or reviewer before the end of the 10-day period about the need for an extension and then promptly submit the written request. The Associate office attorney will inform the taxpayer by telephone of the approval or denial of a requested extension. There is no right to appeal the denial of a request for extension.

### **One conference of right**

.04 In general, a taxpayer who has not waived the right to a conference is entitled by right to only one conference with the Associate office. The conference is normally held at the branch level. A person who has authority to sign the transmittal memorandum in his or her own name, or on behalf of the branch chief, will participate. When more than one branch of an Associate office has taken an adverse position on issues in the request or when the position ultimately adopted by one branch will affect another branch's determination, a representative from each branch with authority to sign in his or her own name, or for the branch chief, will participate in the conference. The conference is the conference of right for each subject discussed.

**Additional conferences  
may be offered**

.05 After the conference of right, the Service will offer the taxpayer an additional conference of right only if an adverse holding is proposed on a new issue or on the same issue but on grounds different from those discussed at the first conference. If a tentative position is changed at a higher level with a result less favorable to the taxpayer, the taxpayer has no right to another conference if the grounds or arguments on which the change is based were discussed at the conference of right. The limitation on the number of conferences to which a taxpayer is entitled does not prevent the Associate office from inviting a taxpayer to participate in additional conferences if that office determines that additional conferences would be useful. These additional conferences are not to be offered routinely following an adverse decision.

**Additional information  
submitted after the  
conference**

.06 In order to ensure that the conference of right is productive, the taxpayer should make a reasonable effort to supply all information, documents, and arguments in writing well before the conference.

Sometimes, however, it becomes apparent that new information may be helpful in resolving issues discussed at the conference. If the Associate office and the taxpayer agree that such information would be helpful, all such materials must be submitted and received within 10 calendar days after the conference. Any extension of the 10-day period must be requested by the taxpayer in writing and must be approved by the branch chief of the Associate office attorney. Extensions will not be routinely granted. Taxpayers have no right to submit additional materials after the conference, and are discouraged from providing additional copies or versions of materials already submitted. If the additional information is not received from the taxpayer within 10 calendar days plus any extensions granted by the branch chief, the TAM will be issued on the basis of the existing record.

The taxpayer must also send a copy of the additional information to the field office and field counsel for comment. If the additional information has a significant impact on the facts in the request, the Associate office will ask the field office and field counsel for comments, both of which will respond within the agreed upon period of time. If there are no comments, the Associate office attorney will be promptly notified.

**Normally conducted in  
person**

.07 Conferences under this section are generally conducted in person, but may be conducted by telephone.

**Service makes only  
tentative recommendations**

.08 At the conclusion of the conference, no commitment will be made about the conclusion that the Service will finally adopt for any issue, including the outcome of a request for relief under § 7805(b).

**Conference may not be  
taped**

.09 No tape, stenographic, or other verbatim recording of a conference may be made by any party.

**SECTION 10.  
PREPARATION OF THE  
TECHNICAL ADVICE**

**Reply consists of two parts**

.01 The Associate office attorney prepares replies to requests for technical advice in two parts. Each part identifies the taxpayer by name, address, identification number, and tax period(s) involved. The first part of the reply is a transmittal memorandum (Form M-6000). If the transmittal memorandum provides information not in the TAM, or the case is returned for further development, the transmittal memorandum may be Chief Counsel Advice, as defined in § 6110(i)(1), subject to public inspection under § 6110. The second part is the TAM, which contains: (1) a statement of the issues; (2) the conclusions of the Associate office; (3) a statement of the facts pertinent to the issues; (4) a statement of the pertinent law, tax treaties, regulations,



revenue rulings, and other precedents published in the Internal Revenue Bulletin, and court decisions; and (5) a discussion of the rationale supporting the conclusions reached by the Associate office. The conclusions give direct answers, whenever possible, to the specific issues raised by the field office. The Associate office is not bound by the issues as submitted by the taxpayer or by the field office and may reframe the issues to be answered in a TAM after consultation with the field office and field counsel. The discussion of the issues in a TAM will be in sufficient detail so that the field or Appeals officials will understand the reasoning underlying the conclusion.

#### **Status of a request**

.02 The taxpayer or the taxpayer's authorized representative may obtain information on the status of the request by contacting the field office that requested the advice. The Associate office attorney or reviewer assigned to the TAM request will give frequent status updates to the field office and field counsel.

#### **Section 6110**

.03 For TAMs subject to § 6110, accompanying the TAM is a notice under § 6110(f)(1) of intention to disclose a TAM, including a copy of the version proposed to be open to public inspection and notations of third party communications under § 6110(d). Before the TAM is issued, the Associate office will inform the taxpayer in writing of the material likely to appear in the TAM that the taxpayer proposed for deletion but that the Service has determined should not be deleted. If so informed, the taxpayer may submit within 10 calendar days any further information or arguments supporting the taxpayer's proposed deletions. The Service will attempt to resolve all disagreements about proposed deletions before the TAM is issued. The taxpayer does not have the right to a conference to resolve any disagreements about material to be deleted from the text of the TAM. These procedures do not apply to TAMs to the extent that § 6104 applies. See section 7.05 of this revenue procedure and § 6110(l)(1).

#### **Opportunity for field counsel review**

.04 The Associate office attorney will inform the field counsel regarding the Associate office's final conclusions before the TAM is sent to the field office, or the Director, Tax Exempt Bonds. The field counsel will be offered a reasonable opportunity to review and informally discuss these conclusions before the final TAM is sent.

#### **Copy of preliminary TAM to field office and field counsel**

.05 After the field counsel is given a reasonable opportunity to review the Associate office's final conclusions, the Associate office attorney will provide a draft of the proposed final version of the TAM to the field office and field counsel. If the field office or field counsel disagrees with the proposed final conclusions, normal reconciliation and reconsideration procedures will be followed to resolve the disagreement.

#### **Routing of reply**

.06 A TAM is generally addressed to the field office that requested it. In the case of issues arising within the jurisdiction of the Director, Tax Exempt Bonds, the Director, Employee Plans or Exempt Organizations Examinations, or the Director, Employee Plans or Exempt Organizations Rulings & Agreements, the TAM is addressed to that Director with a copy sent to the field office and the field counsel attorney. A copy of the reply to a request from LB&I should be mailed simultaneously to the appropriate Industry Director. A reply to a request from Appeals should be addressed to the appropriate field office, and an electronic copy sent to the TAM Coordinator at the "\*AP Tax Policy & Procedure" email address, with "Attention: TAM Coordinator" in the subject line.

#### **Copy of final TAM to field counsel and Division Counsel**

.07 The Associate office will provide a copy of the final TAM to the individual field counsel attorney who assisted the field office in submitting the request and to that attorney's Associate Area Counsel. The Associate office also will provide a copy of the final TAM to the Division Counsel for the operating division from which the request originated or that has jurisdiction over the particular matter in the TAM. The reply may be transmitted electronically if it is in .pdf format, or may be sent by mail or fax transmission.

## **Reconsideration**

.08 Requests for reconsideration may be submitted by the field office, or in the case of bonds under the jurisdiction of the Director of Tax Exempt Bonds, by that Director after the Associate office has provided a final copy of the TAM to field counsel and Division Counsel. Requests for reconsideration must describe with specificity the errors in the analysis and conclusions. Requests should focus on points that the TAM overlooked or misconstrued rather than simply re-argue points raised in the initial request. The Associate office will give priority consideration to the request and should act on the request as expeditiously as possible. The Associate office may request further submissions from the field or the taxpayer, but the parties should otherwise make no additional submissions. If a request for reconsideration fails to follow the procedures set forth in this section of this revenue procedure, or the request fails to raise issues or arguments different from those asserted in the initial request for technical advice, the Associate office may return the request for reconsideration without ruling on the request for reconsideration.

## **Discussing contents with the taxpayer**

.09 The Associate office will not discuss the specific contents of the TAM with the taxpayer until after the field office has given a copy of the TAM to the taxpayer.

## **TAM takes effect when taxpayer receives a copy**

.10 After a TAM is sent to the field (or, for Tax Exempt Bonds, Employee Plans, and Exempt Organizations, to the Director, Tax Exempt Bonds; the Director, Employee Plans or Exempt Organizations Examinations; or the Director, Employee Plans or Exempt Organizations Rulings & Agreements), the field or Director adopts and issues the TAM within the meaning of Treas. Reg. § 301.6110-2(h) and then gives the taxpayer a copy of the TAM, the notice of intention to disclose under § 6110(f)(1), as applicable, and a copy of the version proposed to be open to public inspection, which includes notations of third party communications under § 6110, as applicable. If a request for technical advice pertains to more than one taxpayer, the field or Director, Tax Exempt Bonds will provide each pertinent taxpayer with a copy of the TAM and will notify the Associate office when this occurs. The requirement to give a taxpayer a copy of the TAM does not apply to a TAM involving civil fraud or a criminal investigation, or to a TAM involving a jeopardy or termination assessment.

## **Taxpayer may protest deletions not made**

.11 Generally, the Associate office considers only the deletion of material that the taxpayer has proposed for deletion or other deletions as required under § 6110(c) before the TAM is sent to the Director. After receiving the notice of intention to disclose under § 6110(f)(1), the taxpayer may protest the disclosure of certain information in it by submitting a written statement within 20 calendar days that identifies those deletions not made by the Service that the taxpayer believes should have been made. The taxpayer must also submit a copy of the version of the TAM proposed to be open to public inspection with brackets around the deletions proposed by the taxpayer that have not been made by the Associate office plus a statement indicating the statutory basis under § 6110(c) for each proposed deletion. Within 20 calendar days after it receives the taxpayer's response to the notice under § 6110(f)(1), the Associate office must mail to the taxpayer its final administrative conclusion about the deletions to be made.

## **Public inspection in civil fraud or criminal investigation cases**

.12 The provisions of this section about referring issues upon the taxpayer's request, telling the taxpayer about the referral of issues, giving the taxpayer a copy of the arguments submitted, submitting proposed deletions, granting conferences in the Associate office, or providing a copy of the TAM to the taxpayer do not apply to a TAM described in § 6110(g)(5)(A), which involves any matter that is the subject of a civil fraud or criminal investigation, or that involves a jeopardy or termination assessment. In these cases, a copy of the TAM may be given to the taxpayer only after all proceedings in the investigations or assessments are complete, but before the Commissioner mails the notice of intention to disclose under § 6110(f)(1). The taxpayer may then provide the statement of proposed deletions to the Associate office.

**SECTION 11.  
WITHDRAWAL OF  
REQUESTS FOR  
TECHNICAL ADVICE**

**Taxpayer notified**

.01 Once a request for a TAM has been sent to the Associate office, only a Director may withdraw the request, and this must be done before the responding transmittal memorandum for the TAM is signed. To withdraw the request, the Director must first notify the taxpayer of the intent to withdraw unless: (1) the period of limitation on assessment is about to expire and the taxpayer has declined to give written consent to extend the period; or (2) the notification would be prejudicial to the best interests of the Government. If the taxpayer does not agree that the request should be withdrawn and wishes to request review of the decision, the procedures in section 5.04 of this revenue procedure for review must be followed.

**Acknowledgment of  
withdrawal**

.02 Acknowledgment of the withdrawal of a request submitted by a Director or Appeals should be sent to the appropriate Director or Appeals office, with a copy to the TAM coordinator. For a withdrawal of a request submitted by Appeals, send an electronic copy to the “\*AP Tax Policy & Procedure” email address, with “Attention: TAM Coordinator” in the subject line.

**Associate office may decide  
not to provide a TAM**

.03 If the Associate office determines that a TAM will not be provided, it may return the request for technical advice unanswered. This determination must be made on the basis of sound tax administration and must be approved by the Associate Chief Counsel. The decision not to provide a TAM should be an infrequent occurrence and be made only after consultation with field counsel and the requesting field office. If field counsel disagrees with this determination, they may request reconsideration through existing reconciliation procedures.

**Associate office may  
provide views**

.04 If a request for technical advice is withdrawn or an Associate office decides not to provide a TAM, the Associate office may address the substantive issues through published guidance, such as a regulation or revenue ruling. The Associate office may, in the alternative, address the substantive issues through legal advice, either generic or case-specific. The decision to address the issues through these other forms of guidance will be based on the general standards for issuing those types of guidance.

**SECTION 12. USE OF  
THE TECHNICAL  
ADVICE**

**Service generally applies  
advice in processing the  
taxpayer’s case**

.01 After a TAM is issued, the field office must process the taxpayer’s case on the basis of the conclusions in the TAM. In the case of a TAM unfavorable to the taxpayer, the Appeals Area Director may decide to settle the issue under existing settlement authority. Appeals, however, will not settle an issue contrary to a TAM if it concerns an organization’s exempt status or private foundation classification, or if it concerns an employee plan’s status or qualification. Thus, if the TAM received by the field office concerns an organization’s exempt status, private foundation classification, or a plan’s status or qualification, the organization or plan has no right to appeal those specific issues with the Appeals Office. Appeals may submit a proposed disposition of the issue contrary to a TAM as a request for a new TAM. If a TAM provides conclusions involving a § 103 obligation and the issuer of this obligation, the field office must apply the conclusions to the issuer and any holder of the obligation, unless the holder also initiates a request for a TAM on the same issue addressed in the TAM involving the issuer, and the Associate office issues a TAM involving that issue and that holder.

## **SECTION 13. RETROACTIVITY AND RELIANCE**

### **Usually applies retroactively**

.01 The holdings in a TAM are applied retroactively, whether they are initial holdings or they are later holdings that modify or revoke holdings in a prior TAM. The Associate Chief Counsel with jurisdiction over the TAM, however, may exercise the discretionary authority under § 7805(b) to limit the retroactive effect of any holding. This authority is exercised in rare and unusual circumstances.

### **Revocation or modification of an earlier letter ruling or TAM**

.02 A TAM may be used to seek revocation or modification of an earlier TAM or revocation or modification of a private letter ruling (PLR). See Rev. Proc. 2016-1 § 11.03 with respect to revocation or modification of PLRs. Generally, a TAM that revokes or modifies a letter ruling or an earlier TAM will not be applied retroactively if: (1) the applicable law has not changed; (2) the taxpayer directly involved in the letter ruling or earlier TAM relied in good faith on it; and (3) revocation or modification would be detrimental to the taxpayer. The new TAM will be applied retroactively to the taxpayer whose tax liability was directly involved in the letter ruling or TAM if: (1) controlling facts have been misstated or omitted; or (2) the facts at the time of the transaction are materially different from the controlling facts on which the letter ruling or earlier TAM was based. If a letter ruling or a TAM is modified or revoked with retroactive effect, the notice to the taxpayer, except in fraud cases, should set forth the grounds on which the modification or revocation is being made and the reason why the modification or revocation is being applied retroactively.

### **Continuing action or series of actions**

.03 If an issue addressed in the TAM relates to a continuing action or a series of actions, it is generally applied until it is withdrawn or until the conclusion is modified or revoked by a final decision in favor of the taxpayer with respect to that issue, the enactment of legislation, the ratification of a tax treaty, a decision of the United States Supreme Court, or the issuance of temporary regulations, final regulations, a revenue ruling, or other statement published in the Internal Revenue Bulletin. Publication of a notice of proposed rulemaking does not affect the application of a TAM. If a new holding in a TAM is less favorable to the taxpayer than the holding in an earlier TAM, the new holding is generally not applied to the tax period when the taxpayer relied on the earlier holding. It will be applied to that tax period, however, if material facts on which the earlier TAM was based have changed.

### **Other taxpayers**

.04 Under § 6110(k)(3), a taxpayer may not rely on a TAM issued by the Service for another taxpayer. In addition, retroactive or non-retroactive treatment to one member of an industry directly involved in a letter ruling or TAM does not extend to another member of that same industry, and retroactive or non-retroactive treatment to one client of a tax practitioner does not extend to another client of that same practitioner. The tax liability of each employee covered by a letter ruling or TAM relating to a pension plan of an employer is directly involved in the letter ruling or TAM.

## **SECTION 14. HOW MAY RETROACTIVE EFFECT BE LIMITED?**

### **Requests for relief under § 7805(b)**

.01 A taxpayer with respect to whom a TAM is issued, or for whom a TAM request is pending, may request that the appropriate Associate Chief Counsel limit the retroactive effect of any holding in the TAM or of any subsequent modification or revocation of the TAM. For a pending request for technical advice, the taxpayer should make the request for relief under § 7805(b) as part of the initial request for advice. The Associate office will consider a request for relief under § 7805(b) made at a later time if the Director determines that there is justification for the delay in the making of the request. The Director's determination that the delayed request for § 7805 is not justified cannot be appealed.

**Form of request for relief  
– in general**

.02 During the course of an examination of a taxpayer's return by the field office or during consideration of the taxpayer's return by the Appeals Area Director, a taxpayer's request to limit retroactivity must be made in the form of a request for a TAM. This includes recommendations by a Director that an earlier letter ruling or TAM be modified or revoked. The request must meet the general requirements of a request for technical advice. It must also: (1) state that it is being made under § 7805(b); (2) state the relief sought; (3) explain the reasons and arguments in support of the relief sought; and (4) include any documents bearing on the request. The taxpayer's request must be submitted to the Director, who should then forward the request to the Associate office for consideration. If the taxpayer submits a request for relief after the initial TAM request, the taxpayer must provide justification for having delayed the request.

**Form of request for relief  
– continuing transaction  
before examination of  
return**

.03 A request for relief under § 7805(b) must be made in the form of a request for a letter ruling if: (1) a TAM addressing a continuing transaction is modified or revoked by later published guidance; and (2) the request for relief is submitted before an examination has begun covering the tax period(s) for which relief is sought. The requirements for a letter ruling request are given in Rev. Proc. 2016-1 (this Bulletin).

**Taxpayer's right to a  
conference**

.04 When a request for a TAM concerns only the application of § 7805(b), the taxpayer has the right to a conference with the Associate office in accordance with the provisions of section 9 of this revenue procedure. If the request for application of § 7805(b) is included in the request for a TAM on the substantive issues or is made before the conference of right on the substantive issues, the § 7805(b) issues will be discussed at the taxpayer's one conference of right. If the request for the application of § 7805(b) is made as part of a pending TAM request after a conference has been held on the substantive issues and the Director determines that there is justification for having delayed the request, then the taxpayer will have the right to one conference of right concerning the application of § 7805(b), with the conference limited to discussion of this issue only.

**Reconsideration of request  
for relief under § 7805(b)**

.05 When a TAM grants a taxpayer relief under § 7805(b), the Director may not request reconsideration of the § 7805(b) issue unless the Director determines there has been a misstatement or omission of controlling facts by the taxpayer in its request for § 7805(b) relief.

**SECTION 15.  
SIGNIFICANT CHANGES  
MADE TO REV. PROC.  
2015-2**

Section 7.02 was amended to clarify the process by which a field office may request a single TAM when the subject matter of the request involves a transaction among multiple taxpayers. Section 12.01 was amended to clarify that Appeals will not settle an issue contrary to a TAM if it concerns an organization's exempt status or private foundation classification, although Appeals may submit a new TAM to propose a disposition of the issue contrary to the original TAM.

**SECTION 16. EFFECT  
ON OTHER  
DOCUMENTS**

Rev. Proc. 2015-2, 2015-1 I.R.B. 90, is superseded.

**SECTION 17.  
EFFECTIVE DATE**

This revenue procedure is effective January 4, 2016.

**DRAFTING  
INFORMATION**

The principal author of this revenue procedure is Eliezer Mishory of the Office of Associate Chief Counsel (Procedure and Administration). For further information regarding this revenue procedure for matters under the jurisdiction of:

(1) the Associate Chief Counsel (Corporate), contact Ken Cohen at (202) 317-7700 or Jean Broderick at (202) 317-6848 (not a toll-free call);

(2) the Associate Chief Counsel (Financial Institutions and Products), contact Scott Brown at (202) 317-4423 (not a toll-free call);

(3) the Associate Chief Counsel (Income Tax and Accounting), contact R. Matthew Kelley at (202) 317-7002 (not a toll-free call);

(4) the Associate Chief Counsel (Passthroughs and Special Industries), contact Leta Wolfe at (202) 317-5260 (not a toll-free call);

(5) the Associate Chief Counsel (Procedure and Administration), contact Charles Hall at (202) 317-3400 (not a toll-free call);

(6) the Associate Chief Counsel (Tax Exempt and Government Entities), contact Michael B. Blumenfeld at (202) 317-6000 (not a toll-free call);

(7) the Associate Chief Counsel (International), contact Nancy Galib at (202) 317-3800 (not a toll-free call);

(8) the Commissioner (Large Business & International Division), contact Shirley S. Lee at (202) 317-3152 (not a toll-free call);

(9) the Commissioner (Small Business/Self-Employed Division), contact Samuel Berman at (240) 613-6368 (not a toll-free call);

(10) the Commissioner (Wage and Investment Division), contact Geoffrey Gerbore at (631) 447-4428 (not a toll-free call); or

(11) the Office of Appeals, contact Gary T. Easley at (702) 868-5152 (not a toll-free call).

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#### SECTION 1. PURPOSE AND NATURE OF CHANGES

.01 The purpose of this revenue procedure is to update Rev. Proc. 2015-3, 2015-1 I.R.B. 129, by providing a revised list of those areas of the Internal Revenue Code under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (Pass-throughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), and the Associate Chief Counsel (Tax Exempt and Government Entities) (TEGE) relating to issues on which the Internal Revenue Service (the “Service”) will not issue letter rulings or determination letters. For a list of areas under the jurisdiction of the Associate Chief Counsel (International) relating to international issues on which the Service will not issue letter rulings or determination letters, see Rev. Proc. 2016-7, this Bulletin. For a list of areas under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division relating to issues, exempt organizations, plans, or plan amendments on which the Service will and will not issue letter rulings or determination letters, see Rev. Proc. 2016-4, Rev. Proc. 2016-5, and

Rev. Proc. 2016-6, this Bulletin, and Rev. Proc. 2016-10, next Bulletin.

- .02 Changes.
- (1) Old section 3.01(2), regarding § 45, has been deleted.
  - (2) Section 3.01(3), regarding § 45, has been added to incorporate Rev. Proc. 2015-29, 2015-15 I.R.B. 882.
  - (3) Section 3.01(21), regarding § 115, has been added.
  - (4) Section 3.01(31), regarding § 170, has been added.
  - (5) Section 3.01(57), regarding § 403(b), has been modified.
  - (6) Section 3.01(69), regarding § 501, has been added.
  - (7) Section 3.01(72), regarding § 509, has been added.
  - (8) Old section 3.01(79), regarding § 704(e), has been deleted.
  - (9) Section 3.01(83), regarding § 761, has been added.
  - (10) Section 3.01(105), regarding § 4052(f)(1), has been added.
  - (11) Section 3.01(107), regarding § 4216(b), has been added.
  - (12) Section 3.01(109), regarding §§ 4940 and 4942, has been added.
  - (13) Section 3.01(120), regarding § 7216, has been added.
  - (14) Section 4.01(30), regarding § 355, has been added to incorporate the relevant

sections of Rev. Proc. 2015-43, 2015-40 I.R.B. 467.

- (15) Section 4.01(31), regarding § 355, has been added to incorporate and clarify the relevant sections of Rev. Proc. 2015-43, 2015-40 I.R.B. 467.
- (16) Section 4.02(12), regarding whether a tax-qualified plan satisfies the requirements for qualification under §§ 401 through 420 and § 4975(e)(7), has been modified.
- (17) Old section 5.01(1), regarding § 62(c), has been moved to section 4.01(4).
- (18) Old section 5.01(2), regarding §§ 101 and 7702, has been moved to section 4.01(6), and modified.
- (19) Old section 5.01(4), regarding §§ 162 and 1502, has been deleted.
- (20) Old section 5.01(5), regarding § 162(m), has been moved to section 4.01(13).
- (21) Section 5.01(5), regarding § 355, has been added to incorporate and clarify the relevant sections of Rev. Proc. 2015-43, 2015-40 I.R.B. 467.
- (22) Section 5.01(12), regarding § 1014, has been added to incorporate Rev. Proc. 2015-37, 2015-26 I.R.B. 1196.
- (23) Old section 5.01(15), regarding § 1361, has been moved to section 3.01(93).
- (24) Section 5.01(20), regarding § 6050P, has been added.

## **SECTION 2. BACKGROUND, SCOPE OF APPLICATION, AND NO-RULE ISSUES PART OF INTEGRATED TRANSACTION**

### **.01 Background.**

Whenever appropriate in the interest of sound tax administration, it is the policy of the Service to answer inquiries of individuals and organizations regarding their status for tax purposes and the tax effects of their acts or transactions, prior to the filing of returns or reports that are required by the revenue laws. In employee plans matters described in section 5.15 of Rev. Proc. 2016-1, this Bulletin, the Associate Chief Counsel (TEGE) may issue letter rulings after the filing of returns or reports that are required by the revenue laws.

There are, however, certain areas in which, because of the inherently factual nature of the problems involved, or for other reasons, the Service will not issue rulings or determination letters. These areas are set forth in four sections of this revenue procedure. Section 3 reflects those areas in which rulings or determination letters will not be issued. Section 4 sets forth those areas in which rulings or determination letters will not ordinarily be issued. "Not ordinarily" means that unique and compelling reasons must be demonstrated to justify the issuance of a ruling or determination letter. Section 5 sets forth those areas in which the Service is temporarily not issuing rulings or determination letters because those matters are under study. Finally, section 6 of this revenue procedure lists specific areas in which the Service will not ordinarily issue rulings because the Service has provided automatic approval procedures for these matters.

See Rev. Proc. 2016-1, this Bulletin, particularly section 6 captioned "Under What Circumstances Does The Service Not Issue Letter Rulings Or Determination Letters?" for general instructions and other situations in which the Service will not or ordinarily will not issue letter rulings or determination letters.

With respect to the items listed, revenue rulings or revenue procedures may be published in the Internal Revenue Bulletin from time to time to provide general guidelines regarding the position of the Service.

Additions or deletions to this revenue procedure as well as restatements of items listed will be made by modification of this revenue procedure. Changes will be published as they occur throughout the year and will be incorporated annually in a new revenue procedure published as the third revenue procedure of the year. These lists should not be considered all-inclusive because the Service may decline to issue a letter ruling or a determination letter when appropriate in the interest of sound tax administration (including due to resource constraints) or on other grounds whenever warranted by the facts or circumstances of a particular case. Decisions not to rule on individual cases (as contrasted with those that present significant pattern issues) are not reported in this revenue procedure and will not be added to subsequent revisions.

If the Service determines that it is not in the interest of sound tax administration to issue a letter ruling or determination letter due to resource constraints, it will adopt a consistent approach with respect to taxpayers that request a ruling on the same issue. The Service will also consider adding the issue to the no rule list at the first opportunity. See section 6.02 of Rev. Proc. 2016-1, this Bulletin.

### **.02 Scope of Application.**

This revenue procedure does not preclude the submission of requests for technical advice to the National Office from other offices of the Service.

### **.03 No-Rule Issues Part of Integrated Transaction.**

If it is impossible for the Service to determine the tax consequences of an integrated transaction without knowing the resolution of an issue on which the Service will not issue rulings or determination letters under this revenue procedure involving a part of the transaction or a related transaction, the taxpayer must state in the request to the best of the taxpayer's knowledge and belief the tax consequences of the no-rule issue. The Service's ruling or determination letter will state that the Service did not consider, and no opinion is expressed upon, that issue. In appropriate cases the Service may decline to issue rulings or determination letters on such integrated transactions due to

the relevance of the no-rule issue, despite the taxpayer's representation. See also section 4.02(2) of this revenue procedure.

## **SECTION 3. AREAS IN WHICH RULINGS OR DETERMINATION LETTERS WILL NOT BE ISSUED**

### **.01 Specific Questions and Problems.**

(1) Section 42.—Low-Income Housing Credit.—Whether under § 42(j)(4)(E) a casualty loss has been restored by reconstruction or replacement within a reasonable period of time. The Service may issue a determination letter in this case. See section 12 of Rev. Proc. 2016-1, this Bulletin.

(2) Section 45.—Electricity Produced from Certain Renewable Resources, Etc.—The allocation by a partnership of the § 45 credit, the validity of the partnership, or whether any taxpayer is a valid partner in the partnership.

(3) Section 45.—Electricity Produced from Certain Renewable Resources, Etc.—Whether the taxpayer meets the requirements of § 45 or Notice 2010-54, 2010-40 I.R.B. 403, for refined coal.

(4) Sections 45 and 48.—Electricity Produced from Certain Renewable Resources, Etc.; Energy Credit.—The application of the beginning of construction requirement under § 45(d) and § 48(a)(5).

(5) Section 47.—Rehabilitation Credit.—The allocation by a partnership of the § 47 rehabilitation credit, the validity of the partnership, or whether any taxpayer is a valid partner in the partnership.

(6) Section 48.—See section 3.01(4), above.

(7) Section 61.—Gross Income Defined.—Whether amounts voluntarily deferred by a taxpayer under a deferred-compensation plan maintained by an organization described in § 501 (other than an eligible plan maintained by an eligible employer pursuant to the provisions of § 457(b)) are currently includible in the taxpayer's gross income.

(8) Section 61.—Gross Income Defined.—Whether a split-dollar life insurance arrangement is "materially modified" within the meaning of § 1.61-22(j)(2) of the Income Tax Regulations. (Also §§ 83, 301, 1401, 2501, 3121, 3231, 3306, 3401, and 7872.)

(9) Sections 61, 451, and 1001.—Gross Income Defined; General Rule for Tax-

able Year of Inclusion; Determination of Amount of and Recognition of Gain or Loss.—Whether, under authorization by an appropriate state agency to recover certain costs pursuant to state specified cost recovery legislations, any investor-owned utility company realizes income upon: (i) the creation of an intangible property right; (ii) the transfer of that intangible property right; or (iii) the securitization of the intangible property right.

(10) Section 79.—Group-Term Life Insurance Purchased for Employees.—Whether a group insurance plan for 10 or more employees qualifies as group-term insurance, if the amount of insurance is not computed under a formula that would meet the requirements of § 1.79-1(c)(2)(ii) of the Income Tax Regulations had the group consisted of fewer than 10 employees.

(11) Section 83.—Property Transferred in Connection with Performance of Services.—Whether a restriction constitutes a substantial risk of forfeiture, if the employee is a controlling shareholder. Also, whether a transfer has occurred, if the amount paid for the property involves a nonrecourse obligation.

(12) Section 83.—Property Transferred in Connection with Performance of Services.—Which corporation is entitled to the deduction under § 83(h) in cases in which a corporation undergoes a corporate division, if the facts are not similar to those described in Rev. Rul. 2002-1, 2002-1 C.B. 268.

(13) Section 101.—Certain Death Benefits.—Whether there has been a transfer for value for purposes of § 101(a) in situations involving a grantor and a trust when (i) substantially all of the trust corpus consists or will consist of insurance policies on the life of the grantor or the grantor's spouse, (ii) the trustee or any other person has a power to apply the trust's income or corpus to the payment of premiums on policies of insurance on the life of the grantor or the grantor's spouse, (iii) the trustee or any other person has a power to use the trust's assets to make loans to the grantor's estate or to purchase assets from the grantor's estate, and (iv) there is a right or power in any person that would cause the grantor to be treated as the owner of all or a portion of the trust under §§ 673 to 677.

(14) Sections 101, 761, and 7701.—Certain Death Benefits; Terms Defined; Definitions.—Whether, in connection with the transfer of a life insurance policy to an unincorporated organization, (i) the organization will be treated as a partnership under §§ 761 and 7701, or (ii) the transfer of the life insurance policy to the organization will be exempt from the transfer for value rules of § 101, when substantially all of the organization's assets consist or will consist of life insurance policies on the lives of the members.

(15) Section 102.—Gifts and Inheritances.—Whether a transfer is a gift within the meaning of § 102(a).

(16) Section 105(h).—Amount Paid to Highly Compensated Individuals Under a Discriminatory Self-Insured Medical Expense Reimbursement Plan.—Whether a self-insured medical reimbursement plan satisfies the requirements of § 105(h) for a plan year.

(17) Section 107.—Rental Value of Parsonages.—Whether amounts distributed to a retired minister from a pension or annuity plan should be excludible from the minister's gross income as a parsonage allowance under § 107.

(18) Section 107.—Rental Value of Parsonages.—Whether an individual is a "minister of the gospel" for Federal tax purposes. (Also §§ 1402(a)(8), (c)(4), and (e), 3121(b)(8)(A), and 3401(a)(9).)

(19) Section 115.—Income of States, Municipalities, Etc.—The results of transactions pursuant to a plan or arrangement created by state statute a primary objective of which is to enable participants to pay for the costs of a post-secondary education for themselves or a designated beneficiary, including: (i) whether the plan or arrangement, itself, is an entity separate from a state and, if so, how the plan or arrangement is treated for Federal tax purposes; and (ii) whether any contract under the plan or arrangement is a debt instrument and, if so, how interest or original issue discount attributable to the contract is treated for Federal tax purposes. (Also §§ 61, 163, 1275, 2501, and 7701.)

(20) Section 115.—Income of States, Municipalities, Etc.—Whether the income of membership organizations established by states exclusively to reimburse members for losses arising from workmen's

compensation claims is excluded from gross income under § 115.

(21) Section 115.—Income of States, Municipalities, Etc.—Whether some, but not all, income of an entity is from the exercise of an essential government function in order to be excluded from gross income under § 115.

(22) Section 117.—Qualified Scholarships.—Whether amounts paid to research fellows and research associates are scholarships or fellowships excluded from wages for FICA tax purposes.

(23) Section 117.—Qualified Scholarships.—Whether an employer-related scholarship or fellowship grant is excludible from the employee's gross income, if there is no intermediary private foundation distributing the grants, as described in Rev. Proc. 76-47, 1976-2 C.B. 670.

(24) Section 119.—Meals or Lodging Furnished for the Convenience of the Employer.—Whether the value of meals or lodging is excludible from gross income by an employee who is a controlling shareholder of the employer.

(25) Section 121.—Exclusion of Gain from Sale of Principal Residence.—Whether property qualifies as the taxpayer's principal residence.

(26) Section 125.—Cafeteria Plans.—Whether amounts used to provide group-term life insurance under § 79, accident and health benefits under §§ 105 and 106, and dependent care assistance programs under § 129 are includible in the gross income of participants and considered "wages" for purposes of §§ 3401, 3121, and 3306 when the benefits are offered through a cafeteria plan.

(27) Section 162.—Trade or Business Expenses.—Whether compensation is reasonable in amount.

(28) Section 163.—Interest.—The income tax consequences of transactions involving "shared appreciation mortgage" (SAM) loans in which a taxpayer, borrowing money to purchase real property, pays a fixed rate of interest on the mortgage loan below the prevailing market rate and will also pay the lender a percentage of the appreciation in value of the real property upon termination of the mortgage. This applies to all SAM arrangements in which the loan proceeds are used for commercial or business activities, or to finance a personal residence, if the facts are not

similar to those described in Rev. Rul. 83-51, 1983-1 C.B. 48. (Also §§ 61, 451, 461, 856, 1001, and 7701.)

(29) Section 170.—Charitable, Etc., Contributions and Gifts.—Whether a charitable contribution deduction under § 170 is allowed for a transfer of an interest in a limited partnership or a limited liability company taxed as a partnership to an organization described in § 170(c).

(30) Section 170.—Charitable, Etc., Contributions and Gifts.—Whether a taxpayer who advances funds to a charitable organization and receives therefor a promissory note may deduct as contributions, in one taxable year or in each of several years, amounts forgiven by the taxpayer in each of several years by endorsement on the note.

(31) Section 170.—Charitable, Etc., Contributions and Gifts.—Whether an organization is or continues to be described in § 170(b)(1)(A) (other than clause (v)) or § 170(c)(2) – (5), including, for example, whether changes in an organization’s activities or operations will affect or jeopardize the organization’s status as an organization described in those sections. The Associate Chief Counsel (TEGE) will rule, however, on specific legal questions related to §§ 170(b)(1)(A) or 170(c) that are not otherwise described in this revenue procedure. See Rev. Proc. 2016-10, next Bulletin, for the procedures for obtaining determination letters on public charity status under § 170.

(32) Section 181.—Treatment of Certain Qualified Film and Television Productions.—The determination under § 1.181-1(a)(1) and (2) as to who is the owner of a qualified film or television production.

(33) Section 199.—Income Attributable to Domestic Production Activities.—The determination under § 1.199-3(f)(1) as to who is the taxpayer that has the benefits and burdens of ownership under Federal income tax principles of any qualifying production property (as defined in § 1.199-3(j)(1)), qualified film (as defined in § 1.199-3(k)), or utilities (as defined in § 1.199-3(l)) during the period in which a qualifying activity under § 199 occurs.

(34) Section 213.—Medical, Dental, Etc., Expenses.—Whether a capital expenditure for an item that is ordinarily

used for personal, living, or family purposes, such as a swimming pool, has as its primary purpose the medical care of the taxpayer or the taxpayer’s spouse or dependent, or is related directly to such medical care.

(35) Section 216.—Deduction of Taxes, Interest, and Business Depreciation by Cooperative Housing Corporation Tenant-Stockholder.—Whether a unit constitutes an “apartment in a building” under § 216(b)(1)(B).

(36) Section 264.—Certain Amounts Paid in Connection with Insurance Contracts.—Whether § 264(d)(1) applies.

(37) Section 264(c)(1).—Contracts Treated as Single Premium Contracts.—Whether “substantially all” the premiums of a contract of insurance are paid within a period of 4 years from the date on which the contract is purchased. Also, whether an amount deposited is in payment of a “substantial number” of future premiums on such a contract.

(38) Sections 267, 304, 331, 332, 351, and 1502.—Losses, Expenses, and Interest with Respect to Transactions Between Related Taxpayers; Redemption Through Use of Related Corporations; Gain or Loss to Shareholders in Corporate Liquidations; Complete Liquidations of Subsidiaries; Transfer to Corporation Controlled by Transferor; Regulations.—The treatment of transactions in which stock of a corporation is transferred with a plan or intention that the corporation be liquidated in a transaction intended to qualify under § 331.

(39) Section 269.—Acquisitions Made to Evade or Avoid Income Tax.—Whether an acquisition is within the meaning of § 269.

(40) Section 274.—Disallowance of Certain Entertainment, Etc., Expenses.—Whether a taxpayer who is traveling away from home on business may, in lieu of substantiating the actual cost of meals, deduct a fixed per-day amount for meal expenses that differs from the amount authorized by the revenue procedure providing optional rules for substantiating the amount of travel expenses for the period in which the expense was paid or incurred.

(41) Section 302.—Distributions in Redemption of Stock.—Whether § 302(b) applies when the consideration given in redemption by a corporation consists en-

tirely or partly of its notes payable, and the shareholder’s stock is held in escrow or as security for payment of the notes with the possibility that the stock may or will be returned to the shareholder in the future, upon the happening of specific defaults by the corporation.

(42) Section 302.—Distributions in Redemption of Stock.—Whether § 302(b) applies when the consideration given in redemption by a corporation in exchange for a shareholder’s stock consists entirely or partly of the corporation’s promise to pay an amount based on, or contingent on, future earnings of the corporation, when the promise to pay is contingent on working capital being maintained at a certain level, or any other similar contingency.

(43) Section 302.—Distributions in Redemption of Stock.—Whether § 302(b) applies to a redemption of stock, if, after the redemption, the distributing corporation uses property that is owned by the shareholder from whom the stock is redeemed and the payments by the corporation for the use of the property are dependent upon the corporation’s future earnings or are subordinate to the claims of the corporation’s general creditors. Payments for the use of property will not be considered to be dependent upon future earnings merely because they are based on a fixed percentage of receipts or sales.

(44) Section 302.—Distributions in Redemption of Stock.—Whether the acquisition or disposition of stock described in § 302(c)(2)(B) has, or does not have, as one of its principal purposes the avoidance of Federal income taxes within the meaning of that section, unless the facts and circumstances are materially identical to those set forth in Rev. Rul. 85-19, 1985-1 C.B. 94; Rev. Rul. 79-67, 1979-1 C.B. 128; Rev. Rul. 77-293, 1977-2 C.B. 91; Rev. Rul. 57-387, 1957-2 C.B. 225; Rev. Rul. 56-584, 1956-2 C.B. 179; or Rev. Rul. 56-556, 1956-2 C.B. 177.

(45) Section 302(b)(4) and (e).—Redemption from Noncorporate Shareholder in Partial Liquidation; Partial Liquidation Defined.—The amount of working capital attributable to a business or portion of a business terminated that may be distributed in partial liquidation.

(46) Section 304.—See section 3.01(38), above.

(47) Section 312.—Effect on Earnings and Profits.—The determination of the amount of earnings and profits of a corporation.

(48) Sections 331, 453, and 1239.—Gain or Loss to Shareholders in Corporate Liquidations; Installment Method; Gain from Sale of Depreciable Property Between Certain Related Taxpayers.—The tax effects of a transaction in which there is a transfer of property by a corporation to a partnership or other noncorporate entity (or the transfer of stock to such entity followed by a liquidation of the corporation) when more than a nominal amount of the stock of such corporation and the capital or beneficial interests in the purchasing entity (that is, more than 20 percent in value) is owned by the same persons, and the consideration to be received by the selling corporation or the selling shareholders includes an installment obligation of the purchasing entity.

(49) Section 331.—See section 3.01(38), above.

(50) Sections 332, 351, 355, 368, and 1036.—Complete Liquidations of Subsidiaries; Transfer to Corporation Controlled by Transferor; Distribution of Stock and Securities of a Controlled Corporation; Definitions Relating to Corporate Reorganizations; Stock for Stock of Same Corporation.—Whether a transaction qualifies under § 332, 351, 355, or 1036 for nonrecognition treatment or whether it constitutes a corporate reorganization within the meaning of § 368, and whether various tax consequences (such as nonrecognition and basis) result from the application of that section. The Service will instead rule only on significant issues presented in a transaction described in § 332, 351, 355, 368, or 1036. Additionally, the Service will rule on one or more significant issues under the Code sections that address the tax consequences (such as nonrecognition and basis) that result from the qualification of a transaction under § 332, 351, 355, 368, or 1036. See section 6.03 of Rev. Proc. 2016–1, this Bulletin.

**SIGNIFICANT ISSUE:** A significant issue is an issue of law the resolution of which is not essentially free from doubt and that is germane to determining the tax consequences of the transaction. A change of circumstances arising after a transac-

tion ordinarily does not present a significant issue with respect to the transaction.

**OBTAINING A LETTER RULING:** To obtain a letter ruling on a significant issue presented in a transaction, the taxpayer in its letter ruling request must comply with all the requirements set forth in section 6.03 of Rev. Proc. 2016–1, as well as Rev. Proc. 2016–1, in general.

(51) Section 332.—See section 3.01(38), above.

(52) Section 351.—See sections 3.01(38) and (50), above.

(53) Section 355.—Distribution of Stock and Securities of a Controlled Corporation.—Whether the distribution of the stock of a controlled corporation is being carried out for one or more corporate business purposes, whether the transaction is used principally as a device, and whether the distribution and an acquisition are part of a plan under § 355(e). See Rev. Proc. 2003–48, 2003–2 C.B. 86. Notwithstanding the preceding sentence, the Service may issue a ruling regarding the effect of redemptions under § 355(e) pending the issuance of temporary or final regulations regarding redemptions under § 355(e) if an adverse ruling on such question would result in there being a direct or indirect acquisition by one or more persons of stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation that is part of a plan under § 355(e).

(54) Section 355.—See section 3.01(50), above.

(55) Section 358.—Basis to Distributees.—The acceptability of an estimation procedure or the acceptability of a specific sampling procedure to determine the basis of stock acquired by an acquiring corporation in a reorganization described in § 368(a)(1)(B).

(56) Section 368.—See section 3.01(50), above.

(57) Section 403(b).—Taxability of Beneficiary Under Annuity Purchased by Section 501(c)(3) Organization or Public School.—Whether the form of a plan satisfies the requirements of § 403(b) as provided in Rev. Proc. 2016–4, this Bulletin.

(58) Section 409A.—Inclusion in Gross Income of Deferred Compensation Under Nonqualified Deferred Compensation Plans.—The income tax consequences of establishing, operating, or par-

ticipating in a nonqualified deferred compensation plan within the meaning of § 1.409A–1(a); whether a plan is described in § 1.409A–1(a)(3)(iv) or (v); whether a plan is a *bona fide* vacation leave, sick leave, or compensatory time plan described in § 1.409A–1(a)(5); and whether a plan provides for the deferral of compensation under § 1.409A–1(b).

(59) Section 411(d)(3).—Termination or Partial Termination; Discontinuance of Contributions.—Whether there has been a partial termination of an employee plan. The Service may issue a determination letter involving the partial termination of an employee plan. See Rev. Proc. 2016–6, this Bulletin.

(60) Section 414(d).—Governmental Plan.—Whether a plan is a governmental plan under § 414(d).

(61) Section 424.—Definitions and Special Rules.—Whether the substitution of a new Incentive Stock Option (ISO) for an old ISO, or the assumption of an old ISO, by an employer by reason of a corporate transaction constitutes a modification which results in the issuance of a new option by reason of failing to satisfy the spread test requirement of § 424(a)(1) or the ratio test requirement of § 1.425–1(a)(4). The Service will continue to rule on the issue of whether the new ISO or the assumption of the old ISO gives the employee additional benefits not present under the old option within the meaning of § 424(a)(2).

(62) Section 451.—General Rule for Taxable Year of Inclusion.—The tax consequences of a nonqualified unfunded deferred-compensation arrangement with respect to a controlling shareholder-employee eligible to participate in the arrangement.

(63) Section 451.—General Rule for Taxable Year of Inclusion.—The tax consequences of nonqualified unfunded deferred-compensation arrangements in which the arrangements fail to meet the requirements of Rev. Proc. 92–65, 1992–2 C.B. 428, and Rev. Proc. 71–19, 1971–1 C.B. 698.

(64) Sections 451 and 457.—General Rule for Taxable Year of Inclusion; Nonqualified Deferred Compensation Plans of State and Local Governments and Tax-Exempt Organizations.—The tax consequences to unidentified independent con-

tractors in nonqualified unfunded deferred compensation plans. This applies to plans established under § 451 by employers in the private sector and to plans of state and local governments and tax-exempt organizations under § 457. However, a ruling with respect to a specific independent contractor's participation in such a plan may be issued.

(65) Section 451.—See section 3.01(9), above.

(66) Section 453.—See section 3.01(48), above.

(67) Section 457.—See section 3.01(64), above.

(68) Section 457A.—Nonqualified Deferred Compensation from Certain Tax Indifferent Parties.—The income tax consequences of establishing, operating, or participating in a nonqualified deferred compensation plan within the meaning of § 457A(d)(3).

(69) Section 501.—Exemption from Tax on Corporations, Certain Trusts, Etc.—Whether an organization is or continues to be exempt from taxation under § 501(a) as an organization described in §§ 501(c) or 501(d), including, for example, whether changes in an organization's activities or operations will affect or jeopardize the organization's exempt status. The Associate Chief Counsel (TEGE) will rule, however, on specific legal questions related to §§ 501(c) or 501(d) that are not otherwise described in this revenue procedure. For example, although the Associate Chief Counsel (TEGE) would not rule on whether a change in a § 501(c)(3) organization's activities would jeopardize the organization's exempt status, the Associate Chief Counsel (TEGE) would (subject to the limitations described in this revenue procedure) rule on whether such new activities would further an exempt purpose described in § 501(c)(3). See Rev. Proc. 2016-5, this Bulletin, for the procedures for issuing determination letters on tax-exempt status under § 501.

(70) Sections 501, 511, 512, 513, and 514.—Exemption from Tax on Corporations, Certain Trusts, Etc.; Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations; Unrelated Business Taxable Income; Unrelated Trade or Business; Unrelated Debt-Financed Income.—Whether a joint venture between a tax-exempt organization

and a for-profit organization affects an organization's exempt status or results in unrelated business income.

(71) Sections 507, 664, 4941, and 4945.—Termination of Private Foundation Status; Charitable Remainder Trusts; Taxes on Self-Dealing; Taxes on Taxable Expenditures.—Issues pertaining to the tax consequences of the termination of a charitable remainder trust (as defined in § 664) before the end of the trust term as defined in the trust's governing instrument in a transaction in which the trust beneficiaries receive their actuarial shares of the value of the trust assets.

(72) Section 509.—Private Foundation Defined.—Whether an organization is or continues to be described in § 509(a) including, for example, whether changes in an organization's activities or operations will affect or jeopardize the organization's status as a public charity described in § 509(a)(1) - (4). The Associate Chief Counsel (TEGE) will rule, however, on specific legal questions related to § 509(a) that are not otherwise described in this revenue procedure. See Rev. Proc. 2016-10, next Bulletin, for the procedures for obtaining determination letters on public charity status under § 509.

(73) Sections 511, 512, 513, and 514.—Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations; Unrelated Business Taxable Income; Unrelated Trade or Business; Unrelated Debt-Financed Income.—Whether unrelated business income tax issues arise when charitable lead trust assets are invested with charitable organizations.

(74) Sections 511, 512, 513, and 514.—See section 3.01(70), above.

(75) Section 529.—Qualified Tuition Programs.—Whether a state-run tuition program qualifies under § 529.

(76) Sections 542, 543, and 544.—Definition of Personal Holding Company; Personal Holding Company Income; Rules for Determining Stock Ownership.—Whether the application of § 544(a) causes a corporation to meet the stock ownership requirements under § 542(a)(2), § 543(a)(7), § 543(a)(6), or § 543(a)(4).

(77) Section 641.—Imposition of Tax.—Whether the period of administration or settlement of an estate or a trust

(other than a trust described in § 664) is reasonable or unduly prolonged.

(78) Section 642(c).—Deduction for Amounts Paid or Permanently Set Aside for a Charitable Purpose.—Allowance of an unlimited deduction for amounts set aside by a trust or estate for charitable purposes when there is a possibility that the corpus of the trust or estate may be invaded.

(79) Section 664.—Charitable Remainder Trusts.—Whether the settlement of a charitable remainder trust upon the termination of the noncharitable interest is made within a reasonable period of time.

(80) Section 664.—See section 3.01(71), above.

(81) Section 671.—Trust Income, Deductions, and Credits Attributable to Grantors and Others as Substantial Owners.—Whether the grantor will be considered the owner of any portion of a trust when (i) substantially all of the trust corpus consists or will consist of insurance policies on the life of the grantor or the grantor's spouse, (ii) the trustee or any other person has a power to apply the trust's income or corpus to the payment of premiums on policies of insurance on the life of the grantor or the grantor's spouse, (iii) the trustee or any other person has a power to use the trust's assets to make loans to the grantor's estate or to purchase assets from the grantor's estate, and (iv) there is a right or power in any person that would cause the grantor to be treated as the owner of all or a portion of the trust under §§ 673 to 677.

(82) Section 704(b).—Determination of Distributive Share.—Whether the allocation to a partner under the partnership agreement of income, gain, loss, deduction, or credit (or an item thereof) has substantial economic effect or is in accordance with the partner's interest in the partnership.

(83) Section 761.—Terms Defined.—Matters relating to the validity of a partnership or whether a person is a partner in a partnership.

(84) Section 761.—See section 3.01(14), above.

(85) Section 856.—Definition of Real Estate Investment Trust.—Whether a corporation whose stock is "paired" with or "stapled" to stock of another corporation will qualify as a real estate investment

trust under § 856, if the activities of the corporations are integrated.

(86) Section 1001.—Determination of Amount of and Recognition of Gain or Loss.—Whether the termination of a charitable remainder trust before the end of the trust term as defined in the trust’s governing instrument, in a transaction in which the trust beneficiaries receive their actuarial shares of the value of the trust assets, is treated as a sale or other disposition by the beneficiaries of their interests in the trust.

(87) Section 1001.—See section 3.01(9), above.

(88) Section 1033.—Involuntary Conversions.—Whether the replacement or proposed replacement of compulsorily or involuntarily converted property does or does not qualify under § 1033(a), if the taxpayer has already filed a Federal tax return for the taxable year in which the property was converted. The Service may issue a determination letter in this case. See section 12.01 of Rev. Proc. 2016–1, this Bulletin.

(89) Section 1036.—See section 3.01(50), above.

(90) Section 1221.—Capital Asset Defined.—Whether specialty stock allocated to an investment account by a registered specialist on a national securities exchange is a capital asset.

(91) Section 1221.—Capital Asset Defined.—Whether the termination of a charitable remainder trust before the end of the trust term as defined in the trust’s governing instrument, in a transaction in which the trust beneficiaries receive their actuarial shares of the value of the trust assets, is treated as a sale or exchange of a capital asset by the beneficiaries.

(92) Section 1239.—See section 3.01(48), above.

(93) Section 1361.—S Corporation Defined.—Whether a state law limited partnership electing under § 301.7701–3 to be classified as an association taxable as a corporation has more than one class of stock for purposes of § 1361(b)(1)(D). The Service will treat any request for a ruling on whether a state law limited partnership is eligible to elect S corporation status as a request for a ruling on whether the partnership complies with § 1361(b)(1)(D).

(94) Section 1502.—Regulations.—If a member of an affiliated group fails to file Form 1122 or fails to join in the mak-

ing of a consolidated return due to a mistake of law or fact, or inadvertence, whether such member will be treated as if it had filed a Form 1122. The Service may issue a determination letter in this case. See section 12.01 of Rev. Proc. 2016–1, this Bulletin. But see also section 6.07 of this revenue procedure.

(95) Section 1502.—See section 3.01(38), above.

(96) Section 1551.—Disallowance of the Benefits of the Graduated Corporate Rates and Accumulated Earnings Credit.—Whether a transfer is within § 1551.

(97) Section 2031.—Definition of Gross Estate.—Actuarial factors for valuing interests in the prospective gross estate of a living person.

(98) Section 2055.—Transfers for Public, Charitable, and Religious Uses.—Whether a charitable contribution deduction under § 2055 is allowed for the transfer of an interest in a limited partnership or a limited liability company taxed as a partnership to an organization described in § 2055(a).

(99) Section 2512.—Valuation of Gifts.—Actuarial factors for valuing prospective or hypothetical gifts of a donor.

(100) Section 2522.—Charitable and Similar Gifts.—Whether a charitable contribution deduction under § 2522 is allowable for a transfer of an interest in a limited partnership or a limited liability company taxed as a partnership to an organization described in § 2522(a).

(101) Section 2601.—Tax Imposed.—Whether a trust exempt from generation-skipping transfer (GST) tax under § 26.2601–1(b)(1), (2), or (3) of the Generation-Skipping Transfer Tax Regulations will retain its GST exempt status when there is a modification of a trust, change in the administration of a trust, or a distribution from a trust in a factual scenario that is similar to a factual scenario set forth in one or more of the examples contained in § 26.2601–1(b)(4)(i)(E).

(102) Sections 3121, 3306, and 3401.—Definitions.—For purposes of determining prospective employment status, whether an individual will be an employee or an independent contractor. A ruling with regard to prior employment status may be issued.

(103) Sections 3121, 3306, and 3401.—Definitions.—Who is the em-

ployer of an “employee-owner” as defined in § 269A(b)(2).

(104) Sections 3121, 3306, and 3401.—Definitions.—For purposes of determining employment classification pursuant to the filing of Form SS-8, *Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding*, whether a worker is a *bona fide* partner and, therefore, not an employee of the business.

(105) Section 4052(f)(1).—Certain Repairs and Modifications Not Treated as Manufacture.—Whether a chassis repaired or modified using a “glider kit” is treated as manufactured or produced if the cost of the repairs or modifications does not exceed 75 percent of the retail price of a comparable new chassis.

(106) Section 4191.—Medical Devices.—Whether a device (as defined in section 201(h) of the Federal Food, Drug, and Cosmetic Act) intended for humans is not a “taxable medical device” within the meaning of § 4191(b)(1) due to the application of the exemption provided in § 4191(b)(2) for eyeglasses, contact lenses, hearing aids, and any other medical device determined by the Secretary to be of a type which is generally purchased by the general public at retail for individual use.

(107) Section 4216(b).—Constructive Sale Price.—Whether a particular methodology for determining the tax base is allowable under the constructive sale price rules.

(108) Sections 4375, 4376, and 4377.—Health Insurance; Self-Insured Health Plans; Definitions and Special Rules.—Whether an arrangement is a specified health insurance policy or an applicable self-insured health plan that is subject to the fee applicable to such arrangements.

(109) Sections 4940 and 4942.—Excise Tax Based on Investment Income; Taxes on Failure to Distribute Income.—Whether an organization is or continues to be an “operating foundation” described in § 4942(j)(3) or an “exempt operating foundation” described in § 4940(d)(2), including, for example, whether changes in an organization’s activities or operations will affect or jeopardize the organization’s status as an operating foundation or exempt operating foundation. The Associate

Chief Counsel (TEGE) will rule, however, on specific legal questions related to §§ 4940(d)(2) or 4942(j)(3) that are not otherwise described in this revenue procedure. See Rev. Proc. 2016-10, next Bulletin, for the procedures for obtaining determination letters on foundation status under §§ 4940 and 4942.

(110) Section 4941.—Taxes on Self-Dealing.—Whether transactions during the administration of an estate or trust meet the requirements of the exception to § 4941 set forth in § 53.4941(d)-1(b)(3) of the Private Foundation Excise Tax Regulations, in cases in which a disqualified person issues a promissory note in exchange for property of an estate or trust.

(111) Section 4941.—See section 3.01(71), above.

(112) Section 4942.—See section 3.01(109), above.

(113) Section 4945.—See section 3.01(71), above.

(114) Section 4958.—Taxes on Excess Benefit Transactions.—Whether a compensation or property transaction satisfies the rebuttable presumption that the transaction is not an excess benefit transaction as described in § 53.4958-6 of the Excess Benefit Transactions Excise Tax Regulations.

(115) Section 4975(d).—Exemptions.—Whether the renewal, extension, or refinancing of an exempt loan satisfies the requirements of § 4975(d)(3). Also, whether the pre-payment of employee stock ownership plan (ESOP) loans satisfies the requirements of § 4975(d)(3) other than with respect to plan termination.

(116) Section 4980B.—Failure to Satisfy Continuation Coverage Requirements of Group Health Plans.—Whether an action is “gross misconduct” within the meaning of § 4980B(f)(3)(B). (See section 3.05 of Rev. Proc. 87-28, 1987-1 C.B. 770, 771.)

(117) Section 4980H.—Shared Responsibility for Employers Regarding Health Coverage.—Whether an employer is required to make an assessable payment under § 4980(H)(a) or (b).

(118) Section 6166.—Extension of Time for Payment of Estate Tax Where Estate Consists Largely of Interest in Closely Held Business.—Requests involving § 6166 if there is no decedent.

(119) Section 6901.—Transferred Assets.—Whether a taxpayer is liable for tax as a transferee.

(120) Section 7216.—Disclosure or Use of Information by Preparers of Returns.—Whether a criminal penalty is applicable for any disclosure or use of information by preparers of returns.

(121) Section 7701.—Definitions.—The classification of an instrument that has certain voting and liquidation rights in an issuing corporation but whose dividend rights are determined by reference to the earnings of a segregated portion of the issuing corporation’s assets, including assets held by a subsidiary.

(122) Section 7701.—Definitions.—The classification for Federal tax purposes of a fideicomiso or other land trust created under local law, applying the principles of Rev. Rul. 2013-14, 2013-26 I.R.B. 1267, or Rev. Rul. 92-105, 1992-2 C.B. 204.

(123) Section 7701.—See section 3.01(14), above.

(124) Section 7704.—Certain Publicly Traded Partnerships Treated as Corporations.—Whether interests in a partnership that are not traded on an established securities market (within the meaning of § 7704(b) and § 1.7704-1(b) of the Procedure and Administration Regulations) are readily tradable on a secondary market or the substantial equivalent thereof under § 1.7704-1(c)(1).

(125) Section 9815.—Additional Market Reforms.—Whether an insured group health plan satisfies the requirements of § 2716 of the Public Health Service Act, Prohibition on Discrimination in Favor of Highly Compensated Individuals, as incorporated into the Code by § 9815.

#### .02 General Areas.

(1) Whether the economic substance doctrine is relevant to any transaction or whether any transaction complies with the requirements of § 7701(o).

(2) The results of transactions that lack a *bona fide* business purpose or have as their principal purpose the reduction of Federal taxes.

(3) A matter upon which a court decision adverse to the Government has been handed down and the question of following the decision or litigating further has not yet been resolved.

(4) A matter involving alternate plans of proposed transactions or involving hypothetical situations.

(5) Whether under Subtitle F (Procedure and Administration) reasonable cause, due diligence, good faith, clear and convincing evidence, or other similar terms that require a factual determination exist.

(6) A matter involving the regulations governing practice before the Service under 31 CFR Part 10 (reprinted as Treasury Department Circular No. 230).

(7) Whether a proposed transaction would subject the taxpayer to a criminal penalty.

(8) Whether a completed transaction can be rescinded for Federal income tax purposes.

(9) The income tax (including unrelated business income tax) or excise tax consequences of the contribution of stock options to, or their subsequent exercise from, plans described in Part 1 of Subchapter D of Chapter 1 of Subtitle A of the Code.

(10) Questions that the Service determines, in its discretion, should not be answered in the general interests of sound tax administration, including due to resource constraints.

(11) Any frivolous issue, as that term is defined in section 6.10 of Rev. Proc. 2016-1, this Bulletin.

(12) A request that does not comply with the provisions of Rev. Proc. 2016-1, this Bulletin.

### **SECTION 4. AREAS IN WHICH RULINGS OR DETERMINATION LETTERS WILL NOT ORDINARILY BE ISSUED**

#### .01 Specific Questions and Problems.

(1) Sections 38, 39, 46, and 48.—General Business Credit; Carryback and Carryforward of Unused Credits; Amount of Credit; Energy Credit.—Application of these sections if the formal ownership of property is in a party other than the taxpayer, except when title is held merely as security.

(2) Section 61.—Gross Income Defined.—Determination as to who is the true owner of property in cases involving the sale of securities, or participation interests therein, if the purchaser has the contractual right to cause the securities, or



participation interests therein, to be purchased by either the seller or a third party.

(3) Sections 61 and 163.—Gross Income Defined; Interest.—Determinations as to who is the true owner of property or the true borrower of money in cases in which the formal ownership of the property, or the liability for the indebtedness, is in another party.

(4) Section 62(c).—Certain Arrangements Not Treated as Reimbursement Arrangements.—Whether amounts related to a salary reduction and paid under a purported reimbursement or other expense allowance arrangement will be treated as paid under an “accountable plan” in accordance with § 1.62-2(c)(2).

(5) Sections 83 and 451.—Property Transferred in Connection with Performance of Services; General Rule for Taxable Year of Inclusion.—When compensation is realized by a person who, in connection with the performance of services, is granted a nonstatutory option without a readily ascertainable fair market value to purchase stock at a price that is less than the fair market value of the stock on the date the option is granted.

(6) Sections 101 and 7702.—Certain Death Benefits; Life Insurance Contract Defined.—Whether amounts received under an arrangement with an entity that is not regulated as an insurance company may be treated as received under a “life insurance contract” within the meaning of §§ 101(a) and 7702.

(7) Section 103.—Interest on State and Local Bonds.—Whether the interest on state or local bonds will be excludible from gross income under § 103(a), if the proceeds of issues of bonds (other than advance refunding issues) are placed in escrow or otherwise not expended for a governmental purpose for an extended period of time even though the proceeds are invested at a yield that will not exceed the yield on the state or local bonds prior to their expenditure.

(8) Section 103.—Interest on State and Local Bonds.—Whether a state or local governmental obligation that does not meet the criteria of section 5 of Rev. Proc. 89-5, 1989-1 C.B. 774, is an “arbitrage bond” within the meaning of former § 103(c)(2) solely by reason of the investment of the bond proceeds in acquired nonpurpose obligations at a materially

higher yield more than 3 years after issuance of the bonds or 5 years after issuance of the bonds in the case of construction issues described in former § 1.103-13(a)(2)(ii)(E) or § 1.148-2(e)(2)(ii).

(9) Section 141.—Private Activity Bond; Qualified Bond.—Whether state or local bonds will meet the “private business use test” and the “private security or payment test” under § 141(b)(1) and (2) in situations in which the proceeds are used to finance certain output facilities and, pursuant to a contract to take, or take or pay for, a nongovernmental person purchases 30 percent or more of the actual output of the facility but 10 percent or less of the: (i) subparagraph (5) output of the facility as defined in § 1.103-7(b)(5)(ii)(b) (issued under former § 103(b)), or (ii) available output of the facility as defined in § 1.141-7(b)(1). In similar situations, the Service will not ordinarily issue rulings or determination letters concerning questions arising under paragraphs (3), (4), and (5) of § 141(b).

(10) Sections 142 and 144(a).—Exempt Facility Bond; Qualified Small Issue Bond.—Whether an issue of private activity bonds meets the requirements of § 142 or § 144(a), if the sum of—

(i) the portion of the proceeds used to finance a facility in which an owner (or related person) or a lessee (or a related person) is a user of the facility both after the bonds are issued and at any time before the bonds were issued, and

(ii) the portion used to pay issuance costs and nonqualified costs equals more than 5 percent of the net proceeds, as defined in § 150(a)(3).

(11) Section 148.—Arbitrage.—Whether amounts received as proceeds from the sale of municipal bond financed property and pledged to the payment of debt service or pledged as collateral for the municipal bond issue are sinking fund proceeds within the meaning of former § 1.103-13(g) (issued under former § 103(c)) or replaced proceeds described in § 148(a)(2) (or former § 103(c)(2)(B)).

(12) Sections 162 and 262.—Trade or Business Expenses; Personal, Living, and Family Expenses.—Whether expenses are nondeductible commuting expenses, except for situations governed by Rev. Rul. 99-7, 1999-1 C.B. 361.

(13) Section 162(m).—Certain Excessive Employee Remuneration.—Whether the deduction limit under § 162(m) applies to compensation attributable to services performed for a related partnership.

(14) Section 163.—See section 4.01(3), above.

(15) Section 165.—Losses.—Whether stock in a corporation has been abandoned.

(16) Section 167.—Depreciation.

(i) Useful lives of assets.

(ii) Depreciation rates.

(iii) Salvage value of assets.

(17) Sections 167 and 168.—Depreciation; Accelerated Cost Recovery System.—Application of those sections in which the formal ownership of property is in a party other than the taxpayer except when title is held merely as security.

(18) Section 170.—Charitable, Etc., Contributions and Gifts.—Whether a transfer to a pooled income fund described in § 642(c)(5) qualifies for a charitable contribution deduction under § 170(f)(2)(A).

(19) Section 170.—Charitable, Etc., Contributions and Gifts.—Whether a transfer to a charitable remainder trust described in § 664 that provides for annuity or unitrust payments for one or two measuring lives qualifies for a charitable deduction under § 170(f)(2)(A).

(20) Section 170.—Charitable, Etc., Contributions and Gifts.—Whether a taxpayer who transfers property to a charitable organization and thereafter leases back all or a portion of the transferred property may deduct the fair market value of the property transferred and leased back as a charitable contribution.

(21) Section 216.—Deduction of Taxes, Interest, and Business Depreciation by Cooperative Housing Corporation Tenant-Stockholder.—If a cooperative housing corporation (CHC), as defined in § 216(b)(1), transfers an interest in real property to a corporation (not a CHC) in exchange for stock or securities of the transferee corporation, which engages in commercial activity with respect to the real property interest transferred, whether (i) the income of the transferee corporation derived from the commercial activity and (ii) any cash or property (attributable to the real property interest transferred) distributed by the transferee corporation

to the CHC will be considered as gross income of the CHC for the purpose of determining whether 80 percent or more of the gross income of the CHC is derived from tenant-stockholders within the meaning of § 216(b)(1)(D).

(22) Section 262.—See section 4.01(12), above.

(23) Section 265(a)(2).—Interest.—Whether indebtedness is incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the taxes imposed by Subtitle A.

(24) Section 302.—Distributions in Redemption of Stock.—The tax effect of the redemption of stock for notes, when the payments on the notes are to be made over a period in excess of 15 years from the date of issuance of such notes.

(25) Section 302(b)(4) and (e).—Redemption from Noncorporate Shareholder in Partial Liquidation; Partial Liquidation Defined.—Whether a distribution will qualify as a distribution in partial liquidation under § 302(b)(4) and (e)(1)(A), unless it results in a 20 percent or greater reduction in (i) gross revenue, (ii) net fair market value of assets, and (iii) employees. (Partial liquidations that qualify as § 302(e)(2) business terminations are not subject to this provision.)

(26) Section 306.—Dispositions of Certain Stock.—Whether the distribution, disposition, or redemption of “section 306 stock” in a closely held corporation is in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes within the meaning of § 306(b)(4).

(27) Sections 331 and 346(a).—Gain or Loss to Shareholders in Corporate Liquidations; Complete Liquidation.—The tax effect of the liquidation of a corporation by a series of distributions, when the distributions in liquidation are to be made over a period in excess of 3 years from the adoption of the plan of liquidation.

(28) Section 351.—Transfer to Corporation Controlled by Transferor.—Whether § 351 applies to the transfer of an interest in real property by a cooperative housing corporation (as described in § 216(b)(1)) to a corporation in exchange for stock or securities of the transferee corporation, if the transferee engages in commercial activity with respect to the real property interest transferred.

(29) Section 355.—Distribution of Stock and Securities of a Controlled Corporation.—Whether the active business requirement of § 355(b) is met when, within the 5-year period described in § 355(b)(2)(B), a distributing corporation acquired control of a controlled corporation as a result of the distributing corporation transferring cash or other liquid or inactive assets to the controlled corporation in a transaction in which gain or loss was not recognized as a result of the transfer meeting the requirements of § 351(a) or § 368(a)(1)(D).

(30) Section 355.—Distribution of Stock and Securities of a Controlled Corporation.—Any issue relating to the qualification, under § 355 and related provisions, of a distribution, or another distribution which is part of the same plan or series of related transactions, if property owned by any distributing corporation or any controlled corporation becomes the property of a regulated investment company (RIC), within the meaning of § 851, or a real estate investment trust (REIT), within the meaning of § 856, in a “conversion transaction” (as defined in § 1.337(d)–7(a)) with respect to which no deemed sale election described in § 1.337(d)–7(c) is made, and the conversion transaction and the distribution are parts of a plan or series of related transactions. This section 4.01(30) does not apply if, immediately after the date of the distribution, both the distributing corporation and the controlled corporation will be RICs, or both of such corporations will be REITs, and there is no plan or intention on the date of the distribution for either the distributing corporation or the controlled corporation to cease to be a RIC or a REIT.

(31) Section 355.—Distribution of Stock and Securities of a Controlled Corporation.—Any issue relating to the qualification, under § 355 and related provisions, of a distribution, or another distribution which is part of the same plan or series of related transactions, if, immediately after any such distribution, the fair market value of the gross assets of the trade(s) or business(es) on which the distributing corporation or the controlled corporation relies to satisfy the active trade or business requirement of § 355(b) is less than five percent of the

fair market value of the total gross assets of such corporation.

For purposes of determining the fair market value of the total gross assets of such corporation and of the gross assets of such trade(s) or business(es), (i) all members of a separate affiliated group, within the meaning of § 355(b)(3)(B), are treated as one corporation; and (ii) if the distributing corporation or the controlled corporation relies on an active trade or business of a partnership for purposes of § 355(b), such corporation is treated as owning its ratable share of the gross assets of the partnership.

This section 4.01(31) does not apply if (i) all the stock of the controlled corporation that is distributed in the distribution is distributed to one or more members of the affiliated group, as defined in § 243(b)(2)(A), of which the distributing corporation is a member; and (ii) such distribution is not part of a plan or series of related transactions pursuant to which stock of any corporation will be distributed outside such affiliated group in a distribution described in this section 4.01(31), in section 4.01(30) of this revenue procedure, or section 5.01(5) of this revenue procedure.

(32) Section 355.—Distribution of Stock and Securities of a Controlled Corporation.—Any issue under § 355(e) other than whether a distribution and an acquisition are part of a plan (i.e., any non-plan issue). Notwithstanding the preceding sentence, the Service generally will rule on a non-plan issue or issues (e.g., whether a corporation constitutes a predecessor of distributing) if an adverse ruling on such non-plan issue or issues would result in there being a direct or indirect acquisition by one or more persons of stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation that is part of a plan under § 355(e).

(33) Section 441(i).—Taxable Year of Personal Service Corporations.—Whether the principal activity of the taxpayer during the testing period for the taxable year is the performance of personal services within the meaning of § 1.441–3(c)(1)(iii).

(34) Section 448(d)(2)(A).—Limitation on Use of Cash Method of Accounting; Qualified Personal Service Corpora-

tion.—Whether 95 percent or more of the time spent by employees of the corporation, serving in their capacity as such, is devoted to the performance of services within the meaning of § 1.448-1T(e)(4)(i).

(35) Section 451.—General Rule for Taxable Year of Inclusion.—The tax consequences of a nonqualified deferred compensation arrangement using a grantor trust if the trust fails to meet the requirements of Rev. Proc. 92-64, 1992-2 C.B. 422.

(36) Section 451.—General Rule for Taxable Year of Inclusion.—The income tax consequences as a result of being a beneficiary of a trust that an Indian tribe (as defined in 25 U.S.C. § 2703(5)) establishes to receive and invest *per capita* payments for its members under the Indian Gaming Regulatory Act (25 U.S.C. §§ 2701 through 2721).

(37) Section 451.—See section 4.01(5), above.

(38) Section 584.—Common Trust Funds.—Whether a common trust fund plan meets the requirements of § 584. (For § 584 plan drafting guidance, see Rev. Proc. 92-51, 1992-1 C.B. 988.)

(39) Section 642.—Special Rules for Credits and Deductions.—Whether a pooled income fund satisfies the requirements described in § 642(c)(5).

(40) Section 664.—Charitable Remainder Trusts.—Whether a charitable remainder trust that provides for annuity or unitrust payments for one or two measuring lives or for annuity or unitrust payments for a term of years satisfies the requirements described in § 664.

(41) Section 664.—Charitable Remainder Trusts.—Whether a trust that will calculate the unitrust amount under § 664(d)(3) qualifies as a § 664 charitable remainder trust when a grantor, a trustee, a beneficiary, or a person related or subordinate to a grantor, a trustee, or a beneficiary can control the timing of the trust's receipt of trust income from a partnership or a deferred annuity contract to take advantage of the difference between trust income under § 643(b) and income for Federal income tax purposes for the benefit of the unitrust recipient.

(42) Sections 671 to 679.—Grantors and Others Treated as Substantial Owners.—In a nonqualified, unfunded de-

ferred compensation arrangement described in Rev. Proc. 92-64, 1992-2 C.B. 422, the tax consequences of the use of a trust, other than the model trust described in that revenue procedure.

(43) Sections 671 to 679.—Grantors and Others Treated as Substantial Owners.—Whether an Indian tribe (as defined in 25 U.S.C. § 2703(5)) that establishes a trust to receive and invest *per capita* payments for its members under the Indian Gaming Regulatory Act (25 U.S.C. §§ 2701-2721) is the grantor and owner of the trust.

(44) Section 678.—Person Other than Grantor Treated as Substantial Owner.—Whether a person will be treated as the owner of any portion of a trust over which that person has a power to withdraw the trust property (or had such power prior to a release or modification, but retains other powers which would cause that person to be the owner of the trust under § 671 if the person were the grantor), other than a power which would constitute a general power of appointment within the meaning of § 2041, if the trust purchases the property from that person with a note and the value of the assets with which the trust was funded by the grantor is nominal compared to the value of the property purchased.

(45) Section 856.—Definition of Real Estate Investment Trust.—Whether an outdoor advertising display constitutes real property for purposes of § 856. However, if the real estate investment trust has made an election under § 1.1033(g)-1(b), the Service may rule on whether an asset that is not within the scope of the election, but is related to the outdoor advertising display, constitutes real property for purposes of § 856.

(46) Section 1031(f).—Special Rules for Exchanges Between Related Persons.—Except in the case of (i) a transaction involving an exchange of undivided interests in different properties that results in each taxpayer holding either the entire interest in a single property or a larger undivided interest in any of the properties or (ii) a disposition of property in a non-recognition transaction, whether an exchange described in § 1031(f) involving related parties, or a subsequent disposition of property involved in the exchange, has as one of its principal purposes the avoid-

ance of Federal income tax, or is part of a transaction (or series of transactions) structured to avoid the purposes of § 1031(f).

(47) Section 1362.—Election; Revocation; Termination.—All situations in which the Service has provided an automatic approval procedure or administrative procedure for an S corporation to obtain relief for late S corporation, qualified subchapter S subsidiary, qualified subchapter S trust, or electing small business trust elections. See Rev. Proc. 2013-30, 2013-36 I.R.B. 173. (For instructions on how to seek this relief, see the preceding revenue procedure.)

(48) Section 1502.—Regulations.—Whether a parent cooperative housing corporation (as defined in § 216(b)(1)) will be permitted to file a consolidated income tax return with its transferee subsidiary, if the transferee engages in commercial activity with respect to the real property interest transferred to it by the parent.

(49) Sections 2035, 2036, 2037, 2038, and 2042.—Adjustments for Certain Gifts Made Within Three Years of Decedent's Death; Transfers with Retained Life Estate; Transfers Taking Effect at Death; Revocable Transfers; Proceeds of Life Insurance.—Whether trust assets are includible in a trust beneficiary's gross estate under § 2035, 2036, 2037, 2038, or 2042 if the beneficiary sells property (including insurance policies) to the trust or dies within 3 years of selling such property to the trust, and (i) the beneficiary has a power to withdraw the trust property (or had such power prior to a release or modification, but retains other powers which would cause that person to be the owner if the person were the grantor), other than a power which would constitute a general power of appointment within the meaning of § 2041, (ii) the trust purchases the property with a note, and (iii) the value of the assets with which the trust was funded by the grantor is nominal compared to the value of the property purchased.

(50) Section 2055.—Transfers for Public, Charitable, and Religious Uses.—Whether a transfer to a pooled income fund described in § 642(c)(5) qualifies for a charitable deduction under § 2055(e)(2)(A).

(51) Section 2055.—Transfers for Public, Charitable, and Religious Uses.—Whether a transfer to a charitable remainder trust described in § 664 that provides for annuity or unitrust payments for one or two measuring lives or a term of years qualifies for a charitable deduction under § 2055(e)(2)(A).

(52) Section 2501.—Imposition of Tax.—Whether the sale of property (including insurance policies) to a trust by a trust beneficiary will be treated as a gift for purposes of § 2501 if (i) the beneficiary has a power to withdraw the trust property (or had such power prior to a release or modification, but retains other powers which would cause that person to be the owner if the person were the grantor), other than a power which would constitute a general power of appointment within the meaning of § 2041, (ii) the trust purchases the property with a note, and (iii) the value of the assets with which the trust was funded by the grantor is nominal compared to the value of the property purchased.

(53) Section 2503.—Taxable Gifts.—Whether the transfer of property to a trust will be a gift of a present interest in property when (i) the trust corpus consists or will consist substantially of insurance policies on the life of the grantor or the grantor's spouse, (ii) the trustee or any other person has a power to apply the trust's income or corpus to the payment of premiums on policies of insurance on the life of the grantor or the grantor's spouse, (iii) the trustee or any other person has a power to use the trust's assets to make loans to the grantor's estate or to purchase assets from the grantor's estate, (iv) the trust beneficiaries have the power to withdraw, on demand, any additional transfers made to the trust, and (v) there is a right or power in any person that would cause the grantor to be treated as the owner of all or a portion of the trust under §§ 673 to 677.

(54) Section 2514.—Powers of Appointment.—If the beneficiaries of a trust permit a power of withdrawal to lapse, whether § 2514(e) will be applicable to each beneficiary in regard to the power when (i) the trust corpus consists or will consist substantially of insurance policies on the life of the grantor or the grantor's spouse, (ii) the trustee or any other person has a power to apply the trust's income or

corpus to the payment of premiums on policies of insurance on the life of the grantor or the grantor's spouse, (iii) the trustee or any other person has a power to use the trust's assets to make loans to the grantor's estate or to purchase assets from the grantor's estate, (iv) the trust beneficiaries have the power to withdraw, on demand, any additional transfers made to the trust, and (v) there is a right or power in any person that would cause the grantor to be treated as the owner of all or a portion of the trust under §§ 673 to 677.

(55) Section 2522.—Charitable and Similar Gifts.—Whether a transfer to a pooled income fund described in § 642(c)(5) qualifies for a charitable deduction under § 2522(c)(2)(A).

(56) Section 2522.—Charitable and Similar Gifts.—Whether a transfer to a charitable remainder trust described in § 664 that provides for annuity or unitrust payments for one or two measuring lives or a term of years qualifies for a charitable deduction under § 2522(c)(2)(A).

(57) Section 2601.—Tax Imposed.—Whether a trust that is exempt from the application of the generation-skipping transfer tax because it was irrevocable on September 25, 1985, will lose its exempt status if the situs of the trust is changed from the United States to a situs outside of the United States.

(58) Section 2702.—Special Valuation Rules in Case of Transfers of Interests in Trusts.—Whether annuity interests are qualified annuity interests under § 2702 if the amount of the annuity payable annually is more than 50 percent of the initial net fair market value of the property transferred to the trust, or if the value of the remainder interest is less than 10 percent of the initial net fair market value of the property transferred to the trust. For purposes of the 10 percent test, the value of the remainder interest is the present value determined under § 7520 of the right to receive the trust corpus at the expiration of the term of the trust. The possibility that the grantor may die prior to the expiration of the specified term is not taken into account, nor is the value of any reversion retained by the grantor or the grantor's estate.

(59) Section 2702.—Special Valuation Rules in Case of Transfers of Interests in Trusts.—Whether a trust with one term

holder satisfies the requirements of § 2702(a)(3)(A) and § 25.2702-5(c) to be a qualified personal residence trust.

(60) Section 2702.—Special Valuation Rules in Case of Transfers of Interests in Trusts.—Whether the sale of property (including insurance policies) to a trust by a trust beneficiary is subject to § 2702 if (i) the beneficiary has a power to withdraw the trust property (or had such power prior to a release or modification, but retains other powers which would cause that person to be the owner if the person were the grantor), other than a power which would constitute a general power of appointment within the meaning of § 2041, (ii) the trust purchases the property with a note, and (iii) the value of the assets with which the trust was funded by the grantor is nominal compared to the value of the property purchased.

(61) Section 3121.—Definitions.—Determinations as to which of two entities, under common law rules applicable in determining the employer-employee relationship, is the employer, when one entity is treating the worker as an employee.

(62) Section 7702.—See section 4.01(6), above.

## .02 General Areas.

(1) Any matter in which the determination requested is primarily one of fact, e.g., market value of property, or whether an interest in a corporation is to be treated as stock or indebtedness. Although it is generally inappropriate for the Service to issue a letter ruling on whether an interest in a corporation is stock or indebtedness, there may be instances in which the Service may issue a letter ruling. For example, the Service may issue a letter ruling with respect to an instrument issued by a domestic corporation if (i) the taxpayer believes that the facts strongly support the classification of the instrument as stock and (ii) the taxpayer can demonstrate that there are unique and compelling reasons to justify the issuance of a letter ruling. Before preparing the letter ruling request, a taxpayer should call the Office of the Associate Chief Counsel having jurisdiction for the matters on which the taxpayer is seeking a letter ruling to discuss whether the Service will consider issuing a letter ruling for a particular factual situation. To determine which associate office has jurisdiction over a particular issue

see section 3 of Rev. Proc. 2016–1, this Bulletin. For a list of telephone numbers for the different associate offices, see section 10.07 of Rev. Proc. 2016–1.

(2) Situations in which the requested ruling deals with only part of an integrated transaction. Generally, a letter ruling will not be issued on only part of an integrated transaction. If, however, a part of a transaction falls under a no–rule area, a letter ruling on other parts of the transaction may be issued. Before preparing the letter ruling request, a taxpayer should call the Office of the Associate Chief Counsel having jurisdiction for the matters on which the taxpayer is seeking a letter ruling to discuss whether a letter ruling will be issued on part of the transaction. To determine which associate office has jurisdiction over a particular issue, see section 3 of Rev. Proc. 2016–1, this Bulletin. For a list of telephone numbers for the different associate offices, see section 10.07 of Rev. Proc. 2016–1.

Notwithstanding the previous paragraph, in connection with transactions described in § 332, 351, 355, or 1036 and reorganizations within the meaning of § 368, the Associate Chief Counsel (Corporate) may issue a letter ruling on part of an integrated transaction if and to the extent that the transaction presents a significant issue (within the meaning of section 3.01(50)). See section 6.03 of Rev. Proc. 2016–1.

(3) Situations in which two or more items or sub–methods of accounting are interrelated. If two or more items or sub–methods of accounting are interrelated, ordinarily a letter ruling will not be issued on a change in accounting method involving only one of the items or sub–methods.

(4) The tax effect of any transaction to be consummated at some indefinite future time.

(5) Any matter dealing with the question of whether property is held primarily for sale to customers in the ordinary course of a trade or business.

(6) The tax effect of a transaction if any part of the transaction is involved in litigation among the parties affected by the transaction, except for transactions involving bankruptcy reorganizations.

(7) (a) Situations in which the taxpayer or a related party is domiciled or organized in a foreign jurisdiction with which

the United States does not have an effective mechanism for obtaining tax information with respect to civil tax examinations and criminal tax investigations, which would preclude the Service from obtaining information located in such jurisdiction that is relevant to the analysis or examination of the tax issues involved in the ruling request.

(b) The provisions of subsection (a) above do not apply if the taxpayer or affected related party (i) consents to the disclosure of all relevant information requested by the Service in processing the ruling request or in the course of an examination in order to verify the accuracy of the representations made and to otherwise analyze or examine the tax issues involved in the ruling request, and (ii) waives all claims to protection of bank or commercial secrecy laws in the foreign jurisdiction with respect to the information requested by the Service. In the event the taxpayer’s or related party’s consent to disclose relevant information or to waive protection of bank or commercial secrecy is determined by the Service to be ineffective or of no force and effect, then the Service may retroactively rescind any ruling rendered in reliance on such consent.

(8) A matter involving the Federal tax consequences of any proposed Federal, state, local, municipal, or foreign legislation. The Service may provide general information in response to an inquiry. However, the Office of Associate Chief Counsel (TEGE) may issue letter rulings regarding the effect of proposed state, local, or municipal legislation upon an eligible deferred compensation plan under § 457(b) provided that the letter ruling request relating to the plan complies with the other requirements of Rev. Proc. 2016–1, this Bulletin.

(9) A letter ruling will not be issued with respect to an issue that is clearly and adequately addressed by statute, regulations, decision of a court, revenue rulings, revenue procedures, notices, or other authority published in the Internal Revenue Bulletin (Comfort Ruling). However, except with respect to issues under §§ 332, 351, 355, 368, and 1036 and the tax consequences resulting from the application of such Code sections (see generally section 6.03 of Rev. Proc. 2016–1, this Bulletin), an Associate office may in its dis-

cretion issue a Comfort Ruling if the Associate office is otherwise ruling on another issue arising in the same transaction.

(10) Whether an amount received (in periodic payments or as a lump sum) in connection with a legal action or a settlement of a legal action is properly allocated (including an allocation of all payments to one category) to recovery of capital, compensatory damages, punitive damages, dividends, interest, back pay, etc., for Federal tax purposes.

(11) The treatment or effects of hook equity, including as a result of its issuance, ownership, or redemption. This section 4.02(11) ordinarily will not apply if (i) an interest’s status as hook equity is only transitory, such as in a triangular reorganization, or (ii) the treatment of the hook equity is not relevant to the treatment of the overall transaction and issue presented. For this purpose, “hook equity” means an ownership interest in a business entity (such as stock in a corporation) that is held by another business entity in which at least 50 percent of the interests (by vote or value) in such latter entity are held directly or indirectly by the former entity. However, if an entity directly or indirectly owns all of the equity interests in another entity, the equity interests in the latter entity are not hook equity.

(12) Whether a tax–qualified plan satisfies the requirements for qualification under §§ 401 through 420 and § 4975(e)(7). These matters are generally handled through the Employee Plans Determinations program as provided in Rev. Proc. 2016–6, this Bulletin, Rev. Proc. 2007–44, 2007–28 I.R.B. 54, and Rev. Proc. 2015–36, 2015–27 I.R.B. 20. Notwithstanding the preceding sentence, the Office of Associate Chief Counsel (TEGE) may issue a ruling if (i) the taxpayer has demonstrated to the Office of Associate Chief Counsel’s (TEGE) satisfaction that the qualification issue involved is unique and requires immediate guidance, (ii) as a practical matter, it is not likely that such issue will be addressed through the determination letter process, and (iii) the Office determines that it is in the interest of good tax administration to provide guidance to the taxpayer with respect to such qualification issue.

(13) Any issue that is being considered by the Pension Benefit Guaranty Corporation (PBGC) or the Department of Labor (DOL), and involves the same taxpayer, will be issued at the discretion of the Office of Associate Chief Counsel (TEGE).

**SECTION 5. AREAS UNDER STUDY IN WHICH RULINGS OR DETERMINATION LETTERS WILL NOT BE ISSUED UNTIL THE SERVICE RESOLVES THE ISSUE THROUGH PUBLICATION OF A REVENUE RULING, A REVENUE PROCEDURE, REGULATIONS, OR OTHERWISE**

.01 Specific Questions and Problems.

(1) Section 148.—Arbitrage.—Whether a taxpayer has permission to use a single yield for two or more issues of qualified mortgage bonds or qualified student loan bonds under § 1.148-4(a).

(2) Sections 302 and 304.—Distributions in Redemption of Stock; Redemptions Through Use of Related Corporations.—Treatment of basis in a § 302/304 redemption. See Announcement 2006-30, 2006-1 C.B. 879.

(3) Sections 351, 358, and 362.—Transfer to Corporation Controlled by Transferor; Basis to Distributees; Basis to Corporations.—The issues described as being under study in Rev. Rul. 2006-2, 2006-1 C.B. 261.

(4) Section 355.—Distribution of Stock and Securities of a Controlled Corporation.—Whether a corporation is a “controlled corporation” within the meaning of § 355(a)(1)(A) if, in anticipation of a distribution of the stock of the corporation, a distributing corporation acquires putative control of the controlled corporation (directly or through one or more corporations) in any transaction (including a recapitalization) in which stock or securities were exchanged for stock having a greater voting power than the stock or securities relinquished in the exchange, or if, in anticipation of a distribution of the stock of the putative controlled corporation, such corporation issues stock to another person having different voting power per share than the stock held by the distributing corporation.

(5) Section 355.—Distribution of Stock and Securities of a Controlled Cor-

poration.—Any issue relating to the qualification, under § 355 and related provisions, of a distribution, or another distribution which is part of the same plan or series of related transactions, if, immediately after any such distribution, all of the following conditions exist: (i) the fair market value of the gross investment assets of the distributing corporation or the controlled corporation is two-thirds or more of the fair market value of its total gross assets; (ii) the fair market value of the gross assets of the trade(s) or business(es) on which the distributing corporation or the controlled corporation relies to satisfy the active trade or business requirement of § 355(b) is less than 10 percent of the fair market value of its gross investment assets; and (iii) the ratio of the fair market value of the gross investment assets to the fair market value of the gross assets other than the gross investment assets of the distributing corporation or the controlled corporation is three times or more of such ratio for the other corporation (i.e., the controlled corporation or the distributing corporation, respectively).

For purposes of determining the fair market value of the distributing corporation’s and the controlled corporation’s gross investment assets, gross assets other than gross investment assets, gross assets of the trade or business, and total gross assets, all members of such corporation’s separate affiliated group, within the meaning of § 355(b)(3)(B), are treated as one corporation. If the distributing corporation or the controlled corporation relies on an active trade or business of a partnership for purposes of § 355(b), then for purposes of determining the fair market value of the gross assets of the trade(s) or business(es) on which the distributing corporation or the controlled corporation relies to satisfy the active trade or business requirement of § 355(b), such corporation is treated as owning its ratable share of the gross assets of the partnership.

For purposes of this section 5.01(5), “investment assets” has the meaning given such term by § 355(g)(2)(B), except as follows: (i) in the case of stock or securities in a corporation any stock of which is traded on (or subject to the rules of) an established financial market within the meaning of § 1.1092(d)-1(b) (publicly

traded stock), § 355(g)(2)(B)(iv) is applied by substituting “50-percent” for “20-percent;” (ii) except as provided in clause (iv) of this sentence, an interest in a publicly traded partnership (as defined in § 7704(b), regardless of whether such partnership is treated as a corporation pursuant to § 7704(a)) is treated in the same manner as publicly traded stock; (iii) except as provided in clause (iv) of this sentence, an interest in a partnership that is not a publicly traded partnership is treated in the same manner as stock which is not publicly traded stock; and (iv) in the case of an interest in a partnership (other than a publicly traded partnership treated as a corporation pursuant to § 7704(a)), the active trade or business of which is taken into account by the distributing corporation or the controlled corporation for purposes of § 355(b), or would be taken into account without regard to the five-year requirement of § 355(b)(2)(B), clauses (ii) and (iii) of this sentence do not apply.

The Service also will not rule on any issue relating to the qualification, under § 355 and related provisions, of a distribution if, as part of a plan or series of related transactions, investment assets are disposed of, or property, including property qualifying as an active trade or business within the meaning of § 355(b), is acquired with a principal purpose of avoiding this section 5.01(5). This section 5.01(5) does not apply if (i) all the stock of the controlled corporation that is distributed in the distribution is distributed to one or more members of the affiliated group, as defined in § 243(b)(2)(A), of which the distributing corporation is a member; and (ii) such distribution is not part of a plan or series of related transactions pursuant to which stock of any corporation will be distributed outside such affiliated group in a distribution described in this section 5.01(5), or in section 4.01(30) or (31) of this revenue procedure.

(6) Sections 355 and 361.—Distribution of Stock and Securities of a Controlled Corporation; Nonrecognition of Gain or Loss to Corporations; Treatment of Distributions.—Whether either § 355 or § 361 applies to a distributing corporation’s distribution of stock or securities of a controlled corporation in exchange for,

and in retirement of, any putative debt of the distributing corporation if such distributing corporation debt is issued in anticipation of the distribution.

(7) Section 358.—See section 5.01(3), above.

(8) Section 361.—See section 5.01(6), above.

(9) Section 362.—See section 5.01(3), above.

(10) Section 613A.—Limitations on Percentage Depletion in Case of Oil and Gas Wells.—Whether the sale of oil or gas, or any product derived from oil or gas, is a bulk sale for purposes of § 613A(d)(2).

(11) Sections 661 and 662.—Deduction for Estates and Trusts Accumulating Income or Distributing Corpus; Inclusion of Amounts in Gross Income of Beneficiaries of Estates and Trusts Accumulating Income or Distributing Corpus.—Whether the distribution of property by a trustee from an irrevocable trust to another irrevocable trust (sometimes referred to as a “decanting”) resulting in a change in beneficial interests is a distribution for which a deduction is allowable under § 661 or which requires an amount to be included in the gross income of any person under § 662.

(12) Section 1014.—Basis of Property Acquired from a Decedent.—Whether the assets in a grantor trust receive a § 1014 basis adjustment at the death of the deemed owner of the trust for income tax purposes when those assets are not includible in the gross estate of that owner under chapter 11 of subtitle B of the Internal Revenue Code.

(13) Section 2036.—Transfers with Retained Life Estate.—Whether the corpus of a trust will be included in a grantor’s estate when the trustee of the trust is a private trust company owned partially or entirely by members of the grantor’s family.

(14) Section 2038.—Revocable Transfers.—Whether the corpus of a trust will be included in a grantor’s estate when the trustee of the trust is a private trust company owned partially or entirely by members of the grantor’s family.

(15) Section 2041.—Powers of Appointment.—Whether the corpus of a trust will be included in an individual’s estate when the trustee of the trust is a private

trust company owned partially or entirely by members of the individual’s family.

(16) Section 2501.—Imposition of Tax.—Whether the distribution of property by a trustee from an irrevocable trust to another irrevocable trust (sometimes referred to as a “decanting”) resulting in a change in beneficial interests is a gift under § 2501.

(17) Sections 2601 and 2663.—Tax Imposed; Regulations.—Whether the distribution of property by a trustee from an irrevocable generation-skipping transfer tax (GST) exempt trust to another irrevocable trust (sometimes referred to as a “decanting”) resulting in a change in beneficial interests is the loss of GST exempt status or constitutes a taxable termination or taxable distribution under § 2612.

(18) Sections 4966 and 4967.—Taxes on Taxable Distributions; Taxes on Prohibited Benefits.—Issues involving interpretation of §§ 4966 and 4967 regarding distributions from donor advised funds.

(19) Section 6050P.—Returns Relating to the Cancellation of Indebtedness by Certain Entities.—Whether amounts reduced pursuant to the terms of a debt instrument are reportable under § 6050P and the regulations.

(20) Section 6050P.—Returns Relating to the Cancellation of Indebtedness by Certain Entities.—Whether amounts discharged in a nonlending transaction are reportable under § 6050P and the regulations.

(21) Section 6109.—Identifying Numbers.—The proper assignment or retention of an employer identification number (EIN) in the case of a reorganization within the meaning of § 368(a)(1)(F) if the transferor corporation becomes disregarded as an entity separate from its owner under § 301.7701-3.

#### .02 General Areas.

Whether transfers of stock, money, or other property by a person to a corporation and transfers of stock, money, or property by that corporation to that person (or a person related to such person) in what are ostensibly two separate transactions (so-called “north-south” transactions), at least one of which is a distribution with respect to the corporation’s stock, a contribution to the corporation’s capital, or an acquisition of stock, are re-

spected as separate transactions for Federal income tax purposes.

## **SECTION 6. AREAS COVERED BY AUTOMATIC APPROVAL PROCEDURES IN WHICH RULINGS WILL NOT ORDINARILY BE ISSUED**

.01 Section 338.—Certain Stock Purchases Treated as Asset Acquisitions.—All requests for an extension of time under § 301.9100-3 within which to make an election under § 338(g) or (h)(10) where the Service has provided an administrative procedure to seek such an extension. See Rev. Proc. 2003-33, 2003-1 C.B. 803 (extension automatically granted to certain persons required to file Form 8023 to make a valid § 338 election that have not filed Form 8023 by its due date).

.02 Section 442.—Change of Annual Accounting Period.—All requests for a change in annual accounting period where the Service has provided an automatic change procedure for obtaining such a change in annual accounting period. See Rev. Proc. 2002-39, 2002-1 C.B. 1046 (general procedures for prior approval), as clarified and modified by Notice 2002-72, 2002-2 C.B. 843, and modified by Rev. Proc. 2003-34, 2003-1 C.B. 856; Rev. Proc. 2006-45, 2006-2 C.B. 851 (certain corporations), as clarified and modified by Rev. Proc. 2007-64, 2007-2 C.B. 818; Rev. Proc. 2006-46, 2006-2 C.B. 859 (partnership, S corporation, personal service corporation, or trust); and Rev. Proc. 2003-62, 2003-2 C.B. 299 (individual seeking a calendar year).

.03 Section 446.—General Rule for Methods of Accounting.—Except as otherwise specifically provided in applicable procedures published in the Internal Revenue Bulletin, all requests for a change in method of accounting where the Service has provided an automatic change request procedure for obtaining such a change in method of accounting. See the automatic change request procedures listed in section 9.22 of Rev. Proc. 2016-1, this Bulletin.

.04 Section 461.—General Rule for Taxable Year of Deduction.—All requests for making or revoking an election under § 461 where the Service has provided an administrative procedure for making or revoking such an election under § 461.

See Rev. Proc. 92–29, 1992–1 C.B. 748 (dealing with the use of an alternative method for including in basis the estimated cost of certain common improvements in a real estate development).

.05 Section 704(c).—Contributed Property.—Requests from Qualified Master Feeder Structures, as described in section 4.02 of Rev. Proc. 2001–36, 2001–1 C.B. 1326, for permission to aggregate built-in gains and losses from contributed qualified financial assets for purposes of making § 704(c) and reverse § 704(c) allocations.

.06 Section 1362.—Election; Revocation; Termination.—All situations in which an S corporation qualifies for automatic late S corporation relief under Rev. Proc. 2013–30, 2013–36 I.R.B. 173.

.07 Sections 1502, 1504, and 1552.—Regulations; Definitions; Earnings and Profits.—All requests for waivers or consents on consolidated return issues where the Service has provided an administrative procedure for obtaining such waivers or consents on consolidated return issues. See Rev. Proc. 2014–24, 2014–13 I.R.B. 879 (certain subsidiary members treated as if they filed a Form 1122 even though they failed to do so); Rev. Proc. 2002–32, 2002–1 C.B. 959, as modified by Rev. Proc. 2006–21, 2006–1 C.B. 1050 (certain corporations seeking reconsolidation within the 5-year period specified in § 1504(a)(3)(A)); Rev. Proc. 90–39, 1990–2 C.B. 365, as modified by Rev. Proc. 2006–21, and as clarified by Rev. Proc. 90–39A, 1990–2 C.B. 367 (certain affiliated groups of corporations seeking, for earnings and profits determinations, to make an election or a change in their method of allocating the group’s consolidated Federal income tax liability); and Rev. Proc. 89–56, 1989–2 C.B. 643, as modified by Rev. Proc. 2006–21 (certain

affiliated groups of corporations seeking to file a consolidated return in which member(s) of the group use a 52–53 week taxable year).

.08 Section 7701.—Definitions.—All requests for an extension of time under § 301.9100–3 within which to make an entity classification election under § 301.7701–3 where the Service has provided an administrative procedure to seek such an extension. See Rev. Proc. 2009–41, 2009–39 I.R.B. 439 (extension automatically granted to certain persons required to file Form 8832 to make a valid entity classification election that have not filed Form 8832 by its due date).

## **SECTION 7. EFFECT ON OTHER REVENUE PROCEDURES**

Rev. Proc. 2015–3, 2015–1 I.R.B. 129; Rev. Proc. 2015–29, 2015–15 I.R.B. 882; Rev. Proc. 2015–37, 2015–26 I.R.B. 1196; and Rev. Proc. 2015–43, 2015–40 I.R.B. 467, are superseded.

## **SECTION 8. EFFECTIVE DATE**

This revenue procedure is effective January 4, 2016.

## **SECTION 9. PAPERWORK REDUCTION ACT**

The collections of information contained in this revenue procedure have 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 1545–1522.

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 control number.

The collections of information in this revenue procedure are in sections 2.03 and 3.01(50).

This information is required to evaluate whether the request for a letter ruling or determination letter is not covered by the provisions of this revenue procedure. The collections of information are required to obtain a letter ruling or determination letter. The likely respondents are businesses or other for-profit institutions.

The estimated total annual reporting and/or recordkeeping burden of this revenue procedure, and Rev. Proc. 2016–1, this Bulletin is 316,020 hours.

The estimated annual burden per respondent/recordkeeper varies from 1 hour to 200 hours, depending on individual circumstances, with an estimated average burden of 80 hours. The estimated number of respondents and/or record keepers is 3,956.

The estimated annual frequency of responses is on occasion.

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.

## **DRAFTING INFORMATION**

The principal author of this revenue procedure is Jean Broderick of the Office of the Associate Chief Counsel (Corporate). For further information about this revenue procedure, please contact Ms. Broderick at (202) 317-6848 (not a toll-free call), or call the associate office contacts listed in section 10.07 of Rev. Proc. 2016–1, this Bulletin. See section 3 of Rev. Proc. 2016–1 to determine which associate office has jurisdiction over a particular issue.



## Rev. Proc. 2016-4

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**SECTION 1. WHAT IS THE PURPOSE OF THIS REVENUE PROCEDURE?**

This revenue procedure explains how the Internal Revenue Service gives guidance to taxpayers on issues under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division. It explains the kinds of guidance and the manner in which guidance is requested by taxpayers and provided by the Service. A sample format of a request for a letter ruling is provided in Appendix A.

**SECTION 2. WHAT CHANGES HAVE BEEN MADE TO REV. PROC. 2015-4?**

.01 This revenue procedure is a general update of Rev. Proc. 2015-4, 2015-1 I.R.B. 144, which contains the Service’s general procedures for employee plans letter ruling and exempt organizations determination letter requests. Employee Plans Rulings and Agreements will continue to issue letter rulings only on certain matters specified in Rev. Proc. 2016-4. Rev. Proc. 2016-1, this Bulletin, sets forth procedures for obtaining letter rulings from the Office of Associate Chief Counsel, including letter rulings relating to tax-exempt organizations, qualified retirement plans, and IRAs. Rev. Proc. 2016-2, this Bulletin, sets forth procedures for requesting technical advice from the Office of Associate Chief Counsel.

.02 In addition to minor revisions, such as updating citations to other revenue procedures, the following changes have been made:

- (1) As a consequence of Rev. Proc. 2015-9 being merged into Rev. Proc. 2015-5, references to Rev. Proc. 2015-9 have been deleted and other references have been updated to reflect this merger;
- (2) In the Table of Contents, the titles to Sections 9.08 and 13.03 have been modified by deleting the reference to EO;
- (3) Section 3.10 has been modified to clarify that a “compliance statement” is a binding written agreement between the Service and, generally, a plan sponsor;
- (4) Section 5.03 has been modified to clarify that the EPCRS covers SIMPLE plans and § 457(b) plans;
- (5) Section 6.02 has been modified to state that letter rulings in response to applications for changes in accounting methods (non-automatic) from exempt organization taxpayers are now issued by the appropriate Associate office;
- (6) Section 7.08 has been modified to add references to Exempt Organizations;
- (7) Section 9.02(9)(f)(iv) has been modified to clarify that the section includes volume submitter plans;

(8) Section 9.03(3) has been modified to state that certain Exempt Organizations Determination Letter requests are not eligible for expedited handling;

(9) Section 10.03 has been modified to add a new section 10.03(6) to note that opinion and advisory letters will be issued to § 403(b) pre-approved plans and provides information regarding the process in obtaining such letters; and

(10) The title to Section 13.03 has been modified by deleting the reference to EO Examinations.

### **SECTION 3. IN WHAT FORM IS GUIDANCE PROVIDED BY THE SERVICE?**

#### **In general**

.01 The Service provides guidance in the form of letter rulings, closing agreements, compliance statements, determination letters, opinion letters, advisory letters, information letters, revenue rulings, and oral advice.

#### **Letter ruling**

.02 A “letter ruling” is a written statement issued to a taxpayer by the Service’s Employee Plans Rulings and Agreements office that interprets and applies the tax laws or any nontax laws applicable to employee benefit plans to the taxpayer’s specific set of facts. Once issued, a letter ruling may be revoked or modified for any number of reasons, as explained in section 13 of this revenue procedure, unless it is accompanied by a “closing agreement.”

#### **Closing agreement**

.03 A “closing agreement” is a final agreement between the Service and a taxpayer on a specific issue or liability. It is entered into under the authority in § 7121 and is final unless fraud, malfeasance, or misrepresentation of a material fact can be shown.

A closing agreement may be entered into when it is advantageous to have the matter permanently and conclusively closed, or when a taxpayer can show that there are good reasons for an agreement and that making the agreement will not prejudice the interests of the Government. In appropriate cases, taxpayers may be asked to enter into a closing agreement as a condition to the issuance of a letter ruling.

If, in a single case, a closing agreement is requested for each person in a class of taxpayers, separate agreements are entered into only if the class consists of 25 or fewer taxpayers. However, if the issue and holding are identical for the class and there are more than 25 taxpayers in the class, a “mass closing agreement” will be entered into with the taxpayer who is authorized by the others to represent the class.

In appropriate cases, a closing agreement may be made with sponsors of master and prototype plans.

A closing agreement may also be entered into with respect to retirement plan failures corrected under the Employee Plans Compliance Resolution System (EPCRS), as set forth in Rev. Proc. 2013–12, 2013–4 I.R.B. 313, as modified by Rev. Proc. 2015–27, 2015–16 I.R.B. 914, and Rev. Proc. 2015–28, 2015–16 I.R.B. 920.

## Determination letter

.04 A “determination letter” is a written statement issued to a taxpayer by the Service’s Exempt Organizations Determinations or Employee Plans Determinations office that applies the principles and precedents previously announced to a specific set of facts. It is issued only when a determination can be made based on clearly established rules in the statute, a tax treaty, or the regulations, or based on a conclusion in a revenue ruling, opinion, or court decision published in the Internal Revenue Bulletin that specifically answers the questions presented. Exempt Organizations Rulings and Agreements may also issue determination letters on applications that were pending prior to January 1, 2015. *See* section 5.02 of Rev. Proc. 2016–5, this Bulletin.

The Manager, Employee Plans Determinations, issues determination letters involving §§ 401, 403(a), 409, and 4975(e)(7) as provided in Rev. Proc. 2016–6, this Bulletin.

The Director, Exempt Organizations Rulings and Agreements, or an Appeals Office issues determination letters involving §§ 501 and 521 as provided in Rev. Proc. 2016–5, this Bulletin. The Director, Exempt Organizations Rulings and Agreements, or an Appeals Office issues determination letters involving §§ 509(a), 4940(d)(2), and 4942(j)(3), as provided in Rev. Proc. 2016–10, next Bulletin.

## Opinion letter

.05 An “opinion letter” is a written statement issued by the Service to a sponsor or M&P mass submitter as to the acceptability of the form of an M&P plan under § 401(a) or § 403(a), and, in the case of a master plan, the acceptability of the master trust under § 501(a), or as to the conformance of a prototype trust, custodial account, or individual annuity with the requirements of § 408(a), (b), (k) or (p) or 408A, as applicable. An opinion letter will also be issued as to the acceptability of the form of a prototype plan under § 403(b). *See* Rev. Proc. 2015–36, 2015–27 I.R.B. 20, and Rev. Proc. 2013–22, 2013–18 I.R.B. 985, as modified by Rev. Proc. 2014–28, 2014–16 I.R.B. 944. *See also* Rev. Proc. 87–50, 1987–2 C.B. 647; Rev. Proc. 91–44, 1991–2 C.B. 733; Rev. Proc. 92–38, 1992–1 C.B. 859; Rev. Proc. 97–29, 1997–1 C.B. 689; Rev. Proc. 98–59, 1998–2 C.B. 727; Rev. Proc. 2002–10, 2002–1 C.B. 401, Rev. Proc. 2010–48, 2010–50, I.R.B. 828, as modified by Rev. Proc. 2016–8, this Bulletin.

## Information letter

.06 An “information letter” is a statement issued by the Director, Employee Plans Rulings and Agreements. It calls attention to a well-established interpretation or principle of tax law (including a tax treaty) without applying it to a specific set of facts. To the extent resources permit, an information letter may be issued if the taxpayer’s inquiry indicates a need for general information or if the taxpayer’s request does not meet the requirements of this revenue procedure and the Service thinks general information will help the taxpayer. The taxpayer should provide a daytime telephone number with the taxpayer’s request for an information letter. Requests for information letters should be sent to the address stated in section 9.04(2) of this revenue procedure. The requirements of section 9.02 of this revenue procedure are not applicable to information letters. An information letter is advisory only and has no binding effect on the Service.

## Revenue ruling

.07 A “revenue ruling” is an interpretation by the Service that has been published in the Internal Revenue Bulletin. It is the conclusion of the Service on how the law is applied to a specific set of facts. Revenue rulings are published for the information and guidance of taxpayers, Service personnel, and other interested parties.

Because each revenue ruling represents the conclusion of the Service regarding the application of law to the entire statement of facts involved, taxpayers, Service personnel, and other concerned parties are cautioned against reaching the same conclusion in other cases unless the facts and circumstances are substantially the same. They should consider the effect of subsequent legislation, regulations, court decisions, revenue rulings, notices, and announcements. *See* Rev. Proc. 89–14, 1989–1 C.B. 814, as amended by Announcement 89–36, 1989–11 I.R.B. 32, which states the objectives of and standards for the publication of revenue rulings and revenue procedures in the Internal Revenue Bulletin.

## Oral advice

.08 Oral guidance is advisory only, and the Service is not bound to recognize it.

### **(1) No oral rulings and no written rulings in response to oral requests.**

The Service does not orally issue rulings or determinations, nor does it issue letter rulings or determination letters in response to oral requests from taxpayers. Service employees ordinarily will discuss with taxpayers or their representatives inquiries about whether the Service will rule on particular issues and about procedural matters regarding the submission of requests for letter rulings or determination letters, or requests for recognition of exempt status for a particular organization.

### **(2) Discussion possible on substantive issues.**

At the discretion of the Service and as time permits, Service employees may also discuss substantive issues with taxpayers or their representatives. Such a discussion will not bind the Service or the Office of Associate Chief Counsel, and it cannot be relied upon as a basis for obtaining retroactive relief under the provisions of § 7805(b).

Service employees who are not directly involved in the examination, appeal, or litigation of particular substantive tax issues will not discuss those issues with taxpayers or their representatives unless the discussion is coordinated with Service employees who are directly involved. The taxpayer or the taxpayer's representative ordinarily will be asked whether an oral request for advice or information relates to a matter pending before another office of the Service or before a Federal court.

If a tax issue is not under examination, in an Appeals Office, or in litigation, the tax issue may be discussed even though the issue is affected by a nontax issue pending in litigation.

A taxpayer may seek oral technical guidance from a taxpayer service representative in a Field office or Service Center when preparing a return or report.

The Service does not respond to letters seeking to confirm the substance of oral discussions, and the absence of a response to such a letter is not a confirmation

### **(3) Oral guidance is advisory only, and the Service is not bound by it.**

Oral guidance is advisory only, and the Service is not bound by it, for example, when examining the taxpayer's return.

## Nonbank trustee requests

.09 In order to receive approval to act as a nonbank custodian of plans qualified under § 401(a) or accounts described in § 403(b)(7), and as a nonbank trustee or nonbank custodian for individual retirement arrangements (IRAs) established under § 408(a), (b), or (h), or for a Coverdell educational savings account established under § 530, or an Archer medical savings account established under § 220, or a Health Savings Account under § 223, a written application must be filed that demonstrates how the applicant complies with the requirements of § 1.408-2(e)(2) through (5) of the Income Tax Regulations.

The Service must have clear and convincing proof in its files that the requirements of the regulations are met. If there is a requirement that the applicant feels is not applicable, the application must provide clear and convincing proof that such requirement is not germane to the manner in which the applicant will administer any trust or custodial account. *See* § 1.408–2(e)(6).

The completed application must be sent to:

Internal Revenue Service  
Commissioner, TE/GE  
Attn: Nonbank Trustee  
Stop 31  
P.O. Box 12192  
Covington, KY 41012-0192

Section 6.01(7) of Rev. Proc. 2016–8 imposes a user fee for anyone applying for approval to become a nonbank trustee or custodian.

#### **Compliance Statement**

.10 A “compliance statement” is a binding written agreement between the Service and, generally, the plan sponsor with respect to certain retirement plan failures identified by the plan sponsor in a voluntary submission under the Voluntary Correction Program of the EPCRS (*see* Rev. Proc. 2013–12, as modified by Rev. Proc. 2015–27, 2015–16 I.R.B. 914, and Rev. Proc. 2015–28, 2015–16 I.R.B. 920). The compliance statement addresses the failures identified in the VCP submission, the terms of correction, including any revision of administrative procedures, and the time period within which proposed corrections must be implemented. A compliance statement is conditioned on (i) there being no misstatement or omission of material facts in connection with the submission, and (ii) the implementation of the specific corrections and satisfaction of any other conditions in the compliance statement. *See* Rev. Proc. 2013–12, as modified by Rev. Proc. 2015–27, 2015–16 I.R.B. 914, and Rev. Proc. 2015–28, 2015–16 I.R.B. 920.

#### **Advisory Letter**

.11 An “advisory letter” is a written statement issued by the Service’s Employee Plans Determinations office to a VS practitioner or VS mass submitter as to the acceptability of the form of a specimen plan and any related trust or custodial account under § 401(a) or § 403(a), or the form of a specimen plan under § 403(b). *See* Rev. Proc. 2015–36, 2015–27 I.R.B. 20, and Rev. Proc. 2013–22, 2013–18 I.R.B. 985, as modified by Rev. Proc. 2014–28, 2014–16 I.R.B. 944.

#### **SECTION 4. ON WHAT ISSUES MAY TAXPAYERS REQUEST WRITTEN GUIDANCE UNDER THIS PROCEDURE?**

Taxpayers may request letter rulings, information letters and closing agreements on issues within the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division under this revenue procedure. The Service issues letter rulings to answer written inquiries of individuals and organizations about their status for tax purposes and the tax effects of their acts or transactions when appropriate in the interest of sound tax administration.

Taxpayers also may request determination letters that relate to Code sections under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division. *See* Rev. Proc. 2016–6, this Bulletin. *See also* Rev. Proc. 2016–5, this Bulletin, and Rev. Proc. 2016–10, next Bulletin.

Note that issues involving exempt organizations and certain issues involving employee plans and government entities fall under the jurisdiction of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities). *See* section 5.04 below and Rev. Proc. 2016–1, this Bulletin.



**SECTION 5. ON WHAT ISSUES MUST WRITTEN GUIDANCE BE REQUESTED UNDER DIFFERENT PROCEDURES?**

**Determination letters**

.01 The procedures for obtaining determination letters involving §§ 401, 403(a), 409, and 4975(e)(7), and the status for exemption of any related trusts or custodial accounts under § 501(a) are contained in Rev. Proc. 2016–6, this Bulletin. The procedures for obtaining determination letters involving the initial qualification for exempt status of organizations described in §§ 501 and 521 are contained in Rev. Proc. 2016–5, this Bulletin. The procedures for obtaining determination letters involving classification and reclassification of private foundation status are contained in Rev. Proc. 2016–10, next Bulletin.

**Master and prototype plans, volume submitter plans, and prototype plans**

.02 The procedures for obtaining opinion letters for master and prototype plans and any related trusts or custodial accounts under §§ 401(a), 403(a) and 501(a) and advisory letters for volume submitter plans are contained in Rev. Proc. 2015–36, 2015–27 I.R.B. 20. The procedures for obtaining opinion letters for prototype trusts, custodial accounts or annuities under § 408(a), (b), (k) or (p) or § 408A, are contained in Rev. Proc. 87–50; Rev. Proc. 91–44; Rev. Proc. 92–38; Rev. Proc. 97–29; Rev. Proc. 98–59; Rev. Proc. 2002–10, and Rev. Proc. 2010–48, as modified by Rev. Proc. 2016–8. The procedures for obtaining opinion and advisory letters for prototype plans and volume submitter plans under § 403(b) are contained in Rev. Proc. 2013–22, as modified by Rev. Proc. 2014–28, 2014–16 I.R.B. 944.

**Employee Plans Compliance Resolution System**

.03 The procedures for obtaining compliance statements, etc., for certain failures of plans qualified under § 401(a), § 403(b) plans, SEPs, SIMPLEs and § 457(b) plans under the EPCRS are contained in Rev. Proc. 2013–12, as modified by Rev. Proc. 2015–27, 2015–16 I.R.B. 914 and Rev. Proc. 2015–28, 2015–16 I.R.B. 920.

**Chief Counsel**

.04 The procedures for obtaining letter rulings, closing agreements, and information letters on issues within the jurisdiction of the Chief Counsel are contained in Rev. Proc. 2016–1, this Bulletin, including tax issues involving interpreting or applying the federal tax laws and income tax treaties relating to international transactions or involving exempt organizations and certain issues involving employee plans and government entities.

**Alcohol, tobacco, and firearms taxes**

.05 The procedures for obtaining letter rulings, etc., that apply to federal alcohol, tobacco, and firearms taxes under subtitle E of the Internal Revenue Code are under the jurisdiction of the Alcohol and Tobacco Tax and Trade Bureau within the Treasury Department.

**SECTION 6. UNDER WHAT CIRCUMSTANCES DOES THE/GE ISSUE LETTER RULINGS?**

**In employee plans matters**

.01 In employee plans matters, the Employee Plans Rulings and Agreements office issues letter rulings on proposed transactions and on completed transactions either before or after the return is filed. Employee Plans Rulings and Agreements issues letter rulings involving:

- (1) § 72 (involving computation of the exclusion ratio only);

- (2) Changes in funding methods and actuarial assumptions under §§ 412, 430, 431 or 433;
- (3) Waiver of the liquidity shortfall (as that term is defined in § 430(j)(4)) excise tax under § 4971(f)(4);
- (4) Waiver of the 60-day rollover requirement under sections 402(c)(3) and 408(d)(3) (*See Rev. Proc. 2003-16, 2003-4 I.R.B. 359*);
- (5) A change in the plan year of an employee retirement plan and the trust year of a tax-exempt employees' trust (*See Rev. Proc. 87-27, 1987-1 C.B. 769*);
- (6) The tax consequences of prohibited transactions under §§ 503 and 4975;
- (7) Whether individual retirement accounts established by employers or associations of employees meet the requirements of § 408(c). (*See Rev. Proc. 87-50; Rev. Proc. 92-38; Rev. Proc. 98-59; Rev. Proc. 2002-10, and Rev. Proc. 2010-48, as modified by Rev. Proc. 2016-8*);
- (8) Requests for relief under § 301.9100 to recharacterize a Roth IRA (*See section 6.04 below with respect to elections under § 301.9100-1 of the Procedure and Administration Regulations*);
- (9) Requests by the plan sponsor of a multiemployer pension plan for approval of an extension of an amortization period in accordance with § 431(d) of the Code (*See Rev. Proc. 2010-52, 2010-52 I.R.B. 927*);
- (10) Requests for the return to the employer of certain nondeductible contributions (*See Rev. Proc. 90-49, 1990-2 C.B. 620, as modified by Rev. Proc. 2016-8, this Bulletin*); and
- (11) Requests for approval of the use of a substitute mortality table in accordance with § 430(h)(3)(C) (*See Rev. Proc. 2008-62, 2008-42 I.R.B. 935*).

Procedures for requesting letter rulings under the jurisdiction of the Chief Counsel are contained in Rev. Proc. 2016-1, this Bulletin.

**In exempt organizations matters**

.02 All letter rulings pertaining to exempt organization issues are issued by the Office of Associate Chief Counsel (Tax Exempt and Government Entities). *See Rev. Proc. 2016-1, this Bulletin.* Letter rulings in response to applications for changes in accounting method (non-automatic) are issued by the appropriate Associate office.

**In employee plans qualification matters**

.03 The Employee Plans Rulings and Agreements office ordinarily will not issue letter rulings on matters involving a plan's qualified status under §§ 401 through 420 and § 4975(e)(7). These matters are generally handled by the Employee Plans Determinations program as provided in Rev. Proc. 2016-6, this Bulletin, Rev. Proc. 2007-44, 2007-28 I.R.B. 54, and Rev. Proc. 2015-36, 2015-27 I.R.B. 20.

**Request to Employee Plans for extension of time for making an election or for other relief under § 301.9100-1 of the Procedure and Administration Regulations**

.04 With respect to recharacterization of a Roth IRA, Employee Plans Rulings and Agreements will consider a request for an extension of time for making an election or other application for relief under § 301.9100-1 of the Procedure and Administration Regulations even if submitted after the return covering the issue presented in the § 301.9100-1 request has been filed and even if submitted after an examination of the return has begun or after the issues in the return are being considered by an Appeals Office or a federal court. In such a case, Employee Plans Rulings and Agreements will notify the Director, Employee Plans Examinations.

Section 301.9100-1 requests, even those submitted after the examination of the taxpayer's return has begun, are letter ruling requests and therefore should be submitted pursuant to this revenue procedure, and require payment of the applicable user fee, referenced in section 9.02(14) of this revenue procedure. In addition, the taxpayer must include the information required by § 301.9100-3(e).

However, an election made pursuant to § 301.9100-2 is not a letter ruling and does not require payment of any user fee. *See* § 301.9100-2(d). Such an election pertains to an automatic extension of time under § 301.9100-1.

### **Issuance of an Employee Plans letter ruling before the issuance of a regulation or other published guidance**

.05 Unless the issue is covered by section 8 of this procedure, a letter ruling may be issued before the issuance of a temporary or final regulation or other published guidance that interprets the provisions of any act under the following conditions:

**(1) Answer is clear or is reasonably certain.** If the letter ruling request presents an issue for which the answer seems clear by applying the statute to the facts or for which the answer seems reasonably certain but not entirely free from doubt, a letter ruling will be issued.

**(2) Answer is not reasonably certain.** The Service will consider all letter ruling requests and use its best efforts to issue a letter ruling even if the answer does not seem reasonably certain where the issuance of a letter ruling is in the best interest of tax administration.

**(3) Issue cannot be readily resolved before a regulation or any other published guidance is issued.** A letter ruling will not be issued if the letter ruling request presents an issue that cannot be readily resolved before a regulation or any other published guidance is issued.

### **Issues in prior return**

.06 The Service ordinarily does not issue letter rulings if, at the time the ruling is requested, the identical issue is involved in the taxpayer's return for an earlier period, and that issue:

(1) is being examined by the Director, Employee Plans Examinations;

(2) is being considered by an Appeals Office;

(3) is pending in litigation in a case involving the taxpayer or related taxpayer; or

(4) has been examined by the Director, Employee Plans Examinations or considered by an Appeals Office, and the statutory period of limitation has not expired for either assessment or filing a claim for a refund or a closing agreement covering the issue of liability has not been entered into by the Director, Employee Plans Rulings and Agreements or by an Appeals Office.

If a return dealing with an issue for a particular year is filed while a request for a ruling on that issue is pending, Employee Plans Rulings and Agreements will issue the ruling unless it is notified by the taxpayer or otherwise learns that an examination of that issue or the identical issue on an earlier year's return has been started by the Director, Employee Plans Examinations. *See* section 9.05. However, even if an examination has begun, Employee Plans Rulings and Agreements ordinarily will issue the letter ruling if the Director, Employee Plans Examinations agrees, by memorandum, to permit the ruling to be issued.

### **Generally not to business associations or groups**

.07 Employee Plans Rulings and Agreements does not issue letter rulings to business, trade, or industrial associations or to similar groups concerning the application of the tax laws to members of the group. But groups and associations may submit suggestions of generic issues that would be appropriately addressed in revenue rulings. *See* Rev. Proc. 89-14, 1989-1 C.B. 814, as amended by Announcement 89-36, 1989-11 I.R.B. 32, which states objectives of and standards for, the publication of revenue rulings and revenue procedures in the Internal Revenue Bulletin.

Employee Plans Rulings and Agreements, however, may issue letter rulings to groups or associations on their own tax status or liability if the request meets the requirements of this revenue procedure.

**Generally not to foreign governments**

.08 Employee Plans Rulings and Agreements does not issue letter rulings to foreign governments or their political subdivisions about the U.S. tax effects of their laws. However, Employee Plans Rulings and Agreements may issue letter rulings to foreign governments or their political subdivisions on their own tax status or liability under U.S. law if the request meets the requirements of this revenue procedure.

**Generally not on federal tax consequences of proposed legislation**

.09 Employee Plans Rulings and Agreements does not issue letter rulings on a matter involving the federal tax consequences of any proposed federal, state, local, municipal, or foreign legislation.

**SECTION 7. UNDER WHAT CIRCUMSTANCES DOES EMPLOYEE PLANS OR EXEMPT ORGANIZATIONS DETERMINATIONS ISSUE DETERMINATION LETTERS?**

**Circumstances under which determination letters are issued**

.01 Employee Plans or Exempt Organizations Determinations issues determination letters only if the question presented is specifically answered by a statute, tax treaty, or regulation, or by a conclusion stated in a revenue ruling, opinion, or court decision published in the Internal Revenue Bulletin. In limited situations, the determination letter will be issued by Exempt Organizations Rulings and Agreements. *See* section 3.04 of this revenue procedure.

**In general**

.02 In employee plans matters, the Employee Plans Determinations office issues determination letters in response to taxpayers' written requests on completed transactions. However, *see* section 13.09 of this revenue procedure. A determination letter usually is not issued for a question concerning a return to be filed by the taxpayer if the same question is involved in a return under examination.

In situations involving continuing transactions, Employee Plans Rulings and Agreements or the Office of Associate Chief Counsel would issue a ruling covering future tax periods and periods for which a return had not yet been filed.

Employee Plans Determinations and Exempt Organizations Determinations do not issue determination letters on the tax consequences of proposed transactions, except as provided in sections 7.03 and 7.04 below.

Neither Employee Plans Determinations nor any other office issues determination letters on plans under § 403(b). However, for information regarding the procedures for obtaining opinion and advisory letters for prototype plans and volume submitter plans under § 403(b), *see* section 5.02 of this revenue procedure.

Under no circumstances will Employee Plans Determinations issue a determination letter unless it is clearly shown that the request concerns a return that has been filed or is required to be filed.

## **In employee plans matters**

.03 In employee plans matters, the Employee Plans Determinations office issues determination letters on the qualified status of employee plans under §§ 401, 403(a), 409 and 4975(e)(7), and the exempt status of any related trust under § 501. *See* Rev. Proc. 2016–6, this Bulletin.

## **In exempt organizations matters**

.04 In exempt organizations matters, the Exempt Organizations Determinations office issues determination letters involving:

(1) Initial qualification for exempt status of organizations described in §§ 501 and 521 to the extent provided in Rev. Proc. 2016–5, this Bulletin (including reinstatement of organizations that have been automatically revoked pursuant to § 6033(j) and subordinate organizations included in a group exemption letter that have been revoked pursuant to that provision);

(2) Updated exempt status letter to reflect changes to an organization’s name or address, or to replace a lost exempt status letter, but not to approve or disapprove any completed transaction or the effect of changes in activities on exempt status, except in the situations specifically listed in paragraphs (3) through (14) below;

(3) Classification of private foundation status as provided in 2016–10, the next Bulletin;

(4) Reclassification of private foundation status, including operating foundation status described in § 4942(j)(3) and exempt operating foundation status described in § 4940(d), as provided in Rev. Proc. 2016–10, the next Bulletin;

(5) Recognition of unusual grants to certain organizations under §§ 170(b)(1)(A)(vi) and 509(a)(2);

(6) Requests for relief under § 301.9100–1 of the Procedure and Administration Regulations in connection with applications for recognition of exemption;

(7) Terminations of private foundation status under § 507(b)(1)(B);

(8) Request for a determination that a public charity described in § 509(a)(3) is described in § 509(a)(3)(i), (ii), or (iii), including whether or not a Type III supporting organization is functionally integrated. *See* Rev. Proc. 2016–10, the next Bulletin;

(9) Advance approval of certain set-asides described in § 4942(g)(2);

(10) Advance approval under § 4945(g) of organizations’ grant making procedures;

(11) Advance approval of voter registration activities described in § 4945(f);

(12) Whether an organization is exempt from filing annual information returns under § 6033 as provided in Treas. Reg. § 1.6033–2(g)(1) and Rev. Procs. 95–48, 1995–2 C.B. 418, and 96–10, 1996–1 C.B. 577 (an organization that claims exemption from filing but is not on record with the Service as having established such exemption, by way of a determination letter under this section 7.04(12) or otherwise, may have its tax exempt status or determination letter revoked pursuant to § 6033(j) if it fails to file annual information returns);

(13) Determination of foundation status under § 509(a)(3) of non-exempt charitable trusts described in § 4947(a)(1), as provided in Rev. Proc. 2016–10, next Bulletin; and

(14) Government entity voluntary termination of § 501(c)(3) recognition (must include documentation of tax-exempt status other than under § 501(a)).

In limited situations, the determination letter will be issued by Exempt Organizations Rulings and Agreements. *See* section 3.04 of this revenue procedure.

**Circumstances under which determination letters are not issued**

.05 Employee Plans or Exempt Organizations Determinations will ordinarily not issue a determination letter in response to any request if—

(1) it appears that the taxpayer has directed a similar inquiry to the Office of Associate Chief Counsel;

(2) the same issue involving the same taxpayer or a related taxpayer is pending in a case in litigation or before an Appeals Office;

(3) the determination letter is requested by an industry, trade association, or similar group on behalf of individual taxpayers within the group (other than subordinate organizations covered by a group exemption letter); or

(4) the request involves an industry-wide problem.

**Requests involving returns already filed**

.06 A request received by the Service on a question concerning a return that is under examination will be, in general, considered in connection with the examination of the return. If a response is made to the request before the return is examined, it will be considered a tentative finding in any later examination of that return.

**Attach a copy of determination letter to taxpayer's return**

.07 A taxpayer who, before filing a return, receives a determination letter about any transaction that has been consummated and that is relevant to the return being filed should attach a copy of the determination letter to the return when it is filed.

**Review of determination letters**

.08 Determination letters issued under sections 7.02 through 7.04 of this revenue procedure are not generally reviewed by any other office of Employee Plans or Exempt Organizations before they are issued. If a taxpayer believes that a determination letter of this type is in error, the taxpayer may ask Employee Plans or Exempt Organizations Determinations to reconsider the matter or to request technical advice from the Office of Associate Chief Counsel as explained in Rev. Proc. 2016–2, this Bulletin.

(1) In employee plans matters, the procedures for review of determination letters relating to the qualification of employee plans involving §§ 401 and 403(a) are provided in Rev. Proc. 2016–6, this Bulletin.

(2) In exempt organizations matters, the procedures for the review of determination letters relating to the exemption from federal income tax of certain organizations under §§ 501 and 521 are provided in Rev. Proc. 2016–5, this Bulletin.

**SECTION 8. UNDER  
WHAT  
CIRCUMSTANCES DOES  
THE SERVICE HAVE  
DISCRETION TO ISSUE  
LETTER RULINGS AND  
DETERMINATION  
LETTERS?**

**Ordinarily not in certain  
areas because of factual  
nature of the problem**

.01 The Service ordinarily will not issue a letter ruling or determination letter in certain areas because of the factual nature of the problem involved or because of other reasons. The Service may decline to issue a letter ruling or a determination letter when appropriate in the interest of sound tax administration or on other grounds whenever warranted by the facts or circumstances of a particular case.

**No “comfort” letter rulings**

.02 No letter ruling will be issued with respect to an issue that is clearly and adequately addressed by statute, regulations, decision of a court of appropriate jurisdiction, revenue ruling, revenue procedure, notice or other authority published in the Internal Revenue Bulletin. Instead of issuing a letter ruling, the Office of Associate Chief Counsel (Tax Exempt and Government Entities) may, when it is considered appropriate and in the best interests of the Office of Associate Chief Counsel (Tax Exempt and Government Entities), issue an information letter calling attention to well-established principles of tax law.

**Not on alternative plans or  
hypothetical situations**

.03 A letter ruling or a determination letter will not be issued on alternative plans of proposed transactions or on hypothetical situations.

**Ordinarily not on part of  
an integrated transaction**

.04 The Service ordinarily will not issue a letter ruling on only part of an integrated transaction. If, however, a part of a transaction falls under a no-rule area, a letter ruling on other parts of the transaction may be issued.

Before preparing the letter ruling request, a taxpayer should call the office having jurisdiction for the matters on which the taxpayer is seeking a letter ruling to discuss whether the Service will issue a letter ruling on part of the transaction.

**Not on partial terminations  
of employee plans**

.05 The Service will not issue a letter ruling on the partial termination of an employee plan. Determination letters involving the partial termination of an employee plan may be issued.

**Law requires a letter  
ruling**

.06 The Service will issue a letter ruling on prospective or future transactions if the law or regulations require a determination of the effect of a proposed transaction for tax purposes.

**Issues under consideration  
by PBGC or DOL**

.07 A letter ruling or determination letter relating to an issue that is being considered by the Pension Benefit Guaranty Corporation (PBGC) or the Department of Labor (DOL), and involves the same taxpayer, shall be issued at the discretion of the Service.

**Determination letters**

.08 *See* section 3.02 of Rev. Proc. 2016–6, this Bulletin, for Employee Plans matters on which determination letters will not be issued.

**Domicile in a foreign  
jurisdiction**

.09

(1) The Service is ordinarily unwilling to rule in situations where a taxpayer or a related party is domiciled or organized in a foreign jurisdiction with which the United States does not have an effective mechanism for obtaining tax information with respect to civil tax examinations and criminal investigations, which would preclude the Service from obtaining information located in such jurisdiction that is relevant to the analysis or examination of the tax issues involved in the ruling request.

(2) The provisions of subsection 8.10(1) above shall not apply if the taxpayer or affected related party (a) consents to the disclosure of all relevant information requested by the Service in processing the ruling request or in the course of an examination to verify the accuracy of the representations made and to otherwise analyze or examine the tax issues involved in the ruling request, and (b) waives all claims to protection of bank and commercial secrecy laws in the foreign jurisdiction with respect to the information requested by the Service.

In the event the taxpayer's or related party's consent to disclose relevant information or to waive protection of bank or commercial secrecy is determined by the Service to be ineffective or of no force and effect, then the Service may retroactively rescind any ruling rendered in reliance on such consent.

## **SECTION 9. WHAT ARE THE GENERAL INSTRUCTIONS FOR REQUESTING LETTER RULINGS AND DETERMINATION LETTERS?**

### **In general**

.01 This section explains the general instructions for requesting letter rulings and determination letters on all matters, except for organizations filing under Revenue Procedure 2016-5, this Bulletin. Requests for letter rulings and determination letters require the payment of the applicable user fee discussed in section 9.02(14) of this revenue procedure. In addition to payment of the applicable user fee, exempt organizations determinations requests described in section 7.04(3), (4), (5), (7), (8), (9), (10), (11), (12), and (13) of this revenue procedure must be accompanied by Form 8940 (Rev. June 2011) *Request for Miscellaneous Determination*.

Specific and additional instructions also apply to requests for letter rulings and determination letters on certain matters.

All requests must be submitted in English. All documents submitted in support of such requests must be in English, or accompanied by an English translation. For Exempt Organizations submissions only, *see* Forms 1023 and 1024 Instructions.

### **Certain information required in all requests**

.02

#### **Facts**

**(1) Complete statement of facts and other information.** Each request for a letter ruling or a determination letter must contain a complete statement of all facts relating to the transaction. These facts include—

(a) names, addresses, telephone numbers, and taxpayer identification numbers of all interested parties. (The term “all interested parties” does not mean all shareholders of a widely held corporation requesting a letter ruling relating to a reorganization, or all employees where a large number may be involved.);



(b) a complete statement of the business reasons for the transaction; and

(c) a detailed description of the transaction.

The Service will usually not rule on only one step of a larger integrated transaction. *See* section 8.04 of this revenue procedure. However, if such a letter ruling is requested, the facts, circumstances, true copies of relevant documents, etc., relating to the entire transaction must be submitted.

#### Documents

**(2) Copies of all contracts, wills, deeds, agreements, instruments, plan documents, and other documents.** All documents that are pertinent to the transaction (including contracts, wills, deeds, agreements, instruments, plan documents, trust documents, and proposed disclaimers) must be submitted with the request.

Original documents **should not be submitted** because they become part of the Service's file and will not be returned to the taxpayer. Instead, true copies of all such documents should be submitted with the request. Each document, other than the request, should be labeled alphabetically and attached to the request in alphabetical order.

#### Analysis of material facts

**(3) Analysis of material facts.** All material facts in documents must be included, rather than merely incorporated by reference, in the taxpayer's initial request or in supplemental letters. These facts must be accompanied by an analysis of their bearing on the issue or issues, specifying the provisions that apply.

#### Same issue in an earlier return

**(4) Statement regarding whether same issue is in an earlier return.** The request must state whether, to the best of the knowledge of both the taxpayer and the taxpayer's representatives, the same issue is in an earlier return of the taxpayer (or in a return for any year of a related taxpayer within the meaning of § 267, or of a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504).

If the statement is affirmative, it must specify whether the issue—

(a) is being examined by the Service;

(b) has been examined and if so, whether or not the statutory period of limitations has expired for either assessing tax or filing a claim for refund or credit of tax;

(c) has been examined and if so, whether or not a closing agreement covering the issue or liability has been entered into by the Service;

(d) is being considered by an Appeals Office in connection with a return from an earlier period;

(e) has been considered by an Appeals Office in connection with a return from an earlier period and if so, whether or not the statutory period of limitations has expired for either assessing tax or filing a claim for refund or credit of tax;

(f) has been considered by an Appeals Office in connection with a return from an earlier period and whether or not a closing agreement covering the issue or liability has been entered into by an Appeals Office;

(g) is pending in litigation in a case involving the taxpayer or a related taxpayer; or

(h) in employee plans matters, is being considered by the Pension Benefit Guaranty Corporation or the Department of Labor.

**Same or similar issue previously submitted or currently pending**

**(5) Statement regarding whether same or similar issue was previously ruled on or requested, or is currently pending.** The request must also state whether, to the best of the knowledge of both the taxpayer and the taxpayer's representatives—

(a) the Service previously ruled on the same or similar issue for the taxpayer (or a related taxpayer within the meaning of § 267, or a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504) or a predecessor;

(b) the taxpayer, a related taxpayer, a predecessor, or any representatives previously submitted the same or similar issue to the Service but withdrew the request before a letter ruling or determination letter was issued;

(c) the taxpayer, a related taxpayer, or a predecessor previously submitted a request involving the same or a similar issue that is currently pending with the Service or the Office of Associate Chief Counsel; or

(d) at the same time as this request, the taxpayer or a related taxpayer is presently submitting another request involving the same or a similar issue to the Service or the Office of Associate Chief Counsel.

If the statement is affirmative for (a), (b), (c), or (d) of this section 9.02(5), the statement must give the date the request was submitted, the date the request was withdrawn or ruled on, if applicable, and other details of the Service's or Office of Associate Chief Counsel's consideration of the issue.

**Statement of authorities supporting taxpayer's views**

**(6) Statement of supporting authorities.** If the taxpayer advocates a particular conclusion, an explanation of the grounds for that conclusion and the relevant authorities to support it must also be included. Even if not advocating a particular tax treatment of a proposed transaction, the taxpayer must still furnish views on the tax results of the proposed transaction and a statement of relevant authorities to support those views.

In all events, the request must include a statement of whether the law in connection with the request is uncertain and whether the issue is adequately addressed by relevant authorities.

**Statement of authorities contrary to taxpayer's views**

**(7) Statement of contrary authorities.** The taxpayer is also encouraged to inform the Service about, and discuss the implications of, any authority believed to be contrary to the position advanced, such as legislation (or pending legislation), tax treaties, court decisions, regulations, revenue rulings, revenue procedures, notices or announcements. If the taxpayer determines that there are no contrary authorities, a statement in the request to this effect would be helpful. If the taxpayer does not furnish either contrary authorities or a statement that none exists, the Service in complex cases or those presenting difficult or novel issues may request submission of contrary authorities or a statement that none exists. Failure to comply with this request may result in the Service's refusal to issue a letter ruling or determination letter.

Identifying and discussing contrary authorities will generally enable Service personnel to understand the issue and relevant authorities more quickly. When Service personnel receive the request, they will have before them the taxpayer's thinking on the effect and applicability of contrary authorities. This information should make research easier and lead to earlier action by the Service. If the taxpayer does not disclose and distinguish significant contrary authorities, the Service may need to request additional information, which will delay action on the request.

### Statement identifying pending legislation

**(8) Statement identifying pending legislation.** At the time of filing the request, the taxpayer must identify any pending legislation that may affect the proposed transaction. In addition, if applicable legislation is introduced after the request is filed but before a letter ruling or determination letter is issued, the taxpayer must notify the Service.

### Deletions statement required by § 6110

**(9) Statement identifying information to be deleted from copy of letter ruling or determination letter for public inspection.** The text of certain letter rulings and determination letters is open to public inspection under § 6110. The Service makes deletions from the text before it is made available for inspection. To help the Service make the deletions required by § 6110(c), a request for a letter ruling or determination letter must be accompanied by a statement indicating the deletions desired ("deletions statement"). If the deletions statement is not submitted with the request, a Service representative will tell the taxpayer that the request will be closed if the Service does not receive the deletions statement within 30 calendar days. *See* section 11.03 of this revenue procedure.

**(a) Format of deletions statement.** A taxpayer who wants only names, addresses, and identifying numbers to be deleted should state this in the deletions statement. If the taxpayer wants more information deleted, the deletions statement must be accompanied by a copy of the request and supporting documents on which the taxpayer should bracket the material to be deleted. The deletions statement must indicate the statutory basis under § 6110(c) for each proposed deletion.

If the taxpayer decides to ask for additional deletions before the letter ruling or determination letter is issued, additional deletions statements may be submitted.

**(b) Location of deletions statement.** The deletions statement must not appear in the request, but instead must be made in a separate document and placed on top of the request for a letter ruling or determination letter.

**(c) Signature.** The deletions statement must be signed and dated by the taxpayer or the taxpayer's authorized representative. A stamped or faxed signature is not permitted.

**(d) Additional information.** The taxpayer should follow the same procedures above to propose deletions from any additional information submitted after the initial request. An additional deletions statement, however, is not required with each submission of additional information if the taxpayer's initial deletions statement requests that only names, addresses, and identifying numbers are to be deleted and the taxpayer wants only the same information deleted from the additional information.

**(e) Taxpayer may protest deletions not made.** After receiving from the Service the notice under § 6110(f)(1) of intention to disclose the letter ruling or determination letter (including a copy of the version proposed to be open to public inspection and notation of third-party communications under § 6110(d)), the taxpayer may protest the disclosure of certain information in the letter ruling or determination letter. The taxpayer must send a written statement within 20 calendar days to the Service office indicated on the notice of intention to disclose. The statement

must identify those deletions that the Service has not made and that the taxpayer believes should have been made. The taxpayer must also submit a copy of the version of the letter ruling or determination letter and bracket the deletions proposed that have not been made by the Service. Generally, the Service will not consider deleting any material that the taxpayer did not propose to be deleted before the letter ruling or determination letter was issued.

Within 20 calendar days after the Service receives the response to the notice under § 6110(f)(1), the Service will mail to the taxpayer its final administrative conclusion regarding the deletions to be made. The taxpayer does not have the right to a conference to resolve any disagreements concerning material to be deleted from the text of the letter ruling or determination letter. However, these matters may be taken up at any conference that is otherwise scheduled regarding the request.

**(f) Taxpayer may request delay of public inspection.** After receiving the notice under § 6110(f)(1) of intention to disclose, but within 60 calendar days after the date of notice, the taxpayer may send a request for delay of public inspection under either § 6110(g)(3) or (4). The request for delay must be sent to the Service office indicated on the notice of intention to disclose. A request for delay under § 6110(g)(3) must contain the date on which it is expected that the underlying transaction will be completed. The request for delay under § 6110(g)(4) must contain a statement from which the Commissioner of Internal Revenue may determine that there are good reasons for the delay.

Section 6110(l)(1) states that § 6110 disclosure provisions do not apply to any matter to which § 6104 applies. Therefore, letter rulings, determination letters, and related background file documents dealing with the following matters (covered by § 6104) are not subject to § 6110 disclosure provisions—

(i) An approved application for exemption under § 501(a) as an organization described in § 501(c) or (d), or notice of status as a political organization under § 527, together with any papers submitted in support of such application or notice;

(ii) An application for exemption under § 501(a) with respect to the qualification of a pension, profit-sharing or stock bonus plan, or an individual retirement account described in § 408 or § 408A, or any application for exemption under § 501(a) by an organization forming part of such a plan or an account;

(iii) Any document issued by the Internal Revenue Service in which the qualification or exempt status of a plan or account is granted, denied, or revoked or the portion of any document in which technical advice with respect thereto is given;

(iv) Any application filed and any document issued by the Internal Revenue Service with respect to the qualification or status of Employee Plans master and prototype plans and volume submitter plans; and

(v) The portion of any document issued by the Internal Revenue Service with respect to the qualification or exempt status of a plan or account of a proposed transaction by such plan or account.

#### Signature on request

**(10) Signature by taxpayer or authorized representative.** The request for a letter ruling or determination letter must be signed and dated by the taxpayer or the taxpayer's authorized representative. Neither a stamped signature nor a faxed signature is permitted. Special rules apply in the case of a request for a determination letter made by filing Form 1023 or Form 1023-EZ; please see the instructions to that Form for who may sign the application on behalf of an organization.

- Authorized representatives** (11) **Authorized representatives.** To sign the request or to appear before the Service in connection with the request, the representative must be:
- Attorney** (a) An attorney who is a member in good standing of the bar of the highest court of any state, possession, territory, commonwealth, or the District of Columbia and who is not currently under suspension or disbarment from practice before the Service. He or she must file a written declaration with the Service showing current qualification as an attorney and current authorization to represent the taxpayer;
- Certified public accountant** (b) A certified public accountant who is qualified to practice in any state, possession, territory, commonwealth, or the District of Columbia and who is not currently under suspension or disbarment from practice before the Service. He or she must file a written declaration with the Service showing current qualification as a certified public accountant and current authorization to represent the taxpayer;
- Enrolled agent** (c) An enrolled agent is a person, other than an attorney or certified public accountant that is currently enrolled to practice before the Service and is not currently under suspension or disbarment from practice before the Service, including a person enrolled to practice only for employee plans matters. He or she must file a written declaration with the Service showing current enrollment and authorization to represent the taxpayer. Either the enrollment number or the expiration date of the enrollment card must be included in the declaration. For the rules on who may practice before the Service, *see* Treasury Department Circular No. 230;
- Enrolled actuary** (d) An enrolled actuary is a person enrolled as an actuary by the Joint Board for the Enrollment of Actuaries pursuant to 29 U.S.C. 1242 and qualified to practice in any state, possession, territory, commonwealth, or the District of Columbia and who is not currently under suspension or disbarment from practice before the Service. He or she must file a written declaration with the Service showing current qualification as an enrolled actuary and current authorization to represent the taxpayer. Practice as an enrolled actuary is limited to representation with respect to issues involving the following statutory provisions: §§ 401, 403(a), 404, 412, 413, 414, 419, 419A, 420, 4971, 4972, 6057, 6058, 6059, 6652(d), 6652(e), 6692, 7805(b), former § 405 and 29 U.S.C. 1083;
- Enrolled Retirement Plan Agent** (e) An enrolled retirement plan agent (ERPA) is an individual who has earned the privilege to practice before the Service. The ERPA program is established under Circular 230 of the U.S. Department of the Treasury and is administered by the Office of Professional Responsibility (the “OPR”). The Director of the OPR may grant enrollment as an ERPA to an applicant who demonstrates special competence in qualified retirement plan matters (by either passing a written examination or by virtue of past service and technical experience with the Service) and who has not engaged in any conduct that would justify the censure, suspension or disbarment of the practitioner. An ERPA must apply for enrollment with the Service, have been issued an enrollment card and satisfy renewal and continuing education requirements.
- Practice as an ERPA is limited to representation with respect to issues involving the following programs: Employee Plans Determination Letter program; Employee Plans Compliance Resolution System; and Employee Plans Master and Prototype and Volume Submitter program. In addition, ERPAs are generally permitted to represent taxpayers with respect to Form 5300 series and Form 5500 filings, but not with respect to actuarial forms or schedules. For eligibility, application and enrollment information, *see* §§ 10.4, 10.5 and 10.6 of Circular 230;
- A person with a “Letter of Authorization”** (f) Any other person, including a foreign representative, who has received a “Letter of Authorization” from the Director, Office of Professional Responsibility under section 10.7(d) of Treasury Department Circular No. 230. A person may make a written request for a “Letter of Authorization” to: Office of Director, Office of Professional Responsibility, Internal Revenue

Service, 1111 Constitution Avenue, N.W., Washington, DC 20224. Section 10.7(d) of Circular No. 230 authorizes the Commissioner to allow an individual who is not otherwise eligible to practice before the Service to represent another person in a particular matter. For additional information, *see* section 9.02(12) below;

**Employee, general partner, bona fide officer, administrator, trustee, etc.**

(g) The above requirements do not apply to a regular full-time employee representing his or her employer, to a general partner representing his or her partnership, to a *bona fide* officer representing his or her corporation, association, or organized group, to a trustee, receiver, guardian, personal representative, administrator, or executor representing a trust, receivership, guardianship, or estate, or to an individual representing his or her immediate family. A preparer of a return (other than a person referred to in paragraph (a), (b), (c), (d) or (e) of this section 9.02(11)) who is not a full-time employee, general partner, a *bona fide* officer, an administrator, trustee, etc., or an individual representing his or her immediate family may not represent a taxpayer in connection with a letter ruling, determination letter or a technical advice request. *See* section 10.7(c) of Treasury Department Circular No. 230; or

**Foreign representative**

(h) A foreign representative (other than a person referred to in paragraph (a), (b), (c), (d) or (e) of this section 9.02(11)) is not authorized to practice before the Service and, therefore, must withdraw from representing a taxpayer in a request for a letter ruling or a determination letter. In this situation, the nonresident alien or foreign entity must submit the request for a letter ruling or a determination letter on the individual's or entity's own behalf or through a person referred to in paragraph (a), (b), (c), (d) or (e) of this section 9.02(11).

**Power of attorney and declaration of representative**

**(12) Power of attorney and declaration of representative.** Any authorized representative, whether or not enrolled to practice, must also comply with the conference and practice requirements of the Statement of Procedural Rules (26 C.F.R. § 601.501–601.509), which provide the rules for representing a taxpayer before the Service. In addition, an unenrolled preparer must file a Form 8821 (Rev. March 2015), *Tax Information Authorization*, for certain limited employee plans matters.

Form 2848 (Rev. December 2015), *Power of Attorney and Declaration of Representative*, must be used to provide the representative's authorization (Part I of Form 2848, Power of Attorney) and the representative's qualification (Part II of Form 2848, Declaration of Representative). The name of the person signing Part I of Form 2848 should also be typed or printed on this form. A stamped signature is not permitted. An original, a copy, or a facsimile transmission (fax) of the power of attorney is acceptable so long as its authenticity is not reasonably disputed. For additional information regarding the power of attorney form, *see* section 9.03(2) of this revenue procedure.

For the requirement regarding compliance with Treasury Department Circular No. 230, *see* section 9.09 of this revenue procedure.

**Penalties of perjury statement**

**(13) Penalties of perjury statement.**

**(a) Format of penalties of perjury statement.** A request for a letter ruling or determination letter and any change in the request submitted at a later time must be accompanied by the following declaration: **“Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and, to the best of my knowledge and belief, the request or the modification contains all the relevant facts relating to the request, and such facts are true, correct, and complete.”** *See* section 11.04 of this revenue procedure for the penalties of perjury statement applicable for submissions of additional information.

**(b) Signature by taxpayer.** The declaration must be signed and dated by the taxpayer, not the taxpayer's representative. Neither a stamped signature nor a faxed signature is permitted.

The person who signs for a corporate taxpayer must be an officer of the corporate taxpayer who has personal knowledge of the facts, and whose duties are not limited to obtaining a letter ruling or determination letter from the Service. If the corporate taxpayer is a member of an affiliated group filing consolidated returns, a penalties of perjury statement must also be signed and submitted by an officer of the common parent of the group.

The person signing for a trust, a state law partnership, or a limited liability company must be, respectively, a trustee, general partner, or member-manager who has personal knowledge of the facts.

**Applicable user fee**

**(14) Applicable user fee.** Section 7528 of the Code requires taxpayers to pay user fees for requests for letter rulings, opinion letters, determination letters, and similar requests. Rev. Proc. 2016-8 contains the schedule of fees for each type of request under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division and provides guidance for administering the user fee requirements. If two or more taxpayers are parties to a transaction and each requests a letter ruling, each taxpayer must satisfy the rules herein and additional user fees may apply.

**Number of copies of request to be submitted**

**(15) Number of copies of request to be submitted.** Generally a taxpayer needs only to submit one copy of the request for a letter ruling or determination letter. If, however, more than one issue is presented in the letter ruling request, the taxpayer is encouraged to submit additional copies of the request.

Further, two copies of the request for a letter ruling or determination letter are required if—

(a) the taxpayer is requesting separate letter rulings or determination letters on different issues as explained later under section 9.03(1) of this revenue procedure;

(b) the taxpayer is requesting deletions other than names, addresses, and identifying numbers, as explained in section 9.02(9) of this revenue procedure. (One copy is the request for the letter ruling or determination letter and the second copy is the deleted version of such request.); or

(c) a closing agreement (as defined in section 3.03 of this revenue procedure) is being requested on the issue presented.

**Sample of a letter ruling request**

**(16) Sample format for a letter ruling request.** To assist a taxpayer or the taxpayer's representative in preparing a letter ruling request, a sample format for a letter ruling request is provided in Appendix A. This format is not required to be used by the taxpayer or the taxpayer's representative. If the letter ruling request is not identical or similar to the format in Appendix A, the different format will neither defer consideration of the letter ruling request nor be cause for returning the request to the taxpayer or taxpayer's representative.

**Checklist**

**(17) Checklist for letter ruling requests.** The Service will be able to respond more quickly to a taxpayer's letter ruling request if it is carefully prepared and complete. The checklist in Appendix B of this revenue procedure is designed to assist taxpayers in preparing a request by reminding them of the essential information and documents to be furnished with the request. The checklist in Appendix B must be completed to the extent required by the

instructions in the checklist, signed and dated by the taxpayer or the taxpayer's representative, and placed on top of the letter ruling request. If the checklist in Appendix B is not received, a group representative will ask the taxpayer or the taxpayer's representative to submit the checklist, which may delay action on the letter ruling request. A photocopy of this checklist may be used.

**Additional information  
required in certain  
circumstances**

.03

**Multiple issues**

**(1) To request a separate letter ruling for multiple issues in a single situation.** If more than one issue is presented in a request for a letter ruling, the Service generally will issue a single letter ruling covering all the issues. However, if the taxpayer requests a separate letter ruling on any of the issues (because, for example, one letter ruling is needed sooner than another), the Service will usually comply with the request unless it is not feasible or not in the best interests of the Service to do so. A taxpayer who wants a separate letter ruling on multiple issues should make this clear in the request and submit two copies of the request. Additional checklists are solely for the specific issues designated.

In issuing each letter ruling, the Service will state that it has issued a separate letter ruling or that requests for other letter rulings are pending.

**Power of attorney**

**(2) Recipient of original letter ruling or determination letter.** The Service will send the original of the letter ruling or determination letter to the taxpayer and a copy of the letter ruling or determination letter to the taxpayer's representative. In this case, the letter ruling or determination letter is addressed to the taxpayer. A Form 2848, *Power of Attorney and Declaration of Representative* (Rev. December 2015), must be used to provide the representative's authorization except in certain employee plans matters. See section 9.02(12) of this revenue procedure.

**Copies of letter ruling or  
determination letter sent to  
multiple representatives**

**(a) To have copies sent to multiple representatives.** When a taxpayer has more than one representative, the Service will send the copy of the letter ruling or determination letter to any representative with a check in the box in the name and address block on Form 2848 to indicate they are to receive notices and communications. Copies of the letter ruling or determination letter, however, will be sent to no more than two representatives.

**Copy of letter ruling or  
determination letter sent to  
taxpayer's representative**

**(b) To have copy sent to taxpayer's representative.** A copy of the letter ruling or determination letter will be sent to any representative with a check in the box in the name and address block on Form 2848 to indicate they are to receive notices and communications.

**Expedited handling**

**(3) To request expedited handling.** The Service ordinarily processes requests for letter rulings and determination letters in order of the date received. Employee Plans Determination Letter requests under Rev. Proc. 2016-6, this Bulletin, and Exempt Organizations Determination Letter requests under section 4.08(2) of Rev. Proc. 2016-5, this Bulletin, are not eligible for expedited handling. Expedited handling means that a request is processed ahead of the regular order. Expedited handling is granted only in rare and unusual cases, both out of fairness to other taxpayers and because the Service seeks to process all requests as expeditiously as possible and to give appropriate deference to normal business exigencies in all cases not involving expedited handling.

A taxpayer who has a compelling need to have a request processed ahead of the regular order may request expedited handling. This request must explain in detail the need for expedited handling. The request must be made in writing, preferably in a separate letter with, or soon after filing, the request for the letter ruling or determination letter. If the request is not made in a separate letter, then the letter in which the letter ruling or determination letter request is made should say, at the top of the first page: **"Expedited Handling Is Requested. See page \_\_\_ of this letter."**



A request for expedited handling will not be forwarded to the appropriate group for action until the check or money order for the user fee in the correct amount is received.

Whether the request will be granted is within the Service's discretion. The Service may grant a request when a factor outside a taxpayer's control creates a real business need to obtain a letter ruling or determination letter before a certain time in order to avoid serious business consequences. Examples include situations in which a court or governmental agency has imposed a specific deadline for the completion of a transaction, or a transaction must be completed expeditiously to avoid an imminent business emergency (such as the hostile takeover of a corporate taxpayer), provided that the taxpayer can demonstrate that the deadline or business emergency, and the need for expedited handling, resulted from circumstances that could not reasonably have been anticipated or controlled by the taxpayer. To qualify for expedited handling in such situations, the taxpayer must also demonstrate that the taxpayer submitted the request as promptly as possible after becoming aware of the deadline or emergency. The extent to which the letter ruling or determination letter complies with all of the applicable requirements of this revenue procedure, and fully and clearly presents the issues, is a factor in determining whether expedited treatment will be granted. When the Service agrees to process a request out of order, it cannot give assurance that any letter ruling or determination letter will be processed by the time requested. The scheduling of a closing date for a transaction or a meeting of the board of directors or shareholders of a corporation, without regard for the time it may take to obtain a letter ruling or determination letter, will not be considered a sufficient reason to process a request ahead of its regular order. Also, the possible effect of fluctuation in the market price of stocks on a transaction will not be considered a sufficient reason to process a request out of order.

Because most requests for letter rulings and determination letters cannot be processed ahead of their regular order, the Service urges all taxpayers to submit their requests well in advance of the contemplated transaction. In addition, in order to facilitate prompt action on letter ruling requests taxpayers are encouraged to ensure that their initial submissions comply with all of the requirements of this revenue procedure (including the requirements of other applicable guidelines set forth in section 10 of this revenue procedure), and to provide any additional information requested by the Service promptly.

**Facsimile transmission  
(fax)**

**(4) To receive a letter ruling or submit a request for a letter ruling by facsimile transmission (fax).**

**(a) To receive a letter ruling by fax.** A letter ruling ordinarily is not sent by fax. However, if the taxpayer requests, a copy of a letter ruling may be faxed to the taxpayer or the taxpayer's authorized representative. A letter ruling, however, is not issued until the ruling is mailed. *See* § 301.6110-2(h).

A request to fax a copy of the letter ruling to the taxpayer or the taxpayer's authorized representative must be made in writing, either as part of the original letter ruling request or prior to the approval of the letter ruling. The request must contain the fax number of the taxpayer or the taxpayer's authorized representative to whom the letter ruling is to be faxed.

The Service will take certain precautions to protect confidential information. For example, the Service will use a cover sheet that identifies the intended recipient of the fax and the number of pages transmitted. The cover sheet, if possible, will not identify the specific taxpayer by name, and it will be the first page covering the letter ruling being faxed.

**(b) To submit a request for a letter ruling by fax.** Original letter ruling requests sent by fax are discouraged because such requests must be treated in the same manner as requests by letter. For example, the faxed letter ruling request will not be forwarded to the applicable office for action until the check for the user fee is received.

**Requesting a conference**

**(5) To request a conference.** A taxpayer who wants to have a conference on the issues involved should indicate this in writing when, or soon after, filing the request. *See also* sections 12.01, 12.02, and 13.10 of this revenue procedure.

**Address to send the request**

.04

**Requests for letter rulings**

(1) Requests for letter rulings are to be addressed to Employee Plans at the following address:

Internal Revenue Service  
Attn: EP Letter Rulings  
Stop 31  
P.O. Box 12192  
Covington, KY 41012-0192

Requests shipped by Express Mail or a delivery service should be sent to:

Internal Revenue Service  
Attn: EP Letter Rulings  
Stop 31  
201 West Rivercenter Blvd.  
Covington, KY 41011

Letter ruling requests will not be accepted via fax.

**Requests for information letters**

(2) Requests for information letters on employee plans matters should be sent to Employee Plans:

Office of Associate Chief Counsel (Tax Exempt and Government Entities)  
Attn: Request for Information Letter  
1111 Constitution Avenue, N.W., Room 4300  
Washington, D.C. 20224

**Requests for determination letters**

(3) Requests for either (i) all Employee Plans determination letters or (ii) Exempt Organizations determination letters that **are subject to a user fee** should be sent to:

Internal Revenue Service  
Attn: EP/EO Determination Letters  
Stop 31  
P.O. Box 12192  
Covington, KY 41012-0192

Requests for Exempt Organizations determination letters that are **not subject to a user fee** should be sent to:

Internal Revenue Service  
P.O. Box 2508  
Rm. 4024  
Cincinnati, OH 45201

Requests for Exempt Organizations determination letters described in section 7.04(14) should be sent to:

Internal Revenue Service  
Attn: Correspondence Unit  
P.O. Box 2508  
Cincinnati, OH 45201

For user fees required with determination letter requests, *see* section 6 of Rev. Proc. 2016–8.

**Pending letter ruling requests**

.05

**(1) Circumstances under which the taxpayer must notify Employee Plans Rulings and Agreements.** The taxpayer must notify Employee Plans Rulings and Agreements if, after the letter ruling request is filed but before a letter ruling is issued, the taxpayer knows that—

(a) an examination of the issue or the identical issue on an earlier year's return has been started by an Examinations office of the Service;

(b) the issue is being considered by the Pension Benefit Guaranty Corporation or the Department of Labor; or

(c) legislation that may affect the transaction has been introduced (*see* section 9.02(8) of this revenue procedure).

**(2) Taxpayer must notify Employee Plans Rulings and Agreements if return is filed and must attach request to return.** If the taxpayer files a return before a letter ruling is received from Employee Plans Rulings and Agreements concerning the issue, the taxpayer must notify Employee Plans Rulings and Agreements that the return has been filed. The taxpayer must also attach a copy of the letter ruling request to the return to alert the Employee Plans Examinations office and thereby avoid premature Employee Plans Examinations office action on the issue.

**When to attach letter ruling to return**

.06 A taxpayer who receives a letter ruling before filing a return about any transaction that is relevant to the return being filed must attach a copy of the letter ruling to the return when it is filed.

**How to check on status of request**

.07 The taxpayer or the taxpayer's authorized representative may obtain information regarding the status of a request by calling the person whose name and telephone number are shown on the acknowledgement of receipt of the request.

**Request may be withdrawn or Employee Plans Rulings and Agreements may decline to issue letter ruling**

.08

**(1) In general.** A taxpayer may withdraw a request for a letter ruling or determination letter at any time before the letter ruling or determination letter is signed by the Service. However, withdrawal of a request for a determination in exempt organization matters is limited by section 6 of Rev. Proc. 2016-5, this Bulletin. Correspondence and exhibits related to a request that is withdrawn or related to a letter ruling request for which the Service declines to issue a letter ruling will not be returned to the taxpayer. *See* section 9.02(2) of this revenue procedure.

A request for a letter ruling will not be suspended in Employee Plans Rulings and Agreements at the request of a taxpayer.

**(2) Notification of Director, Employee Plans Examinations.** If a taxpayer withdraws a request for a letter ruling or if Employee Plans Rulings and Agreements declines to issue a letter ruling, Employee Plans Rulings and Agreements will notify the Director, Employee Plans Examinations and may give its views on the issues in the request to the Director, Employee Plans Examinations to consider in any later examination of the return.

**(3) Refunds of user fee.** The user fee will not be returned for a letter ruling request that is withdrawn. If the Service declines to issue a letter ruling on all of the issues in the request, the user fee will be returned. If the Service, however, issues a letter ruling on some, but not all, of the issues, the user fee will not be returned. *See* section 10 of Rev. Proc. 2016-8, this Bulletin for additional information regarding refunds of user fees.

**Compliance with Treasury Department Circular No. 230**

.09 The taxpayer's authorized representative, whether or not enrolled, must comply with Treasury Department Circular No. 230, which provides the rules for practice before the Service. In those situations when Employee Plans Rulings and Agreements believes that the taxpayer's representative is not in compliance with Circular No. 230, Employee Plans Rulings and Agreements will bring the matter to the attention of the Director, Office of Professional Responsibility.

For the requirement regarding compliance with the conference and practice requirements, *see* section 9.02(12) of this revenue procedure.

**SECTION 10. WHAT SPECIFIC, ADDITIONAL PROCEDURES APPLY TO CERTAIN REQUESTS?**

**In general**

.01 Specific revenue procedures and notices supplement the general instructions for requests explained in section 9 of this revenue procedure and apply to requests for a letter ruling or a determination letter regarding the Code sections and matters listed in this section.

**Exempt Organizations**

.02 If the request is for the qualification of an organization for exemption from federal income tax under § 501 or 521, *see* Rev. Proc. 72-5, 1972-1 C.B. 709, regarding religious and apostolic organizations; Rev. Proc. 80-27, 1980-1 C.B. 677, concerning group exemptions; Rev. Proc. 2016-5, this Bulletin regarding applications for recognition of exemption, determinations for which § 7428 applies, and conference protest and appeal rights; Rev. Proc. 2016-10, next Bulletin, regarding determinations of private foundation status; and Rev. Proc. 2014-11, 2014-3 I.R.B. 411, regarding applications for reinstatement of tax-exempt status and requesting retroactive reinstatement under § 6033(j) of the Code.

**Employee Plans**

.03

(1) For requests by the plan sponsor of a multiemployer pension plan for approval of an extension of an amortization period in accordance with section 431(d) of the Code, *see* Rev. Proc. 2010-52, 2010-52 I.R.B. 927.

(2) For requests by administrators or sponsors of a defined benefit plan to obtain approval for a change in funding method, *see* Rev. Proc. 2000-41, 2000-2 C.B. 371.

(3) For requests for the return to the employer of certain nondeductible contributions, *see* Rev. Proc. 90-49, 1990-2 C.B. 620 (as modified by Rev. Proc. 2016-8, this Bulletin).

(4) For requests for determination letters for plans under §§ 401, 403(a), 409, and 4975(e)(7), and for the exempt status of any related trust under § 501, *see* Rev. Proc. 2016-6, Rev. Proc. 2007-44, 2007-28 I.R.B. 54, and Rev. Proc. 2015-36, 2015-27 I.R.B. 20.

(5) For requests for approval of the use of a substitute mortality table in accordance with § 430(h)(3)(C), *see* Rev. Proc. 2008-62, 2008-42 I.R.B. 935.

(6) For information about opinion and advisory letters for § 403(b) pre-approved plans (that is, § 403(b) prototype plans and § 403(b) volume submitter plans), *see* Rev. Proc. 2013-22, 2013-18 I.R.B. 985, as modified by Rev. Proc. 2014-28, 2014-16 I.R.B. 944, and Rev. Proc. 2016-8, this Bulletin.

**SECTION 11. HOW  
DOES EMPLOYEE  
PLANS RULINGS AND  
AGREEMENTS HANDLE  
LETTER RULING  
REQUESTS?**

**In general**

.01 The Service will issue letter rulings on the matters and under the circumstances explained in sections 4 and 6 of this revenue procedure and in the manner explained in this section and section 13 of this revenue procedure.

**Is not bound by informal  
opinion expressed**

.02 The Service will not be bound by the informal opinion expressed by the group representative or any other authorized Service representative under this procedure, and such an opinion cannot be relied upon as a basis for obtaining retroactive relief under the provisions of § 7805(b).

**Tells taxpayer if request  
lacks essential information  
during initial contact**

.03 If a request for a letter ruling does not comply with all the provisions of this revenue procedure, the request will be acknowledged and the Service representative will tell the taxpayer during the initial contact which requirements have not been met.

**Information must be  
submitted within 30  
calendar days**

If the request lacks essential information, which may include additional information needed to satisfy the procedural requirements of this revenue procedure, as well as substantive changes to transactions or documents needed from the taxpayer, the Service representative will tell the taxpayer during the initial contact that the request will be closed if the Service does not receive the information within 30 calendar days unless an extension of time is granted. *See* section 11.04 of this revenue procedure for information on extension of time and instructions on submissions of additional information.

**Letter ruling request  
mistakenly sent to  
Employee Plans  
Determinations Processing**

A request for a letter ruling sent to Employee Plans Determinations Processing that does not comply with the provisions of this revenue procedure will be returned by Employee Plans Determinations Processing so that the taxpayer can make corrections before sending it to the appropriate office.

**Requires prompt  
submission of additional  
information requested after  
initial contact**

.04 Material facts furnished to the Service by telephone or fax, or orally at a conference, must be promptly confirmed by letter to the Service. This confirmation and any additional information requested by the Service that is not part of the information requested during the initial contact must be furnished within 21 calendar days to be considered part of the request.

Additional information submitted to the Service must be accompanied by the following declaration: **“Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.”** This declaration must be signed in accordance with the requirements in section 9.02(13)(b) of this revenue procedure. A taxpayer who submits additional factual information on several occasions may provide one declaration subsequent to all submissions that refers to all submissions.

**Encourage use of fax**

(1) To facilitate prompt action on letter ruling requests, taxpayers are encouraged to submit additional information by fax as soon as the information is available. The Service representative who requests additional information can provide a telephone number to which the information can be faxed. A copy of this information and signed penalties of perjury statement, however, must be mailed or delivered to the Service.

**Address to send additional information**

(2) Additional information should be sent to the same address as the original letter ruling request. *See* section 9.04. However, the additional information should include the name, office symbols, and room number of the Service representative who requested the information and the taxpayer's name and the case control number (which the Service representative can provide).

**Number of copies of additional information to be submitted**

(3) Generally, a taxpayer needs only to submit one copy of the additional information. However, in appropriate cases, the Service may request additional copies of the information.

**30-day or 21-day period may be extended if justified and approved**

(4) An extension of the 30-day period under section 11.03 or the 21-day period under section 11.04 will be granted only if justified in writing by the taxpayer and approved by the manager of the group to which the case is assigned. A request for extension should be submitted before the end of the 30-day or 21-day period. If unusual circumstances close to the end of the 30-day or 21-day period make a written request impractical, the taxpayer should notify the Service within the 30-day or 21-day period that there is a problem and that the written request for extension will be coming soon. The taxpayer will be told promptly, and later in writing, of the approval or denial of the requested extension. If the extension request is denied, there is no right of appeal.

**If taxpayer does not submit additional information**

(5) If the taxpayer does not follow the instructions for submitting additional information or requesting an extension within the time provided, a letter ruling will be issued on the basis of the information on hand, or, if appropriate, no letter ruling will be issued. When the Service decides not to issue a letter ruling because essential information is lacking, the case will be closed and the taxpayer notified in writing. If the Service receives the information after the letter ruling request is closed, the request may be reopened and treated as a new request. However, the taxpayer may be required to pay another user fee before the case can be reopened.

**Near the completion of the ruling process, advises taxpayer of conclusions and, if the Service will rule adversely, offers the taxpayer the opportunity to withdraw the letter ruling request**

.05 Generally, after the conference of right is held before the letter ruling is issued, the Service representative will inform the taxpayer or the taxpayer's authorized representative of the Service's final conclusions. If the Service is going to rule adversely, the taxpayer will be offered the opportunity to withdraw the letter ruling request. If the taxpayer or the taxpayer's representative does not promptly notify the Service representative of a decision to withdraw the ruling request, the adverse letter will be issued. The user fee will not be refunded for a letter ruling request that is withdrawn. *See* section 10 of Rev. Proc. 2016-8, this Bulletin.

**May request draft of proposed letter ruling near the completion of the ruling process**

.06 To accelerate issuance of letter rulings, in appropriate cases near the completion of the ruling process, the Service representative may request that the taxpayer or the taxpayer's representative submit a proposed draft of the letter ruling on the basis of discussions of the issues. The taxpayer, however, is not required to prepare a draft letter ruling in order to receive a letter ruling.

The format of the submission should be discussed with the Service representative who requests the draft letter ruling. The representative usually can provide a sample format of a letter ruling and will discuss the facts, analysis, and letter ruling language to be included.

The typed draft will become part of the permanent files of the Service. If the Service representative requesting the draft letter ruling cannot answer specific questions about the format, the questions can be directed to Carlton Watkins at (202) 317-8631 (not a toll-free call).

The proposed letter ruling should be sent to the same address as any additional information and contain in the transmittal the information that should be included with any additional information (for example, a penalties of perjury statement is required). *See* section 11.04 of this revenue procedure.

## **SECTION 12. HOW ARE CONFERENCES SCHEDULED?**

### **Schedules a conference if requested by taxpayer**

.01 A taxpayer may request a conference regarding a letter ruling request. Normally, a conference is scheduled only when the Service considers it to be helpful in deciding the case or when an adverse decision is indicated. If conferences are being arranged for more than one request for a letter ruling involving the same taxpayer, they will be scheduled so as to cause the least inconvenience to the taxpayer. As stated in section 9.03(5) of this revenue procedure, a taxpayer who wants to have a conference on the issue or issues involved should indicate this in writing when, or soon after, filing the request.

If a conference has been requested, the taxpayer will be notified by telephone, if possible, of the time and place of the conference, which must then be held within 21 calendar days after this contact. Instructions for requesting an extension of the 21-day period and notifying the taxpayer or the taxpayer's representative of the Service's approval or denial of the request for extension are the same as those explained in section 11.04 of this revenue procedure regarding providing additional information.

### **Permits taxpayer one conference of right**

.02 A taxpayer is entitled, as a matter of right, to only one conference, except as explained under section 12.05 of this revenue procedure. This conference normally will be held at the group level and will be attended by a person who, at the time of the conference, has the authority to sign the letter ruling in his or her own name or for the group manager.

When more than one group has taken an adverse position on an issue in a letter ruling request, or when the position ultimately adopted by one group will affect that adopted by another, a representative from each group with the authority to sign in his or her own name or for the group manager will attend the conference. If more than one subject is to be discussed at the conference, the discussion will constitute a conference on each subject.

To have a thorough and informed discussion of the issues, the conference usually will be held after the group has had an opportunity to study the case. However, at the request of the taxpayer, the conference of right may be held earlier.

No taxpayer has a right to appeal the action of a group to any other official of the Service. *But see* section 12.05 of this revenue procedure for situations in which the Service may offer additional conferences.

### **Disallows verbatim recording of conferences**

.03 Because conference procedures are informal, no tape, stenographic, or other verbatim recording of a conference may be made by any party.

### **Makes tentative recommendations on substantive issues**

.04 The senior Service representative present at the conference ensures that the taxpayer has the opportunity to present views on all the issues in question. A Service representative explains the Service's tentative decision on the substantive issues and the reasons for that decision. If the taxpayer asks the Service to limit the retroactive effect of any letter ruling or limit the revocation or modification of a prior letter ruling, a Service representative will discuss the recommendation concerning this issue and the reasons for the recommendation. However, the representatives will not make a commitment regarding the conclusion that the Service intends to adopt.

### **May offer additional conferences**

.05 The Service will offer the taxpayer an additional conference if, after the conference of right, an adverse holding is proposed, but on a new issue, or on the same issue but on different grounds from those discussed at the first conference. There is no right to another conference when a proposed holding is reversed at a higher level with a result less favorable to the taxpayer, if the grounds or arguments on which the reversal is based were discussed at the conference of right.

The limit on the number of conferences to which a taxpayer is entitled does not prevent the Service from offering additional conferences, including conferences with an official higher than the group level, if the Service decides they are needed. Such conferences are not offered as a matter of course simply because the group has reached an adverse decision. In general, conferences with higher level officials are offered only if the Service determines that the case presents significant issues of tax policy or tax administration and that the consideration of these issues would be enhanced by additional conferences with the taxpayer.

**Requires written confirmation of information presented at conference**

.06 The taxpayer should furnish to the Service any additional data, reasoning, precedents, etc., that were proposed by the taxpayer and discussed at the conference but not previously or adequately presented in writing. The taxpayer must furnish the additional information within 21 calendar days from the date of the conference. *See* section 11.04 of this revenue procedure for instructions on submission of additional information. If the additional information is not received within that time, a ruling will be issued on the basis of the information on hand or, if appropriate, no ruling will be issued.

Procedures for requesting an extension of the 21-day period and notifying the taxpayer or the taxpayer's representative of the Service's approval or denial of the requested extension are the same as those stated in section 11.04 of this revenue procedure regarding submitting additional information.

**May schedule a pre-submission conference**

.07 Sometimes it will be advantageous to both the Service and the taxpayer to hold a conference before the taxpayer submits the letter ruling request to discuss substantive or procedural issues relating to a proposed transaction. These conferences are held only if the identity of the taxpayer is provided to the Service, only if the taxpayer actually intends to make a request, only if the request involves a matter on which a letter ruling is ordinarily issued, and only at the discretion of the Service and as time permits. For example, a pre-submission conference will not be held on an income tax issue if, at the time the pre-submission conference is requested, the identical issue is involved in the taxpayer's return for an earlier period and that issue is being examined. *See* section 6 of this revenue procedure. Generally, the taxpayer will be asked to provide before the pre-submission conference a statement of whether the issue is an issue on which a letter ruling is ordinarily issued and a draft of the letter ruling request or other detailed written statement of the proposed transaction, issue, and legal analysis. If the taxpayer's representative will attend the pre-submission conference, a power of attorney form is required. A Form 2848, *Power of Attorney and Declaration of Representative*, must be used to provide the representative's authorization.

Any discussion of substantive issues at a pre-submission conference is advisory only, is not binding on the Service, and cannot be relied upon as a basis for obtaining retroactive relief under the provisions of § 7805(b). *See* section 3.08(2) of this procedure. A letter ruling request submitted following a pre-submission conference will not necessarily be assigned to the group that held the pre-submission conference.

**Under limited circumstances, may schedule a conference to be held by telephone**

.08 A taxpayer may request that their conference of right be held by telephone. This request may occur, for example, when a taxpayer wants a conference of right but believes that the issue involved does not warrant incurring the expense of traveling to Washington, DC. If a taxpayer makes such a request, the group manager will decide if it is appropriate in the particular case to hold the conference of right by telephone. If the request is approved by the group manager, the taxpayer will be advised when to call the Service representatives (not a toll-free call).



**Conference rules for Exempt Organizations determination letters not subject to § 7428 or § 501 or § 521**

.09 The procedures for requesting a conference for determination letters that are not subject to § 7428 or § 501 or § 521 are the same as described in this section, except that generally conferences will be held by telephone

**SECTION 13. WHAT EFFECT WILL A LETTER RULING HAVE?**

**May be relied on subject to limitations**

.01 A taxpayer ordinarily may rely on a letter ruling received from the Service subject to the conditions and limitations described in this section.

**Will not apply to another taxpayer**

.02 A taxpayer may not rely on a letter ruling issued to another taxpayer. *See* § 6110(k)(3).

**Will be used by the Director, Employee Plans Examinations in examining the taxpayer's return**

.03 When determining a taxpayer's liability, the Director, Employee Plans Examinations must ascertain whether—

- (1) the conclusions stated in the letter ruling are properly reflected in the return;
- (2) the representations upon which the letter ruling was based reflected an accurate statement of the material facts;
- (3) the transaction was carried out substantially as proposed; and
- (4) there has been any change in the law that applies to the period during which the transaction or continuing series of transactions were consummated.

If, when determining the liability, the Director, Employee Plans Examinations finds that a letter ruling should be revoked or modified, unless a waiver is obtained from the Director, Employee Plans, the findings and recommendations of the Director, Employee Plans Examinations will be forwarded to the Office of Associate Chief Counsel for consideration before further action is taken by the Director, Employee Plans Examinations. Such a referral to the Office of Associate Chief Counsel will be treated as a request for technical advice and the provisions of Rev. Proc. 2016-2, this Bulletin, relating to requests for technical advice will be followed. Otherwise, the letter ruling is to be applied by the Director, Employee Plans Examinations in determining the taxpayer's liability. If an office having jurisdiction over a return or other matter proposes to reach a conclusion contrary to a letter ruling previously issued to the taxpayer, it should coordinate the matter with the Office of Associate Chief Counsel.

In addition, in the event of a letter ruling that is revoked or modified, the Office of Associate Chief Counsel has discretionary authority under § 7805(b) to limit the retroactive effect of a revocation or modification.

**May be revoked or modified if found to be in error**

.04 Unless it was part of a closing agreement as described in section 3.03 of this revenue procedure, a letter ruling found to be in error or not in accord with the current views of the Service may be revoked or modified. If a letter ruling is revoked or modified, the revocation or modification applies to all years open under the period of limitation unless an Associate Chief Counsel office uses its discretionary authority under § 7805(b) to limit the retroactive effect of the revocation or modification.

A letter ruling may be revoked or modified by—

- (1) a letter giving notice of revocation or modification to the taxpayer to whom the letter ruling was issued;
- (2) the enactment of legislation or ratification of a tax treaty;
- (3) a decision of the United States Supreme Court;
- (4) the issuance of temporary or final regulations; or
- (5) the issuance of a revenue ruling, revenue procedure, notice, or other statement published in the Internal Revenue Bulletin.

Consistent with these provisions, if a letter ruling relates to a continuing action or a series of actions, it ordinarily will be applied until any one of the events described above occurs or until it is specifically withdrawn.

Publication of a notice of proposed rulemaking will not affect the application of any letter ruling issued under this revenue procedure.

Where a letter ruling is revoked or modified by a letter to the taxpayer, the letter will state whether the revocation or modification is retroactive. Where a letter ruling is revoked or modified by the issuance of final or temporary regulations or by the publication of a revenue ruling, revenue procedure, notice, or other statement in the Internal Revenue Bulletin, the document may contain a statement as to its retroactive effect on letter rulings.

**Letter ruling revoked or modified based on material change in facts applied retroactively**

.05 The revocation or modification of a letter ruling will be applied retroactively to the taxpayer for whom the letter ruling was issued or to a taxpayer whose tax liability was directly involved in the letter ruling if—

- (1) there has been a misstatement or omission of controlling facts;
- (2) the facts at the time of the transaction are materially different from the controlling facts on which the letter ruling was based; or
- (3) the transaction involves a continuing action or series of actions and the controlling facts change during the course of the transaction.

*See* section 11.05 of Rev. Proc. 2016–1, this Bulletin.

**Not otherwise generally revoked or modified retroactively**

.06 Where the revocation or modification of a letter ruling occurs, for reasons other than a change in facts as described in section 13.05 of this revenue procedure, the revocation or modification will generally not be applied retroactively to the taxpayer for whom the letter ruling was issued or to a taxpayer whose tax liability was directly involved in the letter ruling provided that—

(1) there has been no change in the applicable law;

(2) the letter ruling was originally issued for a proposed transaction; and

(3) the taxpayer directly involved in the letter ruling acted in good faith in relying on the letter ruling, and revoking or modifying the letter ruling retroactively would be to the taxpayer's detriment. For example, the tax liability of each employee covered by a letter ruling relating to a qualified plan of an employer is directly involved in the ruling. However, the tax liability of a member of an industry is not directly involved in a letter ruling issued to another member and, therefore, the holding in a revocation or modification of a letter ruling to one member of an industry may be retroactively applied to other members of the industry. By the same reasoning, a tax practitioner may not extend to one client the non-retroactive application of a revocation or modification of a letter ruling previously issued to another client.

If a letter ruling is revoked or modified by a letter with retroactive effect, the letter will, except in fraud cases, state the grounds on which the letter ruling is being revoked or modified and explain the reasons why it is being revoked or modified retroactively. *See* section 11.06 of Rev. Proc. 2016-1, this Bulletin.

**Retroactive effect of revocation or modification applied to a particular transaction**

.07 A letter ruling issued on a particular transaction represents a holding of the Service on that transaction only. It will not apply to a similar transaction in the same year or any other year. Except in unusual circumstances, the application of that letter ruling to the transaction will not be affected by the later issuance of regulations (either temporary or final) if conditions (1) through (3) in section 13.06 of this revenue procedure are met.

If a letter ruling on a transaction is later found to be in error or no longer in accord with the position of the Service, it will not protect a similar transaction of the taxpayer in the same year or later year.

**Retroactive effect of revocation or modification applied to a continuing action or series of actions**

.08 If a letter ruling is issued covering a continuing action or series of actions and the letter ruling is later found to be in error or no longer in accord with the position of the Service, the Associate Chief Counsel ordinarily will limit the retroactive effect of revocation or modification to a date that is not earlier than that on which the letter ruling is revoked or modified. *See* section 11.08 of Rev. Proc. 2016-1, this Bulletin.

**May be retroactively revoked or modified when transaction is completed without reliance on the letter ruling**

.09 A taxpayer is not protected against retroactive revocation or modification of a letter ruling involving a transaction completed before the issuance of the letter ruling or involving a continuing action or series of actions occurring before the issuance of the letter ruling, because the taxpayer did not enter into the transaction relying on a letter ruling. *See* section 11.10 of Rev. Proc. 2016-1, this Bulletin.

**Taxpayer may request that retroactivity be limited**

.10 Under § 7805(b), the Service may prescribe any extent to which a revocation or modification of a letter ruling or determination letter will be applied without retroactive effect.

The Director, Employee Plans Examinations does not have authority under § 7805(b) to limit the revocation or modification of a letter ruling. Therefore, if the Director, Employee Plans Examinations proposes to revoke or modify a letter ruling issued by the Commissioner, Tax Exempt and Government Entities, the taxpayer may request that the Office of Associate Chief Counsel, Tax Exempt and Government Entities limit the retroactive effect of any revocation or modification of the letter ruling. *See* Rev. Proc. 2016-1 section 11.11, this Bulletin.

## Format of request

### **(1) Request for relief under § 7805(b) must be made in required format.**

A request to limit the retroactive effect of the revocation or modification of a letter ruling issued by the Tax Exempt and Government Entities Division must be made to the Office of Associate Chief Counsel (Tax Exempt and Government Entities) and must be in the general form of, and meet the general requirements for, a letter ruling request that is submitted to the Office of Associate Chief Counsel. These requirements are given in section 7 of Rev. Proc. 2016–1. Specifically, the request must also

(a) state that it is being made under § 7805(b);

(b) state the relief sought;

(c) explain the reasons and arguments in support of the relief requested (including a discussion of section 13.05 of this revenue procedure, the three items listed in section 13.06 of this revenue procedure, and any other factors as they relate to the taxpayer’s particular situation); and

(d) include any documents bearing on the request.

A request that the Service limit the retroactive effect of a revocation or modification of a letter ruling may be made in the form of a separate request for a letter ruling when, for example, a revenue ruling has the effect of modifying or revoking a letter ruling previously issued to the taxpayer or when the Service notifies the taxpayer of a change in position that will have the effect of revoking or modifying the letter ruling.

When notice is given by the Director, Employee Plans Examinations during an examination of the taxpayer’s return or by an Appeals Office, during consideration of the taxpayer’s return before an Appeals Office, a request to limit retroactive effect must be made in the form of a request for technical advice as explained in section 14.02 of Rev. Proc. 2016–2, this Bulletin.

When germane to a pending letter ruling request, a request to limit the retroactive effect of a revocation or modification of a letter ruling may be made as part of the request for the letter ruling, either initially or at any time before the letter ruling is issued. When a letter ruling that concerns a continuing transaction is revoked or modified by, for example, a subsequent revenue ruling, a request to limit retroactive effect must be made before the examination of the return that contains the transaction that is the subject of the letter ruling request.

Consideration of relief under § 7805(b) will be included as one of the taxpayer’s steps in exhausting administrative remedies only if the taxpayer has requested such relief in the manner described in this revenue procedure. If the taxpayer does not complete the applicable steps, the taxpayer will not have exhausted the taxpayer’s administrative remedies as required by § 7428(b)(2) and § 7476(b)(3) and will, thus, be precluded from seeking a declaratory judgment under § 7428 or § 7476. Where the taxpayer has requested § 7805(b) relief, the taxpayer’s administrative remedies will not be considered exhausted until the Service has had a reasonable time to act upon the request.

## Request for conference

### **(2) Taxpayer may request a conference on application of § 7805(b).**

A taxpayer who requests the application of § 7805(b) in a separate letter ruling request has the right to a conference with the Associate office as explained in sections 10.02, 10.04, and 10.05 of Rev. Proc. 2016–1. If the request is made initially as part of a pending letter ruling request or

is made before the conference of right is held on the substantive issues, the § 7805(b) issue will be discussed at the taxpayer's one conference of right as explained in section 10.02 of Rev. Proc. 2016-1. If the request for the application of § 7805(b) relief is made as part of a pending letter ruling request after a conference has been held on the substantive issue and the Associate office determines that there is justification for having delayed the request, the taxpayer is entitled to one conference of right concerning the application of § 7805(b), with the conference limited to discussion of this issue.

## **SECTION 14. WHAT EFFECT WILL A DETERMINATION LETTER HAVE?**

### **Has same effect as a letter ruling**

.01 A determination letter issued by Employee Plans or Exempt Organizations Determinations (or, in the limited situation described in section 3.04, this revenue procedure, Exempt Organizations Rulings and Agreements) has the same effect as a letter ruling issued to a taxpayer under section 13 of this revenue procedure.

If the Director, Employee Plans or Exempt Organizations Examinations proposes to reach a conclusion contrary to that expressed in a determination letter, he or she need not refer the matter to the Director, Employee Plans or Exempt Organizations or the Office of Associate Chief Counsel (Tax Exempt and Government Entities). However, the Director, Employee Plans or Exempt Organizations Examinations must refer the matter to the Office of Associate Chief Counsel (Tax Exempt and Government Entities), if the Director, Employee Plans or Exempt Organizations Examinations desires to have the revocation or modification of the determination letter limited under § 7805(b).

### **Taxpayer may request that retroactive effect of revocation or modification be limited**

.02 Under § 7805(b), the Service may prescribe the extent to which a revocation or modification of a determination letter will be applied without retroactive effect. The Director, Employee Plans or Exempt Organizations Examinations does not have authority under § 7805(b) to limit the revocation or modification of the determination letter. Therefore, if the Director, Employee Plans or Exempt Organizations Examinations proposes to revoke or modify a determination letter, the taxpayer may request limitation of the retroactive effect of the revocation or modification by asking the Director, Employee Plans or Exempt Organizations Rulings and Agreements, to seek technical advice from the Office of Associate Chief Counsel (Tax Exempt and Government Entities). *See* section 14.02 of Rev. Proc. 2016-2.

### **Format of request**

#### **(1) Request for relief under § 7805(b) must be made in required format.**

A taxpayer's request to limit the retroactive effect of the revocation or modification of the determination letter must be in the form of, and meet the general requirements for, a technical advice request. *See* section 14.02 of Rev. Proc. 2016-2, this Bulletin. The request must also—

(a) state that it is being made under § 7805(b);

(b) state the relief sought;

(c) explain the reasons and arguments in support of the relief sought (including a discussion of section 13.05 of this revenue procedure, the three items listed in section 13.06 of this revenue procedure, and any other factors as they relate to the taxpayer's particular situation); and

(d) include any documents bearing on the request.

#### **Request for conference**

#### **(2) Taxpayer may request a conference on application of § 7805(b).**

When technical advice is requested regarding the application of § 7805(b), the taxpayer has the right to a conference with the Office of Associate Chief Counsel to the same extent as does any taxpayer who is the subject of a technical advice request. *See* section 14.04 of Rev. Proc. 2016–2, this Bulletin.

#### **Exhaustion of administrative remedies**

#### **(3) Taxpayer steps in exhausting administrative remedies.**

Consideration of relief under § 7805(b) will be included as one of the taxpayer's steps in exhausting administrative remedies only if the taxpayer has requested such relief in the manner described in this revenue procedure and in Rev. Proc. 2016–2. If the taxpayer does not complete the applicable steps, the taxpayer will not have exhausted the taxpayer's administrative remedies as required by § 7428(b)(2) and § 7476(b)(3) and will, thus, be precluded from seeking a declaratory judgment under § 7428 or § 7476. Where the taxpayer has requested § 7805(b) relief, the taxpayer's administrative remedies will not be considered exhausted until the Service has had a reasonable time to act upon the request.

### **SECTION 15. UNDER WHAT CIRCUMSTANCES ARE MATTERS REFERRED?**

#### **Requests for determination letters**

.01 Requests for determination letters received by Employee Plans Determinations that, under the provisions of this revenue procedure, may not be issued by Employee Plans Determinations, will be forwarded to Employee Plans Rulings and Agreements for reply. Employee Plans Determinations will notify the taxpayer that the matter has been referred.

Employee Plans Determinations will also refer to Employee Plans Rulings and Agreements any request for a determination letter that in its judgment should have the attention of Employee Plans Rulings and Agreements.

#### **No-rule areas**

.02 If the request involves an issue on which the Service will not issue a letter ruling or determination letter, the request will not be forwarded to Employee Plans Rulings and Agreements or the Office of Associate Chief Counsel. Employee Plans Determinations will notify the taxpayer that the Service will not issue a letter ruling or a determination letter on the issue. *See* sections 7 and 8 of this revenue procedure for a description of no-rule areas.

#### **Requests for letter rulings**

.03 Requests for letter rulings received by Employee Plans Rulings and Agreements that, under section 6 of this revenue procedure, may not be acted upon by Employee Plans Rulings and Agreements will be forwarded to the Director, Employee Plans Examinations. The taxpayer will be notified of this action. If the request is on an issue or in an area of the type discussed in section 8 of this revenue procedure, and the Service decides not to issue a letter ruling or an information letter, Employee Plans Rulings and Agreements will notify the taxpayer and will then forward the request to the Director, Employee Plans Examinations for association with the related return.

**SECTION 16. WHAT ARE THE GENERAL PROCEDURES APPLICABLE TO INFORMATION LETTERS ISSUED BY THE SERVICE?**

**Will be made available to the public**

.01 Information letters that are issued by the Service to members of the public will be made available to the public. These documents provide general statements of well-defined law without applying them to a specific set of facts. Information letters that are issued by the field, however, will not be made available to the public. *See* section 3.06 of this revenue procedure.

The following documents also will not be available for public inspection as part of this process:

(1) letters that merely transmit Service publications or other publicly available material, without significant legal discussion;

(2) responses to taxpayer or third party contacts that are inquiries with respect to a pending request for a letter ruling, technical advice memorandum, or Chief Counsel Advice (whose public inspection is subject to § 6110); and

(3) responses to taxpayer or third party communications with respect to any investigation, audit, litigation, or other enforcement action.

**Deletions made under the Freedom of Information Act**

.02 Before any information letter is made available to the public, the Service will delete any name, address, and other identifying information as appropriate under the Freedom of Information Act (“FOIA”) (for example, FOIA personal privacy exemption of 5 U.S.C. § 552(b)(6) and tax details exempt pursuant to § 6103, as incorporated into FOIA by 5 U.S.C. § 552(b)(3)). Because information letters do not constitute written determinations (including Chief Counsel Advice) as defined in § 6110, these documents are not subject to public inspection under § 6110.

**Effect of information letters**

.03 Information letters are advisory only and have no binding effect on the Service. *See* section 3.06 of this revenue procedure. If the Service issues an information letter in response to a request for a letter ruling that does not meet the requirements of this revenue procedure, the information letter is not a substitute for a letter ruling.

**SECTION 17. WHAT IS THE EFFECT OF THIS REVENUE PROCEDURE ON OTHER DOCUMENTS?**

Rev. Proc. 2015–4 is superseded.

**SECTION 18. EFFECTIVE DATE**

This revenue procedure is effective January 4, 2016.

**SECTION 19. PAPERWORK REDUCTION ACT**

The collections of information contained in this revenue procedure have 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 1545-1520.

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

The collections of information in this revenue procedure are in sections 7.07, 9.02, 9.03, 9.04, 9.05, 9.06, 10.02, 10.03, 11.03, 11.04(1)–(5), 11.06, 12.01, 12.06, 12.07, 13.10(1), 14.02(1), and in Appendices B and C. This information is required to evaluate and process the request for a letter ruling or determination letter. In addition, this information will be used to help the Service delete certain information from the text of the letter ruling or determination letter before it is made available for public inspection, as required by § 6110. The collections of information are required to obtain a letter ruling or determination letter. The likely respondents are businesses or other for-profit institutions.

The estimated total annual reporting and/or recordkeeping burden is 1,569 hours.

The estimated annual burden per respondent/recordkeeper varies from 15 minutes to 16 hours, depending on individual circumstances and the type of request involved, with an estimated average burden of 6.01 hours. The estimated number of respondents and/or recordkeepers is 261.

The estimated annual frequency of responses is one request per applicant, except that a taxpayer requesting a letter ruling may also request a presubmission conference.

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 § 6103.

**DRAFTING  
INFORMATION**

The principal authors of this revenue procedure are Maxine Terry and Jonathan S. Carter of the Office of Chief Counsel (Tax Exempt and Government Entities). For further information regarding submission and processing under this revenue procedure, contact Ms. Terry at (202) 317-4102 (not a toll-free number) or Mr. Carter at (202) 317-5800 (not a toll-free number).



**APPENDIX A**  
**SAMPLE FORMAT FOR A LETTER RULING REQUEST**

*(Insert the date of request)*

[for Employee Plans]  
Internal Revenue Service  
Attention: EP Letter Rulings  
Stop 31  
P.O. Box 12192  
Covington, KY 41012-0192

Dear Sir or Madam:

*(Insert the name of the taxpayer)* (the “Taxpayer”) requests a ruling on the proper treatment of *(insert the subject matter of the letter ruling request)* under § *(insert the number)* of the Internal Revenue Code.

*[If the taxpayer is requesting expedited handling, the letter ruling request must contain a statement to that effect. This statement must explain the need for expeditious handling. See section 9.03(3).]*

*A. STATEMENT OF FACTS*

1. Taxpayer Information

[Provide the statements required by sections 9.02(1)(a), (b), and (c) of Rev. Proc. 2016–4, 2016–1 I.R.B. (Hereafter, all references are to Rev. Proc. 2016–4 unless otherwise noted.)]

For example, a taxpayer that maintains a qualified employee retirement plan and files an annual Form 5500 series of returns may include the following statement to satisfy sections 9.02(1)(a), (b), and (c):

The Taxpayer is a construction company with principal offices located at 100 Whatever Drive, Wherever, Maryland 12345, and its telephone number is (123) 456-7890. The Taxpayer’s federal employer identification number is 00-1234567. The Taxpayer uses the Form 5500 series of returns on a calendar year basis to report its qualified employee retirement plan and trust.

2. Detailed Description of the Transaction.

[The ruling request must contain a complete statement of the facts relating to the transaction that is the subject of the letter ruling request. This statement must include a detailed description of the transaction, including material facts in any accompanying documents, and the business reasons for the transaction. *See* sections 9.02(1)(b), 9.02(1)(c), and 9.02(2).]

*B. RULING REQUESTED*

[The ruling request should contain a concise statement of the ruling requested by the taxpayer.]

*C. STATEMENT OF LAW*

[The ruling request must contain a statement of the law in support of the taxpayer’s views or conclusion, including any authorities believed to be contrary to the position advanced in the ruling request. This statement must also identify any pending legislation that may affect the proposed transaction. *See* sections 9.02(6), 9.02(7), and 9.02(8).]

*D. ANALYSIS*

[The ruling request must contain a discussion of the facts and an analysis of the law. *See* sections 9.02(3), 9.02(6), 9.02(7), and 9.02(8).]

*E. CONCLUSION*

[The ruling request should contain a statement of the taxpayer’s conclusion on the ruling requested.]

F. PROCEDURAL MATTERS

1. Rev. Proc. 2016-4 statements

- a. [The statement required by section 9.02(4).]
- b. [The statement required by section 9.02(5).]
- c. [The statement required by section 9.02(6) regarding whether the law in connection with the letter ruling request is uncertain and whether the issue is adequately addressed by relevant authorities.]
- d. [The statement required by section 9.02(7) when the taxpayer determines that there are no contrary authorities.]
- e. [If the taxpayer wants to have a conference on the issues involved in the letter ruling request, the ruling request should contain a statement to that effect. *See* section 9.03(5).]
- f. [If the taxpayer is requesting the letter ruling to be issued by fax, the ruling request should contain a statement to that effect. *See* section 9.03(4).]
- g. [If the taxpayer is requesting separate letter rulings on multiple issues, the letter ruling request should contain a statement to that effect. *See* section 9.03(1).]

2. Administrative

- a. A Power of Attorney is enclosed. [*See* sections 9.02(12) and 9.03(2).]
- b. The deletions statement and checklist required by Rev. Proc. 2016-4 are enclosed. [*See* sections 9.02(9) and 9.02(17).]
- c. The required user fee is enclosed. [*See* section 9.02(14).]

Very truly yours,

*(Insert the name of the taxpayer or the taxpayer's authorized representative)*

By:

\_\_\_\_\_

Signature      Date

Typed or printed name  
of person signing request

*DECLARATION:* [*See* section 9.02(13).]

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request and such facts are true, correct, and complete.

*(Insert the name of the taxpayer)*

By:

\_\_\_\_\_

Signature

Title

Date

Typed or printed name of  
person signing declaration

**APPENDIX B  
CHECKLIST  
IS YOUR RULING REQUEST COMPLETE?**

**INSTRUCTIONS**

The Service will be able to respond more quickly to your letter ruling request if it is carefully prepared and complete. To ensure that your request is in order, use this checklist. Complete the four items of information requested before the checklist. Answer each question by circling "Yes," "No," or "N/A." When a question contains a place for a page number, insert the page number (or numbers) of the request that gives the information called for by a yes answer to a question. **Sign and date the checklist (as taxpayer or authorized representative) and place it on top of your request.**

If you are an authorized representative submitting a request for a taxpayer, you must include a completed checklist with the request, or the request will either be returned to you or substantive consideration of it will be deferred until a completed checklist is submitted. **If you are a taxpayer preparing your own request without professional assistance, an incomplete checklist will not be cause for returning your request or deferring substantive consideration of the request.** However, you should still complete as much of the checklist as possible and submit it with your request.

**TAXPAYER'S NAME** \_\_\_\_\_

**TAXPAYER'S I.D. No.** \_\_\_\_\_

**ATTORNEY/P.O.A.** \_\_\_\_\_

**PRIMARY CODE SECTION** \_\_\_\_\_

**CIRCLE ONE    ITEM**

- |                         |  |
|-------------------------|--|
| Yes No N/A              | 1. Does your request involve an issue under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division? <i>See</i> section 5 of Rev. Proc. 2016-4, 2016-1 I.R.B., for issues under the jurisdiction of other offices. (Hereafter, all references are to Rev. Proc. 2016-4 unless otherwise noted.)  |
| Yes No N/A              | 2. If your request involves a matter on which letter rulings are not ordinarily issued, have you given compelling reasons to justify the issuance of a private letter ruling? Before preparing your request, you may want to call the office responsible for substantive interpretations of the principal Internal Revenue Code section on which you are seeking a letter ruling to discuss the likelihood of an exception. The appropriate office to call for this information may be obtained by calling (202) 317-8700 (Employee Plans matters) (not a toll-free call). |
| Yes No N/A<br>Page ____ | 3. If the request involves an employee plans qualification matter under § 401(a), § 409, or § 4975(e)(7), have you demonstrated that the request satisfies the three criteria in section 6.03 for a ruling?  |
| Yes No N/A<br>Page ____ | 4. If the request deals with a completed transaction, have you filed the return for the year in which the transaction was completed? <i>See</i> sections 6.01 and 6.02.  |
| Yes No                  | 5. Are you requesting a letter ruling on a hypothetical situation or question? <i>See</i> section 8.03.  |
| Yes No                  | 6. Are you requesting a letter ruling on alternative plans of a proposed transaction? <i>See</i> section 8.03.   |
| Yes No                  | 7. Are you requesting the letter ruling for only part of an integrated transaction? <i>See</i> section 8.04.   |
| Yes No                  | 8. Have you submitted another letter ruling request for the transaction covered by this request?   |
| Yes No                  | 9. Are you requesting the letter ruling for a business, trade, industrial association, or similar group concerning the application of tax law to its members? <i>See</i> section 6.07.   |
| Yes No<br>Page ____     | 10. Have you included a complete statement of all the facts relevant to the transaction? <i>See</i> section 9.02(1).   |
| Yes No N/A              | 11. Have you submitted with the request true copies of all wills, deeds, plan documents, and other documents relevant to the transaction, and labeled and attached them in alphabetical sequence? <i>See</i> section 9.02(2).  |
| Yes No<br>Page ____     | 12. Have you included, rather than merely by reference, all material facts from the documents in the request? Are they accompanied by an analysis of their bearing on the issues that specifies the document provisions that apply? <i>See</i> section 9.02(3).  |

- Yes No  
Page \_\_\_\_ 13. Have you included the required statement regarding whether the same issue in the letter ruling request is in an earlier return of the taxpayer or in a return for any year of a related taxpayer? *See* section 9.02(4).
- Yes No  
Page \_\_\_\_ 14. Have you included the required statement regarding whether the Service previously ruled on the same or similar issue for the taxpayer, a related taxpayer, or a predecessor? *See* section 9.02(5).
- Yes No  
Page \_\_\_\_ 15. Have you included the required statement regarding whether the taxpayer, a related taxpayer, a predecessor, or any representatives previously submitted the same or similar issue but withdrew it before the letter ruling was issued? *See* section 9.02(5).
- Yes No  
Page \_\_\_\_ 16. Have you included the required statement regarding whether the law in connection with the request is uncertain and whether the issue is adequately addressed by relevant authorities? *See* section 9.02(6).
- Yes No  
Page \_\_\_\_ 17. Have you included the required statement of relevant authorities in support of your views? *See* section 9.02(6).
- Yes No N/A  
Page \_\_\_\_ 18. Does your request discuss the implications of any legislation, tax treaties, court decisions, regulations, notices, revenue rulings, or revenue procedures you determined to be contrary to the position advanced? *See* section 9.02(7), which states that taxpayers are encouraged to inform the Service of such authorities.
- Yes No N/A  
Page \_\_\_\_ 19. If you determined that there are no contrary authorities, have you included a statement to this effect in your request? *See* section 9.02(7).
- Yes No N/A  
Page \_\_\_\_ 20. Have you included in your request a statement identifying any pending legislation that may affect the proposed transaction? *See* section 9.02(8).
- Yes No 21. Is the request accompanied by the deletions statement required by § 6110? *See* section 9.02(9).
- Yes No N/A  
Page \_\_\_\_ 22. Have you (or your authorized representative) signed and dated the request? *See* section 9.02(10).
- Yes No N/A 23. If the request is signed by your representative, or if your representative will appear before the Service in connection with the request, is the request accompanied by a properly prepared and signed power of attorney with the signatory's name typed or printed? *See* section 9.02(12).
- Yes No N/A  
Page \_\_\_\_ 24. Have you included, signed and dated, the penalties of perjury statement in the form required by section 9.02(13)?
- Yes No N/A 25. Have you included the correct user fee with the request and made your check or money order payable to the United States Treasury? *See* section 9.02(14) and Rev. Proc. 2016-8, this Bulletin, for the correct amount and additional information on user fees.
- Yes No N/A 26. Are you submitting your request in duplicate if necessary? *See* section 9.02(15).
- Yes No N/A  
Page \_\_\_\_ 27. If you are requesting separate letter rulings on different issues involving one factual situation, have you included a statement to that effect in each request? *See* section 9.03(1).
- Yes No N/A  
Page \_\_\_\_ 28. If you have more than one representative, have you designated whether the representatives listed on the power of attorney are to receive a copy of the letter ruling? *See* section 9.03(2).
- Yes No N/A 29. If you want your letter ruling request to be processed ahead of the regular order or by a specific date, have you requested expedited handling in the form required by section 9.03(3) and stated a compelling need for such action in the request?
- Yes No N/A  
Page \_\_\_\_ 30. If you want to have a conference on the issues involved in the request, have you included a request for conference in the ruling request? *See* section 9.03(5).
- Yes No N/A 31. If your request is covered by any of the guideline revenue procedures or other special requirements listed in section 10 of Rev. Proc. 2016-4, have you complied with all of the requirements of the applicable revenue procedure?
- Yes No N/A  
Page \_\_\_\_ 32. If you are requesting relief under § 7805(b) (regarding retroactive effect), have you complied with all of the requirements in section 13.10?

Yes No N/A

33. Have you addressed your request to the appropriate office listed in section 9.04? Improperly addressed requests may be delayed (sometimes for over a week) in reaching the appropriate office for initial processing.

\_\_\_\_\_  
Signature                                      Title or authority                                      Date

\_\_\_\_\_  
Typed or printed name of  
person signing checklist

## APPENDIX C

### Additional Checklist for Roth IRA Recharacterization Ruling Requests

In order to assist EP Technical in processing a ruling request involving a Roth IRA recharacterization, in addition to the items in Appendix B, please check the following list.

- |                        |  |
|------------------------|--|
| Yes No N/A<br>Page ___ | 1. Did you include the name(s) of trustee and/or custodian of the traditional individual retirement account (IRA) (generally, a financial institution)?  |
| Yes No N/A<br>Page ___ | 2. Is each IRA identification number present?  |
| Yes No N/A<br>Page ___ | 3. If the ruling request involves Roth conversions of a married couple, is the necessary information with respect to each IRA of each party present? Note: as long as the parties file a joint federal Form 1040, the Service can issue one ruling covering both parties. Furthermore, if a joint federal income tax return has been filed for the year or years in question, the Service only requires one user fee even if each spouse had failed conversions. |
| Yes No N/A<br>Page ___ | 4. If there was one or more attempted conversions, are the applicable dates on which the attempted IRA conversion(s) occurred included?  |
| Yes No N/A<br>Page ___ | 5. If the reason that a conversion failed is that the taxpayer or related taxpayers relied upon advice of a tax professional such as a CPA, or an attorney, is the name and occupation of that adviser included?   |
| Yes No N/A<br>Page ___ | 6. Is certification that the taxpayer or taxpayers timely filed the relevant federal tax return(s) present?  |
| Yes No N/A<br>Page ___ | 7. Is there a short statement of facts with respect to the conversion? For example, if the ruling request involves a conversion attempted in 1998, there should be a statement of the facts that includes a representation of why the due date(s) found in Announcement 99-57 and Announcement 99-104 were not met.  |
| Yes No N/A<br>Page ___ | 8. If the taxpayer recharacterized his/her Roth IRA to a traditional IRA prior to submitting a request for § 9100 relief, are the date(s) of the recharacterization(s), name(s) of trustees and/or custodians, and the identification numbers of the traditional IRA(s) present?   |
| Yes No N/A<br>Page ___ | 9. Does the request include the type of contribution (i.e., regular or conversion) and amount of the contribution being recharacterized?   |
-

## Rev. Proc. 2016-5

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**SECTION 1. WHAT IS THE PURPOSE OF THIS REVENUE PROCEDURE?**

This revenue procedure sets forth procedures for issuing determination letters on the exempt status of organizations under § 501 and 521 of the Internal Revenue Code other than those subject to Rev. Proc. 2016–6, this Bulletin (relating to pension, profit-sharing, stock bonus, annuity, and employee stock ownership plans). Generally, the Service issues these determination letters in response to applications for recognition of exemption from Federal income tax. These procedures also apply to revocation or modification of determination letters. This revenue procedure also provides guidance on the exhaustion of administrative remedies for purposes of declaratory judgment under § 7428.

This revenue procedure includes the procedures for applying for and issuing determination letters using Form 1023–EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. The Service previously released separate revenue procedures for issuing determination letters under Form 1023 and Form 1023–EZ with Rev. Proc. 2015–5 and Rev. Proc. 2015–9. These procedures are now merged together in this revenue procedure.

**Description of terms used in this revenue procedure**

- .01 For purposes of this revenue procedure –
  - (1) The term “Service” means the Internal Revenue Service.

(2) The term “application” means the appropriate form or letter that an organization must file or submit to the Service for recognition of exemption from Federal income tax under the applicable section of the Internal Revenue Code. See section 3 for information on specific forms.

(3) The term “EO Determinations” means the office in EO Rulings and Agreements of the Service that is primarily responsible for processing initial applications for tax-exempt status.

(4) The term “EO Rulings and Agreements” means the office in EO that is primarily responsible for up-front, customer-initiated activities such as determination applications, taxpayer assistance, and assistance to other EO offices. The EO Rulings and Agreements office included the former EO Technical office.



The EO Rulings and Agreements office includes the office of EO Quality Assurance and Processing.

(5) The term “Appeals Office” means any office under the direction and control of the Chief, Appeals. The purpose of the Appeals Office is to resolve tax controversies, without litigation, on a fair and impartial basis. The Appeals Office is independent of EO Determinations and EO Rulings and Agreements.

(6) The term “determination letter” means a written statement issued by EO Rulings and Agreements or an Appeals Office in response to an application for recognition of exemption from Federal income tax under § 501 and 521. This includes a written statement issued by EO Determinations or an Appeals Office on the basis of advice secured from the Office of the Associate Chief Counsel (Tax Exempt and Government Entities) pursuant to the procedures prescribed in Rev. Proc. 2016–2, this Bulletin.

(7) The term “Code” means the Internal Revenue Code.

#### Updated annually

.02 This revenue procedure is updated annually, but may be modified or amplified during the year.

### SECTION 2. NATURE OF CHANGES AND RELATED REVENUE PROCEDURES

#### Rev. Proc. 2015–5 and Rev. Proc. 2015–9 are merged into one revenue procedure

.01 This revenue procedure merges and updates Rev. Proc. 2015–5 and Rev. Proc. 2015–9 into one annual revenue procedure.

#### Related revenue procedures

.02 The following revenue procedures are related to Rev. Proc. 2016–5 –

(1) This revenue procedure supplements Rev. Proc. 2016–10, next Bulletin, with respect to the effects of § 7428 on the classification of organizations under §§ 509(a) and 4942(j)(3).

(2) This revenue procedure supplements Rev. Proc. 80–27, 1980–1 C.B. 677, which sets forth procedures under which exemption may be recognized on a

group basis for subordinate organizations affiliated with and under the general supervision and control of a central organization.

(3) This revenue procedure supplements Rev. Proc. 72–5, 1972–1 C.B. 709, which provides information for religious and apostolic organizations seeking recognition of exemption under § 501(d).

(4) This revenue procedure supplements Rev. Proc. 2016–4, this Bulletin, which provides general procedures for requests for a determination letter.

(5) This revenue procedure supplements Rev. Proc. 2016–8, this Bulletin, which sets forth the user fees for requests for determination letters.

(6) This revenue procedure supplements Rev. Proc. 2015–17, 2015–7 I.R.B. 599, which provides information regarding procedures for organizations described in § 501(c)(29).

(7) This revenue procedure supplements Rev. Proc. 2014–11, 2014–3 I.R.B. 411, which sets forth procedures for reinstating the tax-exempt status of organizations that have had their tax-exempt status automatically revoked under § 6033(j)(1).

#### What changes have been made to Rev. Proc. 2015–5 and Rev. Proc. 2015–9?

.03 Notable changes to Rev. Proc. 2015–5 and Rev. Proc. 2015–9 that appear in this year’s update include –

(1) The procedures for applying for a determination of exemption under § 501(c)(3) using Form 1023 and Form 1023–EZ are merged into the same revenue procedure. Where the Form 1023 and Form 1023–EZ have different procedures, these distinctions are noted in this revenue procedure.

(2) Section 501(c)(20) was removed from the list of code sections organizations could complete a Form 1024 application to receive exemption because the exemption pursuant to § 501(c)(20) was terminated.

(3) Sections 5 and 12 have been revised to delete language requiring technical advice requests to the Office of Associate Chief Counsel (TEGE) if EO Determinations proposes to recognize the exemption of an organization, or revoke or modify an exempt status letter, contrary to a ruling or technical advice memorandum previously issued concerning the same facts and the

same taxpayer, because after requesting and receiving a ruling or technical advice memorandum with regard to the same organization, EO Determinations would not take a contrary action on the same facts as those in the ruling or technical advice memorandum.

(4) The post review procedures of determination letters in Section 9 have been modified, and procedures were added for addressing determination letters reviewed and found to have been issued in error.

(5) In addition to minor non-substantive changes, dates, cross references, and names have been changed to reflect the appropriate annual revenue procedures.

### SECTION 3. WHAT ARE THE PROCEDURES FOR REQUESTING RECOGNITION OF EXEMPT STATUS?

#### In general

.01 An organization seeking recognition of exempt status under § 501 or § 521 is required to submit the appropriate application. In the case of a numbered application form, the current version of the form must be submitted. A central organization that has previously received recognition of its own exemption can request a group exemption letter by submitting a letter application along with Form 8718, *User Fee for Exempt Organization Determination Letter Request*. See Rev. Proc. 80–27. Form 8718 is not a determination letter application. Attach Form 8718 to the determination letter application.

#### User fee

.02 An application must be submitted with the correct user fee, as set forth in Rev. Proc. 2016–8, this Bulletin.

#### Form 1023 application

.03 An organization seeking recognition of exemption under § 501(c)(3) and § 501(e), (f), (k), (n), (q), or (r) must submit a completed Form 1023, *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*. In the case of an organization that provides credit counseling services, see § 501(q). In the case of an organization that is a hospital and is seeking exemption

under § 501(c)(3), *see* § 501(r). Notwithstanding the foregoing, eligible organizations may seek recognition of exemption under § 501(c)(3) by submitting a completed Form 1023-EZ, *Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*, as described below.

### Form 1023-EZ application

.04 An eligible organization, as described in section 3.05, may, but is not required to, seek recognition of tax-exempt status under § 501(c)(3) by submitting a completed Form 1023-EZ, *Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*. The Form 1023-EZ and user fee must be submitted online at *www.pay.gov*. Paper submissions will not be accepted and will be treated as an incomplete form 1023-EZ as described in section 4.06. An incomplete Form 1023-EZ will not be accepted for processing by the Service even if it has been successfully submitted through *www.pay.gov*. Alternatively, an eligible organization may seek exemption under § 501(c)(3) by submitting a complete Form 1023.

### Eligibility for Form 1023-EZ application

.05 An organizations that is an eligible organization may use Form 1023-EZ to apply for recognition of exemption under § 501(c)(3), unless the organization is designated in section 3.06 as an organization that is ineligible to submit Form 1023-EZ. An organization is an eligible organization if the organization meets all of the following criteria:

(1) The organization has projected annual gross receipts of \$50,000 or less in the current taxable year and the next 2 years;

(2) The organization had annual gross receipts of \$50,000 or less in each of the past 3 years for which the organization was in existence; and

(3) The organization has total assets the fair market value of which does not exceed \$250,000. For purposes of this eligibility requirement, a good faith estimate of the fair market value of the organization's assets is sufficient.

### Ineligibility for Form 1023-EZ application

.06 The following organizations are not eligible organizations and must use Form 1023 to apply for recognition of exemption under § 501(c)(3):

(1) Organizations formed under the laws of a foreign country (United States territories and possessions are not considered foreign countries);

(2) Organizations that do not have a mailing address in the United States (territories and possessions are considered the United States for this purpose);

(3) Organizations that are successors to, or controlled by, an entity suspended under § 501(p) (suspension of tax-exempt status of terrorist organizations);

(4) Organizations that are not corporations, unincorporated associations, or trusts, such as a limited liability corporation (LLC);

(5) Organizations that are formed as for-profit entities or are successors to for-profit entities;

(6) Organizations that were previously revoked or that are successors to a previously revoked organization (other than an organization the tax-exempt status of which was automatically revoked for failure to file a Form 990 series return or notice for three consecutive years);

(7) Churches or conventions or associations of churches described in § 170(b)(1)(A)(i);

(8) Schools, colleges, or universities described in § 170(b)(1)(A)(ii);

(9) Hospitals or medical research organizations described in § 170(b)(1)(A)(iii) or § 501(r)(2)(A)(i) (cooperative hospital service organizations described in § 501(e));

(10) Cooperative service organizations of operating educational organizations described in § 501(f);

(11) Qualified charitable risk pools described in § 501(n);

(12) Supporting organizations described in § 509(a)(3);

(13) Organizations that have as a substantial purpose providing assistance to individuals through credit counseling activities such as budgeting, personal finance, financial literacy, mortgage foreclosure assistance, or other consumer credit areas;

(14) Organizations that invest, or intend to invest, 5 percent or more of their total assets in securities or funds that are not publicly traded;

(15) Organizations that participate, or intend to participate, in partnerships (including entities or arrangements treated as partnerships for Federal tax purposes) in which they share profits and losses with partners other than § 501(c)(3) organizations;

(16) Organizations that sell, or intend to sell, carbon credits or carbon offsets;

(17) Health Maintenance Organizations (HMOs);

(18) Accountable Care Organizations (ACOs), or organizations that engage in, or intend to engage in, ACO activities (such as participation in the Medicare Shared Savings Program (MSSP) or in activities unrelated to the MSSP described in Notice 2011-20, 2011-16 I.R.B. 652);

(19) Organizations that maintain, or intend to maintain, one or more donor advised funds;

(20) Organizations that are organized and operated exclusively for testing for public safety and that are requesting a foundation classification under § 509(a)(4);

(21) Private operating foundations; and

(22) Organizations that are applying for retroactive reinstatement of exemption under sections 5 or 6 of Rev. Proc. 2014-11, 2014-3 I.R.B. 411, after being automatically revoked (*see* section 3.11 for additional information).

Further information regarding these eligibility requirements may be provided in the *Instructions for Form 1023-EZ*.

### Form 1024 application

.07 An organization seeking recognition of exemption under § 501(c)(9) or § 501(c)(17), must submit a completed Form 1024, *Application for Recognition of Exemption Under Section 501(a)*, along with Form 8718, *User Fee for Exempt Organization Determination Letter Request*. An organization seeking a determination letter from the Service recognizing exemption under § 501(c)(2), (4), (5), (6), (7), (8), (10), (12), (13), (15), (19), or (25) must submit a completed Form 1024, along with Form 8718. In the case of an organization that provides credit counseling services and seeks recognition of exemption under § 501(c)(4), *see* § 501(q).

## Letter application

.08 An organization seeking recognition of exemption under § 501(c)(11), (14), (16), (18), (21), (22), (23), (26), (27), (28), or (29), or under § 501(d), must submit a letter application along with Form 8718.

## Form 1028 application

.09 An organization seeking recognition of exemption under § 521 must submit a completed Form 1028, *Application for Recognition of Exemption Under Section 521 of the Internal Revenue Code*, along with Form 8718.

## Form 8871 notice for political organizations

.10 A political party, a campaign committee for a candidate for federal, state or local office, and a political action committee are all political organizations subject to tax under § 527. To be tax-exempt, a political organization may be required to notify the Service that it is to be treated as a § 527 organization by electronically filing Form 8871, *Political Organization Notice of Section 527 Status*. For details, go to the IRS website at [www.irs.gov/polorgs](http://www.irs.gov/polorgs).

## Applications for reinstatement after automatic revocation

.11 Organizations that claim exempt status under § 501(c) generally must file annual Form 990 series returns or notices, even if they have not yet received their determination letter recognizing exemption. If an organization fails to file required Form 990 series returns or notices for three consecutive years, its exemption will be automatically revoked by operation of § 6033(j). Such an organization may apply for reinstatement of its exempt status, and such recognition may be granted retroactively, as provided in Rev. Proc. 2014–11. Consistent with the eligibility requirements for using Form 1023–EZ that are set forth in section 3.05, only an organization requesting reinstatement of § 501(c)(3) status under section 4 (streamlined retroactive reinstatement of tax-exempt status for small organizations within 15 months of revocation) or section 7 (reinstatement of tax-exempt status from

postmark date) of Rev. Proc. 2014–11 may apply using Form 1023–EZ. An organization requesting reinstatement of § 501(c)(3) status under section 5 (retroactive reinstatement of tax-exempt status within 15 months of revocation) or section 6 (retroactive reinstatement more than 15 months after revocation) of Rev. Proc. 2014–11 must apply using Form 1023.

## Requirements for a completed application other than a Form 1023–EZ application

.12 A completed application (other than a Form 1023–EZ), including a letter application, is one that:

(1) is signed by an authorized individual;

(2) includes an Employer Identification Number (EIN);

(3) for organizations other than those described in § 501(c)(3), includes a statement of receipts and expenditures and a balance sheet for the current year and the three preceding years (or the years the organization was in existence, if less than four years), and if the organization has not yet commenced operations or has not completed one accounting period, a proposed budget for two full accounting periods and a current statement of assets and liabilities; for organizations described in § 501(c)(3), see Form 1023 and Notice 1382;

(4) includes a detailed narrative statement of proposed activities, including each of the fundraising activities of a § 501(c)(3) organization, and a narrative description of anticipated receipts and contemplated expenditures;

(5) includes a copy of the organizing or enabling document that is signed by a principal officer or is accompanied by a written declaration signed by an authorized individual certifying that the document is a complete and accurate copy of the original or otherwise meets the requirements of a “conformed copy” as outlined in Rev. Proc. 68–14, 1968–1 C.B. 768;

(6) if the organizing or enabling document is in the form of articles of incorporation, includes evidence that it was filed with and approved by an appropriate state official (*e.g.*, stamped “Filed” and dated by the Secretary of State); alternatively, a copy of the articles of incorporation may

be submitted if accompanied by a written declaration signed by an authorized individual that the copy is a complete and accurate copy of the original copy that was filed with and approved by the state; if a copy is submitted, the written declaration must include the date the articles were filed with the state;

(7) if the organization has adopted by-laws or similar governing rules, includes a current copy; the by-laws need not be signed if submitted as an attachment to the application for recognition of exemption; otherwise, the by-laws must be verified as current by an authorized individual; and

(8) is accompanied by the correct user fee and Form 8718, when applicable.

## Requirements for a completed Form 1023–EZ application

.13 A Form 1023–EZ submitted online at [www.pay.gov](http://www.pay.gov) by an eligible organization is complete if it:

(1) includes responses for each required line item of the form, including an accurate date of organization and an attestation that the organization has completed the Form 1023–EZ eligibility worksheet, as in effect on the date of submission, is eligible to apply for exemption using Form 1023–EZ, and has read the *Instructions for Form 1023–EZ* and understands the requirements to be exempt under § 501(c)(3) as expressed therein;

(2) includes the organization’s correct Employer Identification Number (EIN);

(3) is electronically signed, under penalties of perjury, by an individual authorized to sign for the organization (as specified in the *Instructions for Form 1023–EZ*); and

(4) is accompanied by the correct user fee.

A Form 1023–EZ will not be considered completed if the organization’s name and EIN do not match the records in the Service’s Business Master File. Furthermore, a Form 1023–EZ submitted by an organization that is not an eligible organization will not be considered completed.

## Terrorist organizations not eligible to apply for recognition of exemption

.14 An organization that is identified or designated as a terrorist organization within

the meaning of § 501(p)(2) is not eligible to apply for recognition of exemption.

#### **SECTION 4. WHAT ARE THE STANDARDS FOR ISSUING A DETERMINATION LETTER ON EXEMPT STATUS?**

##### **Exempt status must be established in application, including attestation and supporting documents**

.01 A favorable determination letter will be issued to an organization if its application, including attestations and supporting documents, establishes that it meets the particular requirements of the section under which exemption from Federal income tax is claimed.

##### **Determination letter based solely on administrative record**

.02 A determination letter on exempt status is issued based solely upon the facts, attestations, and representations contained in the administrative record.

(1) The applicant is responsible for the accuracy of any factual representations or attestations contained in the application.

(2) Any oral representation of additional facts or modification of facts as represented or alleged in the application must be reduced to writing over the signature of an officer or director of the taxpayer under a penalties of perjury statement.

(3) The failure to disclose a material fact or misrepresentation of a material fact on the application, which includes an incorrect representation or attestation, may adversely affect the reliance that would otherwise be obtained through issuance by the Service of a favorable determination letter. *See* section 11.02 for additional information.

##### **Exempt status may be recognized in advance of actual operations**

.03 For all applications other than a Form 1023-EZ, exempt status may be recognized in advance of the organization's operations if the proposed activities are described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements for exemption pursuant to the section of the Code under which exemption is claimed.

(1) A mere restatement of exempt purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement.

(2) The organization must fully describe all of the activities in which it expects to engage, including the standards, criteria, procedures, or other means adopted or planned for carrying out the activities, the anticipated sources of receipts, and the nature of contemplated expenditures.

(3) Where the organization cannot demonstrate to the satisfaction of the Service that it qualifies for exemption pursuant to the section of the Code under which exemption is claimed, the Service will generally issue a proposed adverse determination letter. *See also* section 7 of this revenue procedure.

(4) For Form 1023-EZ applications, exempt status may be recognized in advance of the organization's operations if the attestations contained in the organization's completed Form 1023-EZ (along with any additional information requested by the Service and provided by the organization) establish that it meets the requirements for exemption under § 501(c)(3).

##### **No letter if exempt status issue in litigation or under consideration within the Service**

.04 A determination letter on exempt status ordinarily will not be issued if an issue involving the organization's exempt status under § 501 or § 521 is pending in litigation, is under consideration within the Service, or if issuance of a determination letter is not in the interest of sound tax administration. If the Service declines to issue a determination letter to an organization seeking exempt status under § 501(c)(3), the organization may be able to pursue a declaratory judgment under § 7428, provided that it has exhausted its administrative remedies.

##### **Incomplete application other than Form 1023-EZ application**

.05 If an application does not contain all of the items set out in section 3.12 of this revenue procedure, the Service will return it to the applicant for completion.

(1) In the case of an application under § 501(c)(3) that is returned incomplete, the

270-day period referred to in § 7428(b)(2) will not be considered as starting until the date a completed Form 1023 is refiled with or remailed to the Service. If the application is mailed to the Service and a postmark is not evident, the 270-day period will start to run on the date the Service actually receives the completed Form 1023. The same rules apply for purposes of the notice requirement of § 508.

(2) For applications that are returned to the applicant because they are not complete, the user fee will be returned or refunded. *See* Rev. Proc. 2016-8, section 10, this Bulletin.

##### **Non-acceptance for processing of Form 1023-EZ application**

.06 A submitted Form 1023-EZ that is not completed within the meaning of section 3.13 will not be accepted for processing by the Service. The Service may, but is not required to, request additional information under section 4.07 to validate information presented or to clarify an inconsistency in a Form 1023-EZ. An organization whose Form 1023-EZ is not accepted for processing will be notified of the non-acceptance of its application and any user fee that was paid will be returned or refunded. An eligible organization may then submit a properly completed Form 1023-EZ with a new user fee online at [www.pay.gov](http://www.pay.gov). Alternatively, an eligible organization may apply on a Form 1023.

(1) The Service will not accept for processing a Form 1023-EZ from an organization if the organization has an application for recognition of tax-exempt status other than a Form 1023 (e.g., Form 1024, *Application for Recognition of Exemption under Section 501(a)*) pending with the Service. An organization will be notified of the non-acceptance of the Form 1023-EZ, and any user fee that was paid with the Form 1023-EZ will be returned or refunded.

(2) The Service will not accept for processing a Form 1023-EZ from an organization if the organization has a Form 1023 pending with the Service that has been assigned for review. *See* section 6.02(2). An organization will be notified of the non-acceptance of the Form 1023-EZ, and any user fee that was paid with the Form 1023-EZ will be returned or refunded. For Form 1023-EZ applications

that are submitted when the organization has a Form 1023 pending with the Service that has not been assigned for review, *see* section 6.02(1).

**Even if application is complete, additional information may be required**

.07 Even though an application is complete, the Service may request additional information before issuing a determination letter. A failure to respond to a request for additional information will result in the closure of the application without a determination letter being issued and without a refund of the user fee.

(1) If the application involves an issue where contrary authorities exist, an applicant's failure to disclose and distinguish contrary authorities may result in requests for additional information, which could delay final action on the application.

(2) In the case of an application under § 501(c)(3), the period of time beginning on the date the Service requests additional information until the date the information is submitted to the Service will not be counted for purposes of the 270-day period referred to in § 7428(b)(2).

(3) The Service will select a statistically valid random sample of Form 1023-EZ applications for pre-determination reviews, which will result in requests for additional information.

**Expedited handling**

.08 Procedures for requesting expedited handling.

(1) Applications are normally processed in the order of receipt by the Service. However, expedited processing of an application may be approved where a request is made in writing and contains a compelling reason for processing the application ahead of others. Upon approval of a request for expedited processing, an application will be considered out of its normal order. This does not mean the application will be immediately approved or denied. Circumstances generally warranting expedited processing include:

(a) a grant to the applicant is pending and the failure to secure the grant may have an adverse impact on the organization's ability to continue to operate;

(b) the purpose of the newly created organization is to provide disaster relief to victims of emergencies such as flood and hurricane; and

(c) there have been undue delays in issuing a determination letter caused by a Service error.

(2) An organization may not request expedited handling of a Form 1023-EZ.

**May decline to issue group exemption**

.09 The Service may decline to issue a group exemption letter when appropriate in the interest of sound tax administration.

**SECTION 5. WHAT OFFICE ISSUES AN EXEMPT STATUS DETERMINATION LETTER ?**

**EO Determinations issues a determination letter**

.01 Under the general procedures outlined in Rev. Proc. 2016-4, this Bulletin, EO Determinations is authorized to issue determination letters on applications for exempt status under §§ 501 and 521.

**Transition Rule for applications transferred to the former EO Technical office**

.02 In limited circumstances, applications for exempt status were transferred to the former EO Technical office for processing.

(1) All the procedures herein apply to pending applications for exempt status that were transferred to the former EO Technical office, including the opportunity for the applicant to request consideration by Appeals of a proposed adverse determination as set forth in Section 7.

(2) An applicant receiving a proposed adverse determination with regard to an application that had been transferred to the former EO Technical office may also request a conference with EO Rulings and Agreements in addition to requesting appeals office consideration as described in Section 7.

**Technical advice may be requested in certain cases**

.03 At any time during the course of consideration of an exemption application by EO Determinations, if either EO Determinations or the organization believes

that its case involves an issue on which there is no published precedent, or there has been non-uniformity in the Service's handling of similar cases, EO Determinations may decide to, or the organization may request that EO Determinations seek technical advice from the Office of Associate Chief Counsel (Tax Exempt and Government Entities). *See* Rev. Proc. 2016-2, this Bulletin.

**SECTION 6. WITHDRAWAL OF AN APPLICATION**

**Application may be withdrawn prior to issuance of a determination letter**

.01 An application may only be withdrawn upon the written request of an authorized individual prior to the issuance of a determination letter. The issuance of a determination letter includes the issuance of a proposed adverse determination letter.

(1) When an application is withdrawn, the Service will retain the application and all supporting documents. The Service may consider the information submitted in connection with the withdrawn request in a subsequent examination of the organization.

(2) Generally, the user fee will not be refunded if an application is withdrawn. *See* Rev. Proc. 2016-8, section 10, this Bulletin.

**Withdrawal of a pending Form 1023 in order to file a Form 1023-EZ**

.02 Form 1023-EZ from an organization with a pending Form 1023.

(1) The Service will accept for processing a completed Form 1023-EZ from an eligible organization that has a Form 1023 pending with the Service, provided that the Form 1023 has not yet been assigned for review. The Form 1023-EZ will be treated as a written request for withdrawal of the pending Form 1023, and the Form 1023 will be treated as withdrawn as described in section 6.01. The user fee paid for the Form 1023 will generally not be refunded. *See* section 6.01. In addition, the filing date of the Form 1023-EZ (not the withdrawn Form 1023) will be treated as the date that the organization provided the notice required under § 508 to the Service. If the filing date of the Form 1023-EZ is within 27 months from the end of the month in which it was organized, the organization may be recognized

as exempt from the date it was organized. If it is not, then the organization's exemption, if recognized, will generally be effective from the date the Form 1023-EZ was filed. See section 11.01 below.

(2) The Service will not accept for processing a completed Form 1023-EZ from an eligible organization that has a Form 1023 pending with the Service if the Form 1023 has already been assigned for review. If this section 6.02(2) applies, an organization will be notified of the non-acceptance of the Form 1023-EZ and any user fee that was paid with the Form 1023-EZ will be refunded, as described in section 4.06.

### **§ 7428 implications of withdrawal of application under § 501(c)(3)**

.03 The withdrawal of an application under § 501(c)(3) is not a failure to make a determination within the meaning of § 7428(a)(2) or an exhaustion of administrative remedies within the meaning of § 7428(b)(2).

## **SECTION 7. WHAT ARE THE PROCEDURES WHEN EXEMPT STATUS IS DENIED?**

### **Proposed adverse determination letter**

.01 If EO Rulings and Agreements reaches the conclusion that the organization does not satisfy the requirements for exempt status pursuant to the section of the Code under which exemption is claimed, the Service generally will issue a proposed adverse determination letter, which will:

(1) include a detailed discussion of the Service's rationale for the denial of tax-exempt status; and

(2) advise the organization of its opportunity to appeal the decision and request a conference.

The non-acceptance of an application for incompleteness by the Service under sections 4.05 and 4.06 is not a proposed adverse determination.

### **Appeal of a proposed adverse determination letter issued by EO Rulings and Agreements**

.02 A proposed adverse determination letter issued by EO Rulings and Agreements will advise the organization of its

opportunity to appeal the determination by requesting Appeals Office consideration. To do this, the organization must submit a statement of the facts, law and arguments in support of its position within 30 days from the date of the proposed adverse determination letter. The organization must also state whether it wishes an Appeals Office conference.

### **Final adverse determination letter or ruling where no appeal or protest is submitted**

.03 If an organization does not submit a timely appeal of a proposed adverse determination letter issued by EO Rulings and Agreements, a final adverse determination letter will be issued to the organization. The final adverse letter will provide information about the filing of tax returns and the disclosure of the proposed and final adverse letters.

The non-acceptance of an application for incompleteness by the Service under sections 4.05 and 4.06 is not a final adverse determination.

### **How EO Rulings and Agreements administers an appeal of a proposed adverse determination letter**

.04 If an organization submits a protest of the proposed adverse determination letter, EO Rulings and Agreements will first review the protest, and, if it determines that the organization qualifies for tax-exempt status, issue a favorable exempt status determination letter. If EO Rulings and Agreements maintains its adverse position after reviewing the protest, it will forward the protest and the exemption application case file to the Appeals Office. As described in Section 5, for protests of proposed adverse determinations on applications transferred to the former EO Technical office, organizations may request a conference with EO Rulings and Agreements in addition to having its protest and exemption application file forwarded to the Appeals Office.

### **Consideration by the Appeals Office**

.05 The Appeals Office will consider the organization's appeal. If the Appeals Office agrees with the proposed adverse determination, it will either issue a final adverse determination or, if a conference

was requested, contact the organization to schedule a conference. At the end of the conference process, which may involve the submission of additional information, the Appeals Office will either issue a final adverse determination letter or a favorable determination letter. If the Appeals Office believes that an exemption or private foundation status issue is not covered by published precedent or that there is non-uniformity, the Appeals Office must request technical advice from the Office of Associate Chief Counsel (Tax Exempt and Government Entities). See Rev. Proc. 2016-2, this Bulletin.

### **An appeal or protest may be withdrawn**

.06 An organization may withdraw its appeal or protest before the Service issues a final adverse determination letter. Upon receipt of the withdrawal request, the Service will complete the processing of the case in the same manner as if no appeal or protest was received.

### **Appeal and conference rights not applicable in certain situations**

.07 The opportunity to appeal a proposed adverse determination letter and the conference rights described above are not applicable to matters where delay would be prejudicial to the interests of the Service (such as in cases involving fraud, jeopardy, the imminence of the expiration of the statute of limitations, or where immediate action is necessary to protect the interests of the Government).

## **SECTION 8. DISCLOSURE OF APPLICATIONS AND DETERMINATION LETTERS**

Sections 6104 and 6110 provide rules for the disclosure of applications, including supporting documents, and determination letters.

### **Disclosure of applications, supporting documents, and favorable determination letters**

.01 The applications, any supporting documents, and the favorable determination letter issued, are available for public inspection under § 6104(a)(1). However, there are certain limited disclosure exceptions for a trade secret, patent, process,

style of work, or apparatus, if the Service determines that the disclosure of the information would adversely affect the organization.

(1) The Service is required to make the applications, supporting documents, and favorable determination letters available upon request. The public can request this information by submitting Form 4506-A, *Request for Public Inspection or Copy of Exempt or Political Organization IRS Form*. Organizations should ensure that applications and supporting documents do not include unnecessary personal identifying information (such as bank account numbers or social security numbers) that could result in identity theft or other adverse consequences if publicly disclosed.

(2) The exempt organization is required to make its exemption application, supporting documents, and determination letter available for public inspection without charge. For more information about the exempt organization's disclosure obligations, see Publication 557, *Tax-Exempt Status for Your Organization*.

#### **Disclosure of adverse determination letters**

.02 The Service is required to make adverse determination letters available for public inspection under § 6110. Upon issuance of the final adverse determination letter to an organization, both the proposed adverse determination letter and the final adverse determination letter will be released pursuant to § 6110.

(1) These documents are made available to the public after the deletion of names, addresses, and any other information that might identify the taxpayer. See § 6110(c) for other specific disclosure exemptions.

(2) The final adverse determination letter will enclose Notice 437, *Notice of Intention to Disclose*, and redacted copies of the final and proposed adverse determination letters. Notice 437 provides instructions if the organization disagrees with the deletions proposed by the Service.

#### **Disclosure to State officials when the Service refuses to recognize exemption under § 501(c)(3)**

.03 The Service may notify the appropriate State officials of a refusal to recog-

nize an organization as tax-exempt under § 501(c)(3). See § 6104(c). The notice to the State officials may include a copy of a proposed or final adverse determination letter the Service issued to the organization. In addition, upon request by the appropriate State official, the Service may make available for inspection and copying the exemption application and other information relating to the Service's determination on exempt status.

The Service does not consider the non-acceptance of an application for incompleteness under sections 4.05 and 4.06 to be a refusal to recognize an organization as tax-exempt.

#### **Disclosure to State officials of information about § 501(c)(3) applicants**

.04 The Service may disclose to State officials the name, address, and identification number of any organization that has applied for recognition of exemption under § 501(c)(3).

### **SECTION 9. REVIEW OF DETERMINATION LETTERS**

#### **Determination letters may be post-reviewed**

.01 Determination letters issued by EO Determinations may be reviewed by EO Quality Assurance and Processing to assure uniform application of the statutes or regulations, or rulings, court opinions, or decisions published in the Internal Revenue Bulletin.

#### **Procedures for addressing determination letters reviewed and found to have been issued in error**

.02 If upon post-determination review EO Quality Assurance and Processing concludes, based on the information contained in the existing application file, that a determination letter issued by EO Determinations was issued in error, the matter will be processed under the revocation procedures pursuant to section 12 of this revenue procedure.

### **SECTION 10. DECLARATORY JUDGMENT PROVISIONS OF § 7428**

#### **Actual controversy involving certain issues**

.01 Generally, a declaratory judgment proceeding under § 7428 can be filed in the United States Tax Court, the United States Court of Federal Claims, or the district court of the United States for the District of Columbia with respect to an actual controversy involving a determination by the Service or a failure of the Service to make a determination with respect to the initial or continuing qualification or classification of an organization under § 501(c)(3) (charitable, educational, etc.); § 170(c)(2) (deductibility of contributions); § 509(a) (private foundation status); § 4942(j)(3) (operating foundation status); or § 521 (farmers cooperatives).

#### **Exhaustion of administrative remedies**

.02 Before filing a declaratory judgment action, an organization must exhaust its administrative remedies by taking, in a timely manner, all reasonable steps to secure a determination from the Service. These include:

(1) the filing of a completed application Form 1023 (within the meaning of section 3.12) or a completed Form 1023-EZ (within the meaning of section 3.13) under § 501(c)(3), or the request for a determination of foundation status pursuant to Rev. Proc. 2016-10, next Bulletin, or its successor;

(2) in appropriate cases, requesting relief pursuant to Treas. Reg. § 301.9100-1 of the Procedure and Administration Regulations regarding the extension of time for making an election or application for relief from tax;

(3) the timely submission of all additional information requested by the Service to perfect an exemption application or request for determination of private foundation status; and

(4) exhaustion of all administrative appeals available within the Service pursuant to section 7 of this revenue procedure.

### **Not earlier than 270 days after seeking determination**

.03 An organization will in no event be deemed to have exhausted its administrative remedies prior to the earlier of:

(1) the completion of the steps in section 10.02, and the issuance by the Service by certified or registered mail of a final determination letter; or

(2) the expiration of the 270-day period described in § 7428(b)(2) in a case where the Service has not issued a final determination letter, and the organization has taken, in a timely manner, all reasonable steps to secure a determination letter as provided in section 10.02.

(3) The 270-day period referred to in § 7428(b)(2) will not be considered to have started prior to the date a completed application is submitted to the Service. If the Service requests additional information from an organization pursuant to section 4.07, the period of time beginning on the date the Service requests additional information until the date the information is submitted to the Service will not be counted for purposes of the 270-day period referred to in § 7428(b)(2).

### **Service must have reasonable time to act on an appeal or protest**

.04 The steps described in section 10.02 will not be considered completed until the Service has had a reasonable time to act upon an appeal or protest.

### **Final determination to which § 7428 applies**

.05 A final determination to which § 7428 applies is a determination letter, sent by certified or registered mail, which holds that the organization is not described in § 501(c)(3) or § 170(c)(2), is a public charity described in a part of § 509 or § 170(b)(1)(A) other than the part under which the organization requested classification, is not a private foundation as defined in § 4942(j)(3), or is a private foundation and not a public charity described in a part of § 509 or § 170(b)(1)(A).

(1) The non-acceptance of an application for incompleteness under sections 4.05 and 4.06, is not a final determination to which § 7428 applies. In addition, an

organization will not have exhausted its administrative remedies by completing the steps in this section if the organization was not eligible to submit Form 1023-EZ as described in sections 3.05 and 3.06.

(2) The withdrawal of an application pursuant to section 6 or the non-acceptance of an incomplete application pursuant to sections 4.05 and 4.06 is not a failure to make a determination within the meaning of § 7428(b)(2).

## **SECTION 11. EFFECT OF DETERMINATION LETTER RECOGNIZING EXEMPTION**

### **Effective date of exemption**

.01 A determination letter recognizing exemption of an organization described in § 501(c), other than § 501(c)(29), is usually effective as of the date of formation of an organization if: (1) its purposes and activities prior to the date of the determination letter have been consistent with the requirements for exemption; (2) it has not failed to file required Form 990 series returns or notices for three consecutive years; and (3) it has filed an application for recognition of exemption within 27 months from the end of the month in which it was organized. Special rules may apply to an organization applying for exemption under § 501(c)(3), (9) or (17). See §§ 505 and 508, and Treas. Reg. §§ 1.508-1(a)(2), 1.508-1(b)(7) and 301.9100-2(a)(2)(iii) and (iv). In addition, special rules apply with respect to organizations described in § 501(c)(29). See Rev. Proc. 2012-11, 2012-7 IRB 368.

(1) If the Service requires the organization to alter its activities or make substantive amendments to its enabling instrument, the exemption will be effective as of the date specified in the determination letter.

(2) If the Service requires the organization to make a nonsubstantive amendment, exemption will ordinarily be recognized as of the date of formation. Examples of nonsubstantive amendments include correction of a clerical error in the enabling instrument or the addition of a dissolution clause where the activities of the organization prior to the determination letter are consistent with the requirements for exemption.

(3) An organization that otherwise meets the requirements for tax-exempt status and the issuance of a determination letter that does not meet the requirements for recognition from date of formation will generally be recognized from the postmark date of its application.

(4) For Form 1023-EZ applications, an eligible organization applying under this revenue procedure that does not submit Form 1023-EZ within 27 months from the end of the month in which it was organized will generally be recognized as exempt from the submission date of its Form 1023-EZ. For this purpose, the submission date of Form 1023-EZ is determined without regard to the submission date of any previously submitted application for recognition of tax-exemption (including a Form 1023-EZ, Form 1023, or Form 1024) that has been withdrawn by the organization or not accepted for processing by the Service. Thus, if an eligible organization that has a Form 1023 pending with the Service files a Form 1023-EZ in accordance with section 6.02(1) outside the 27-month window, it will generally be recognized as exempt from the submission date of its Form 1023-EZ, not from the date it submitted its Form 1023. An organization that believes it qualifies for an earlier effective date may request the earlier date by sending correspondence to the address listed in the *Instructions for Form 1023-EZ*. The correspondence should include the organization's name, EIN, the effective date the organization is requesting, an explanation of why the earlier date is warranted, and any supporting documents. This correspondence should be sent after the organization receives its determination letter. Alternatively, the organization may complete Form 1023 instead of completing Form 1023-EZ.

(5) For Form 1023-EZ applications, an eligible organization, other than a private foundation, that normally has gross receipts of \$50,000 or less is not required to file an annual return, but must furnish notice on Form 990-N providing the information required by § 6033(i). See Rev. Proc. 2011-15, 2011-3 I.R.B. 322. An eligible organization (other than a private foundation) that applies for recognition of exempt status under this revenue procedure is not required to separately notify the Service that it is excepted from the



annual filing requirement under § 6033(a) if it is claiming a filing exemption solely on the basis that its gross receipts are normally \$50,000 or less. However, if such an organization claims an exception from filing an annual return under § 6033(a) on a basis other than it being an organization (other than a private foundation) that normally has gross receipts of \$50,000 or less, it must file a Form 8940, *Request for Miscellaneous Determination*, with the Service and provide a statement of all of the facts on which its claim is based. A separate user fee will be required when filing the Form 8940. Alternatively, such an organization may file a Form 1023 application and submit information supporting its claimed exemption from filing annual returns as part of that exemption application.

#### **Reliance on determination letter**

.02 A determination letter recognizing tax-exemption may not be relied upon by the organization submitting the application if there is a material change, inconsistent with exemption, in the character, the purpose, or the method of operation of the organization, or a change in the applicable law. Also, a determination letter issued to an organization that submitted an application in accordance with this revenue procedure may not be relied upon by the organization submitting the application if it was based on any inaccurate material information submitted by the organization. *See* section 12.01.

(1) Inaccurate material information includes an incorrect representation or attestation as to the organization's organizational documents, the organization's exempt purpose, the organization's conduct of prohibited and restricted activities, or the organization's eligibility to file Form 1023-EZ.

(2) While the procedures for obtaining a determination letter by submitting a Form 1023 application may differ from those for obtaining a determination letter by submitting a Form 1023-EZ application, grantors and contributors may rely on both determination letters to the same extent. *See* Rev. Proc. 2011-33, 2011-25 I.R.B. 887.

## **SECTION 12. REVOCATION OR MODIFICATION OF DETERMINATION LETTER RECOGNIZING EXEMPTION**

A determination letter recognizing exemption may be revoked or modified: (1) by a notice to the taxpayer to whom the determination letter was issued; (2) by enactment of legislation or ratification of a tax treaty; (3) by a decision of the Supreme Court of the United States; (4) by the issuance of temporary or final regulations; (5) by the issuance of a revenue ruling, revenue procedure, or other statement published in the Internal Revenue Bulletin; or (6) automatically, pursuant to § 6033(j), for failure to file a required annual return or notice for three consecutive years.

#### **Revocation or modification of a determination letter may be retroactive**

.01 The revocation or modification of a determination letter recognizing exemption may be retroactive if there has been a change in the applicable law, or if the organization omitted or misstated a material fact, operated in a manner materially different from that originally represented, or, in the case of organizations to which § 503 applies, engaged in a prohibited transaction with the purpose of diverting corpus or income of the organization from its exempt purpose and such transaction involved a substantial part of the corpus or income of such organization. In certain cases an organization may seek relief from retroactive revocation or modification of a determination letter under § 7805(b). Requests for § 7805(b) relief are subject to the procedures set forth in Rev. Proc. 2016-1, this Bulletin.

(1) Where there is a material change, inconsistent with exemption, in the character, the purpose, or the method of operation of an organization, revocation or modification will ordinarily take effect as of the date of such material change.

(2) In the case where a determination letter is issued in error or is no longer in accord with the Service's position and § 7805(b) relief is granted (*see* sections 13 and 14 of Rev. Proc. 2016-4, this Bulletin), ordinarily, the revocation or modification will be effective not earlier than the

date when the Service modifies or revokes the original determination letter.

(3) A misstatement of material information includes an incorrect representation or attestation as to the organization's organizational documents, the organization's exempt purpose, the organization's conduct of prohibited and restricted activities, or the organization's eligibility to file Form 1023-EZ.

(4) Information provided on an application for recognition of exemption (e.g. Form 1023-EZ, Form 1023, or Form 1024) that has been withdrawn will not be considered for purposes of limiting the retroactive effect of a revocation or modification of a determination letter.

#### **Appeal and conference procedures in the case of revocation or modification of exempt status letter**

.02 In the case of a revocation or modification of a determination letter, the appeal and conference procedures are generally the same as set out in section 7 of this revenue procedure. However, appeal and conference rights are not applicable to matters where delay would be prejudicial to the interests of the Service (such as in cases involving fraud, jeopardy, the imminence of the expiration of the statute of limitations, or where immediate action is necessary to protect the interests of the Government). Organizations revoked under § 6033(j) will not have an opportunity for Appeal consideration.

## **SECTION 13. EFFECT ON OTHER REVENUE PROCEDURES**

Rev. Proc. 2015-5 is superseded.

Rev. Proc. 2015-9 is superseded.

## **SECTION 14. EFFECTIVE DATE**

This revenue procedure is effective January 4, 2016.

## **SECTION 15. PAPERWORK REDUCTION ACT**

The collection of information for a letter application under section 3.08 of this revenue procedure has been reviewed and approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act (44 U.S.C. § 3507) under control number 1545-

0056. All other collections of information under this revenue procedure have been approved under separate OMB control numbers.

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

The collection of this information is required if an organization wants to be recognized as tax-exempt by the Service. The Service needs the information to determine whether the organization meets

the legal requirements for tax-exempt status. In addition, this information will be used to help the Service delete certain information from the text of an adverse determination letter before it is made available for public inspection, as required by § 6110.

The time needed to complete and file a letter application will vary depending on individual circumstances. The estimated average time is 10 hours.

Books and records relating to the collection of information must be retained as long as their contents may become mate-

rial in the administration of any internal revenue law. The rules governing the confidentiality of letter applications are covered in § 6104.

#### **DRAFTING INFORMATION**

The principal authors of this Revenue Procedure are Andrew Megosh and Elizabeth Ardoin of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For additional information, please contact Mr. Megosh or Ms. Ardoin at 202-317-4541.

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**SECTION 1. WHAT IS THE PURPOSE OF THIS REVENUE PROCEDURE?**

**Purpose of revenue procedure**

.01 This revenue procedure sets forth the procedures of the Internal Revenue Service for issuing determination letters on the qualified status of pension, profit-sharing, stock bonus, annuity, and employee stock ownership plans (ESOPs) under §§ 401, 403(a), 409 and 4975(e)(7) of the Internal Revenue Code of 1986, and the status for exemption of any related trusts or custodial accounts under § 501(a). Also see Rev. Proc. 2007–44, 2007–2 C.B. 54, as modified by Rev. Proc. 2008–56, 2008–2 C.B. 826, Rev. Proc. 2009–36, 2009–2 C.B. 304, Notice 2009–97, 2009–2 C.B. 972, Notice 2010–77, 2010–51 I.R.B. 851 and Rev. Proc. 2012–50, 2012–50 I.R.B. 708, which contains a description of the determination letter program, including when to submit a request for a determination letter within the 5-year and 6-year staggered remedial amendment cycles, that apply to individually designed and pre-approved (Master & Prototype and Volume Submitter (VS)) plans. Also see Rev. Proc. 2015–36, 2015–27 I.R.B. 20, for procedures for pre-approved plans.

**Organization of revenue procedure**

.02 Part I of this revenue procedure contains instructions for requesting determination letters for various types of plans and transactions. Part II contains procedures for providing notice to interested parties and for interested parties to comment on determination letter requests. Part III contains procedures concerning the processing of determination letter requests and describes the effect of a determination letter.

**SECTION 2. WHAT CHANGES HAVE BEEN MADE TO THIS PROCEDURE?**

**In general**

.01 This revenue procedure is a general update of Rev. Proc. 2015–6, 2015–1 I.R.B. 194, which contains the Service’s general procedures for employee plans determination letter requests.

**Changes relating to Ann. 2015–19**

.02 Announcement 2015–19, 2015–32 I.R.B. 157, describes changes to the Employee Plans determination letter program for qualified plans. Effective January 1, 2017, the staggered 5-year determination letter remedial amendment cycles for individually designed plans, as described in Rev. Proc. 2007–44, will be eliminated (except that sponsors of Cycle A plans will be permitted to submit applications during the period beginning February 1, 2016, and ending January 31, 2017). The scope of the determination letter program for individually designed plans will be limited to initial plan qualification, qualification upon plan termination, and certain other limited circumstances. As of July 21, 2015, the Service ceased accepting off-cycle determination letter applications (as defined in section 14 of Rev. Proc. 2007–44), except with respect to new and terminating plans.

In anticipation of future changes to the Employee Plans determination letter program eliminating the 5-year remedial amendment cycles, this revenue procedure provides that, effective as of January 4, 2016, determination letters issued to individually designed plans will no longer contain an expiration date (currently required under section 13.02 of Rev. Proc.

2007–44). In response to comments submitted with respect to Ann. 2015–19, the Department of the Treasury and the Service intend to issue guidance with respect to the status of existing expiration dates on determination letters issued prior to January 4, 2016.

The following changes relating to Announcement 2015–19 have been made:

- (1) Section 7.03 has been modified to reflect the restrictions on off-cycle determination letter applications.
- (2) Section 10.05 has been modified to reflect the restrictions on off-cycle determination letter applications.
- (3) Section 21.01 has been modified to provide that determination letters issued to sponsors of individually designed plans on or after January 4, 2016, will not contain an expiration date.
- (4) Section 23 has been modified to state that this revenue procedure is effective February 1, 2016 except that the elimination of expiration dates on determination letters under section 21.01 is effective on January 4, 2016.

#### Other Changes

.03 The following additional changes have been made. These changes are in addition to minor revisions, such as updating references, and the changes relating to Ann. 2015–19 set forth in section 2.02 above.

- (1) Section 1.01 has been modified to delete language relating to the effective date of this revenue procedure, because the effective date is described in section 23.
- (2) Section 3.03 has been modified to provide that the Service will accept determination letter applications for the third Cycle A from 2/1/16 to 1/31/17.
- (3) The heading of section 5.03 has been clarified to reflect that a plan may be reviewed for a design-based safe harbor rather than a nondiscrimination in amount requirement.
- (4) Section 6.04 regarding EPCRS documentation to include for any closing agreement or compliance statement has been clarified.
- (5) Sections 6.09, 7.02(5), 9.02(2)(a), 12.02(6) and 13.03(1) have been modified to note that until a revised Form 8717, *User Fee for Employee Plan Determination Letter Request*, is published taxpayers should use the existing form but refer to applicable user fees in Rev. Proc. 2016–8, section 6.
- (6) Section 6.11 has been modified to provide that a determination may be made that an application is not complete and cannot be processed due to a failure to disclose or distinguish contrary authorities.
- (7) Section 6.13 regarding processing of incomplete applications has been clarified to note that the application will not be returned.
- (8) Section 12.02 has been modified to add Schedule SB for defined benefit plans as one of the forms required when requesting a determination letter in specified circumstances.
- (9) Section 16.03(5) regarding required information for a § 420 determination has been revised to state that the plan must provide that no transfer will be made after 12/31/2025.
- (10) Section 18.06 has been modified to delete (6) regarding documents on coverage schedules or other demonstrations.
- (11) Question 5 Part II of the checklist to the Appendix relating to § 420 applications has been revised to change the date from 12/31/2021 to 12/31/2025.

#### Other guidance

.04 Other guidance affecting this revenue procedure:

(1) Rev. Proc. 2015–36, 2015–27 I.R.B. 20 describes the procedures for the “pre-approval” of plans under the master and prototype (M&P) program and the VS program. Rev. Proc. 2007–44 describes a system of remedial amendment cycles that applies to pre-approved plans and individually designed plans, and the deadlines to submit applications for opinion, advisory and determination letters. The Service issues a Cumulative List every year identifying changes affecting plan qualification requirements.

(2) The 2015 Cumulative List is contained in [Notice 2015–84].

**PART I. PROCEDURES FOR DETERMINATION LETTER REQUESTS**

**SECTION 3. ON WHAT ISSUES MAY TAXPAYERS REQUEST WRITTEN GUIDANCE UNDER THIS PROCEDURE?**

**Types of requests** .01 Determination letters may be requested on completed and proposed transactions as set forth in the table below:

TYPE OF REQUEST	FORMS	REV. PROC. SECTION
<b>1. Initial Qualification, etc.</b>		
a. Individually-designed plans (including collectively bargained plans) and partial terminations	5300	7
b. ESOPs	5300, 5309	7
c. Adoptions of volume submitter plans (where the employer has made limited modifications to the language of the approved specimen plan)	5307	9
d. Multiple employer plans	5300	10
e. Group trusts	5316	13
f. § 414(x) combined plans	5300	7
<b>2. Termination</b>		
a. In general	5310, 6088	12
b. Multiemployer plan covered by PBGC insurance	5300, 6088	12
<p>Note: Form 5310–A, <i>Notice of Plan Merger, Consolidation, Spinoff or Transfer of Plan Assets or Liabilities – Notice of Qualified Separate Lines of Business</i> generally must be filed not less than 30 days before the merger, consolidation or transfer of assets and liabilities. The filing of Form 5310–A will not result in the issuance of a determination letter.</p>		
<b>3. Special Procedures</b>		
a. Affiliated service group status (§ 414(m)), leased employees (§ 414(n)), partial termination	5300	14
b. Minimum funding waiver	5300	15
c. Section 401(h) determination letters	5300	16
d. Section 420 determination letters including other matters under § 401(a)	5300, Cover letter, Checklist	16
e. Section 420 determination letters excluding other matters under § 401(a)	Cover letter, Checklist	16

**Areas in which determination letters will not be issued** .02 Determination letters issued in accordance with this revenue procedure do not include determinations on the following issues:

(1) Issues involving §§ 72, 79, 105, 125, 127, 129, 402, 403 (other than 403(a)), 404, 409(l), 409(n), 412, 414(h)(2), 415(m), 457, 511 through 515, and 4975 (other than 4975(e)(7)).

(2) Plans or plan amendments for which automatic reliance is granted pursuant to section 19 of Rev. Proc. 2015–36.

(3) Plan amendments described below (these amendments will, to the extent provided, be deemed not to alter the qualified status of a plan under § 401(a)).

(a) An amendment solely to permit a trust forming part of a plan to participate in a pooled fund arrangement described in Rev. Rul. 81–100, 1981–1 C.B. 326, as clarified and modified by Rev. Rul. 2004–67, 2004–2 C.B. 28; Rev. Rul. 2011–1, 2011–2 I.R.B. 251; Notice 2012–6, 2012–3 I.R.B. 293, and Rev. Rul. 2014–24, 2014–37 I.R.B. 529.



(b) An amendment that merely adjusts the maximum limitations under § 415 to reflect annual cost-of-living increases under § 415(d), other than an amendment that adds an automatic cost-of-living adjustment provision to the plan; and

(c) An amendment solely to include language pursuant to § 403(c)(2) of Title I of the Employee Retirement Income Security Act of 1974 (ERISA) concerning the reversion of employer contributions made as a result of mistake of fact.

(4) This section applies to determination letter requests with respect to plans that combine an ESOP (as defined in § 4975(e)(7) of the Code) with retiree medical benefit features described in § 401(h) (HSOPs).

(a) In general, determination letters will not be issued with respect to plans that combine an ESOP with an HSOP with respect to:

(i) whether the requirements of § 4975(e)(7) are satisfied;

(ii) whether the requirements of § 401(h) are satisfied; or

(iii) whether the combination of an ESOP with an HSOP in a plan adversely affects its qualification under § 401(a).

(b) A plan is considered to combine an ESOP with an HSOP if it contains ESOP provisions and § 401(h) provisions.

(c) However, an arrangement will not be considered covered by section 3.02(4) of this revenue procedure if, under the provisions of the plan, the following conditions are satisfied:

(i) No individual accounts are maintained in the § 401(h) account (except as required by § 401(h)(6));

(ii) No employer securities are held in the § 401(h) account;

(iii) The § 401(h) account does not contain the proceeds (directly or otherwise) of an exempt loan as defined in § 54.4975-7(b)(1)(iii) of the Pension Excise Tax Regulations; and

(iv) The amount of actual contributions to provide § 401(h) benefits (when added to actual contributions for life insurance protection under the plan) does not exceed 25 percent of the sum of: (1) the amount of cash contributions actually allocated to participants' accounts in the plan and (2) the amount of cash contributions used to repay principal with respect to the exempt loan, both determined on an aggregate basis since the inception of the § 401(h) arrangement.

#### **Submission period for applications**

.03 The Service will accept applications for determination letters for the third Cycle A submission period from February 1, 2016 to January 31, 2017. The Service's review will take into account the qualification requirements, and other items identified on the 2015 Cumulative List in [Notice 2015-84].

#### **SECTION 4. ON WHAT ISSUES MUST WRITTEN GUIDANCE BE REQUESTED UNDER DIFFERENT PROCEDURES?**

##### **Tax Exempt and Government Entities**

.01 Other procedures for obtaining rulings, determination letters, opinion letters, etc., on matters within the jurisdiction of the Commissioner, TE/GE are contained in the following revenue procedures:

(1) Employee Plans Rulings and Agreements (EP Rulings and Agreements) letter rulings and determination letters, etc.: *See* Rev. Proc. 2016-4, in this Bulletin.

(2) Master & Prototype (M&P) and Volume Submitter (VS) plans under § 401(a): *See Rev. Proc. 2015–36.*

(3) Prototype and Volume Submitter plans under § 403(b): *See Rev. Proc. 2013–22, 2013–18 I.R.B. 985 as modified by Rev. Proc. 2014–28, 2014–16 I.R.B. 944, and Rev. Proc. 2015–22, 2015–11 I.R.B. 754.*

(4) Employee Plans Compliance Resolution System: *See Rev. Proc. 2013–12, 2013–4 I.R.B. 313, and the modifications made by Rev. Proc. 2015–27, 2015–16 I.R.B. 914 and Rev. Proc. 2015–28, 2015–6 I.R.B. 920.*

### **Chief Counsel’s revenue procedure**

.02 The procedures for obtaining letter rulings, determination letters, etc., on matters within the jurisdiction of the Associate Chief Counsel (Tax Exempt and Government Entities), or within the jurisdiction of other offices of Chief Counsel are contained in the following revenue procedures:

(1) Chief Counsel’s letter rulings, information letters, etc.: *See Rev. Proc. 2016–1, in this Bulletin.*

(2) Technical Advice Requests: *See Rev. Proc. 2016–2, in this Bulletin.*

(3) Chief Counsel’s no-rule positions: *See Rev. Proc. 2016–3, in this Bulletin.*

## **SECTION 5. WHAT IS THE GENERAL SCOPE OF A DETERMINATION LETTER?**

### **Scope of this section**

.01 This section delineates, generally, the scope of an employee plan determination letter. This section also identifies certain qualification requirements that are not considered by the Service in its review of a plan and with respect to which determination letters do not provide reliance. This section applies to all determination letters other than letters relating to the qualified status of group trusts; and certain letters relating solely to the requirements of § 420, regarding the transfer of assets in a defined benefit plan to a health benefit account described in § 401(h). For additional information pertaining to the scope of reliance on a determination letter, see sections 8, 9 and 21 of this revenue procedure.

### **Scope of determination letters**

.02 In general, employee plans are reviewed by the Service for compliance with the form requirements (that is, those plan provisions that are required as a condition of qualification under § 401(a)). For terminating plans, the requirements are those that apply as of the date of termination. *See Rev. Proc. 2007–44* for further details on the scope of the Service’s review of determination letter applications.

### **Design-based safe harbor**

.03 Generally, a plan will not be reviewed for, and a determination letter may not be relied on with respect to, whether a plan satisfies the nondiscrimination requirements of § 401(a)(4), the minimum participation requirements of § 401(a)(26), or the minimum coverage requirements of § 410(b). However, if the applicant elects, a plan will be reviewed for, and a determination letter may be relied on with respect to whether the terms of the plan satisfy one of the design-based safe harbors in §§ 1.401(a)(4)–2(b) and 1.401(a)(4)–3(b) of the regulations (relating to nondiscrimination in amount of contributions and benefits.) A defined contribution plan will also be reviewed for, and a determination letter may be relied on with respect to, whether a plan’s terms satisfy the applicable requirements of sections 401(k) and 401(m).

**Governmental plans under § 414(d)**

.04 A plan will not be reviewed for and a determination letter does not constitute a ruling or determination as to whether the plan is a governmental plan within the meaning of § 414(d). If a determination letter applicant indicates on the application that the plan is a governmental plan within the meaning of § 414(d), the determination letter issued for the plan is predicated on that representation.

**Church plans under § 414(e)**

.05 A plan will not be reviewed for and a determination letter does not constitute a ruling or determination as to whether the plan is a church plan within the meaning of § 414(e). If a determination letter applicant indicates on the application that the plan is a church plan within the meaning of § 414(e), the determination letter issued for the plan is predicated on that representation.

**Tax treatment of certain contributions of § 414(h)**

.06 A plan will not be reviewed for and a determination letter may not be relied on with respect to whether contributions to the plan satisfy § 414(h). A determination letter does not express an opinion on whether contributions made to a plan treated as a governmental plan defined in § 414(d) constitute employer contributions under § 414(h)(2).

**Other limits on scope of determination letter**

.07 A favorable determination letter does not provide reliance for purposes of §§ 404, 412, 430, 431, and 432 with respect to whether an interest rate (or any other actuarial assumption) is reasonable. A favorable determination letter does not constitute a determination with respect to whether any requirements of § 414(r), relating to whether an employer is operating qualified separate lines of business, are satisfied.

**Affiliated service groups, leased employees and partial terminations**

.08 Applicants may elect that the letter include a determination as to whether:

- (1) the employer is a member of an affiliated service group within the meaning of § 414(m),
- (2) leased employees are deemed employees of the employer under the meaning of § 414(n), and/or
- (3) a partial termination has occurred with respect to the plan, and if so, its impact on plan qualification.

**Publication 794**

.09 Publication 794, *Favorable Determination Letter*, contains other information regarding the scope of a determination letter, including the requirement that all information submitted with the application be retained as a condition of reliance. In addition, the specific terms of each letter may further define its scope and the extent to which it may be relied upon. Publication 794 can also be found at <http://www.irs.gov/Forms-&-Pubs>.

**SECTION 6. WHAT IS THE GENERAL PROCEDURE FOR REQUESTING DETERMINATION LETTERS?**

**Scope**

.01 This section contains procedures that are generally applicable to all determination letter requests. Additional procedures for specific requests are contained in sections 7 through 16.

**Qualified trustee plans**

.02 A trust created or organized in the United States and forming part of a pension, profit-sharing, stock bonus or annuity plan of an employer for the exclusive benefit of its employees or their beneficiaries that meets the requirements of § 401(a) is a qualified trust and is exempt from federal income tax under § 501(a) unless the exemption is denied under § 502, relating to feeder organizations, or § 503, relating to prohibited transactions, if, in the latter case, the plan is one described in § 503(a)(1)(B).

**Qualified nontrusteed annuity plans**

.03 A nontrusteed annuity plan that meets the applicable requirements of § 401(a) and other additional requirements as provided under § 403(a) and § 404(a)(2) (relating to deductions of employer contributions for the purchase of retirement annuities) qualifies for the special tax treatment under § 404(a)(2), and the other sections of the Code, if the additional provisions of such other sections are also met.

**Complete information required**

.04 An applicant requesting a determination letter must file the material required by this revenue procedure with Employee Plans Determinations (EP Determinations) at the address in section 6.15. The filing of the application, when accompanied by all information and documents required by this revenue procedure, will generally serve to provide the Service with the information required to make the requested determination. However, in making the determination, the Service may require the submission of additional information. If an application is determined by the Service to be procedurally or technically deficient, the Service may decline to process the application and an applicant may be required to resubmit the entire application and pay a new user fee in order to request a determination letter. See section 6.13 for additional information. Information submitted to the Service in connection with an application for determination may be subject to public inspection to the extent provided by § 6104. The applicant must include Employee Plans Compliance Resolution System documentation for any closing agreement or compliance statement. This includes Appendix C of Rev. Proc. 2013–12 or Form 14568, Appendix C Part I- Model VCP Submission Compliance Statement, applicable attachments or model schedules and copies of corrective amendments issued or applied for during the current 5-year or 6-year remedial amendment cycle, if any, with the determination letter application.

**Complete copy of plan and trust instrument and applicable amendments required**

.05 In addition to a copy of the plan and trust documents and other material required by the application, the determination letter application must also include a copy of all signed and dated interim and other plan amendments adopted or effective during the plan’s current remedial amendment cycle (other than such amendments adopted on behalf of the employer by the practitioner that sponsors the employer’s VS plan) even if these amendments are dated earlier than a previous determination letter issued with respect to the plan. The application must also include the completed Procedural Requirements Checklist that is set forth in Forms 5300, 5307, 5310 and 5316. If a plan did not receive a prior favorable determination letter, all plan documents and amendments for the Cumulative List applicable for the plan’s prior submission period must be submitted.

**Submission of reference list encouraged**

In order to facilitate the review of an application for a determination letter, an applicant is encouraged to submit a completed reference list along with the application for the plan. A reference list is a checklist that applicants may use to indicate the location in their plan document of items set forth in the 2015 Cumulative List. A sample reference list will be made available at [www.irs.gov](http://www.irs.gov). The inclusion of a completed reference list with the determination letter application will facilitate the Service’s review of the submission, and is encouraged. Submission of a reference list is not mandatory.

In order for documents to be properly scanned, documents submitted should not be stapled or bound and the application form should be prepared using Courier 10 point font.

**Section 9 of Rev. Proc. 2016–4 applies**

.06 Section 9 of Rev. Proc. 2016–4 is generally applicable to requests for determination letters under this revenue procedure.

**Separate application for each single § 414(l) plan**

.07 A separate application is required for each single plan within the meaning of § 414(l). This requirement does not pertain to applications regarding the qualified status of group trusts.

**Prior letters**

.08 If the plan has received a favorable determination letter in the past, the application must include a copy of the latest determination letter. If a prior determination letter is not available, an explanation must be included with the application, and the employer must include a copy of the prior plan or adoption agreement, including the opinion or advisory letter, if applicable.

**Plans involving mergers**

If the submitted plan is the result of a merger of two or more plans, the applicant must include a copy of the prior determination letter for all the plans that combined to result in the merged plan. If a prior determination letter is not available for any such plan involved in a merger, an explanation must be included with the application, and the applicant must include a copy of the prior plan document (and adoption agreement, if applicable), the opinion or advisory letter for the plan, if applicable, and all amendments necessary to verify that each plan was amended timely for the Cumulative List applicable for the plan's prior submission period. Additionally, for each plan involved in a merger the applicant must provide all of the amendments adopted during the plan's current remedial amendment cycle.

**User fees**

.09 The appropriate user fee, if applicable, must be paid according to the procedures of Rev. Proc. 2016-8, in this Bulletin. Form 8717, *User Fee for Employee Plan Determination Letter Request* (Rev. August 2014), must accompany each determination letter request. If, however, the user fee for a determination letter request is paid through *www.pay.gov*, submit a copy of the payment confirmation in lieu of Form 8717. If the criteria for the user fee exemption are met in accordance with Notice 2011-86, 2011-45 I.R.B. 698, the certification on Form 8717 must be signed. Stamped signatures are not acceptable. Form 8717 is currently being revised. Until such revised form is published, taxpayers should continue to use the existing form. However, when completing the form, taxpayers should refer to the applicable Employee Plans user fees listed in section 6 of Rev. Proc. 2016-8, in this Bulletin.

**Interested party notification and comment**

.10 Before filing an application, the applicant requesting a determination letter must satisfy the requirements of section 3001(a) of ERISA, and § 7476(b)(2) of the Code and the regulations thereunder, which provide that an applicant requesting a determination letter on the qualified status of certain retirement plans must notify interested parties of such application. The general rules of the Service with respect to notifying interested parties of requests for determination letters relating to the qualification of plans involving §§ 401 and 403(a) are set out below in sections 17 and 18 of this revenue procedure.

**Contrary authority must be distinguished**

.11 If the application for determination involves an issue where contrary authorities exist, failure to disclose or distinguish such contrary authorities may result in requests for additional information or the determination that the application is not complete and cannot be processed.

**Employer/employee relationship**

.12 Employee Plans of the Tax Exempt and Government Entities Division of the Service does not make determinations regarding the existence of an employer-employee relationship as part of its determination on the qualification of a plan, but relies on the applicant's representations or assumptions, stated or implicit, regarding the existence of such a relationship. Taxpayers are reminded, however, that they may file Form SS-8, *Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding*, with the Service to determine the employment status of the individuals involved prior to filing an application for a determination letter on the qualified status of the plan. See section 12.04 of Rev. Proc. 2016-1.

**Incomplete applications**

.13 This section provides procedures for processing incomplete applications.

(1) *Procedural Completeness*. Upon receipt, an application will be reviewed to determine if it is procedurally complete. In order for an application to be procedurally complete, the application must include all of the information and documents required by this revenue procedure, including but not limited to the Form 5300 series application and the Procedural Requirements Checklist.

(2) *Procedurally Deficient Applications.* The following procedures apply to a procedurally deficient on-cycle filing of a determination letter application. To retain its status as an on-cycle filing, a procedurally deficient application must either be perfected in accordance with section 6.13(2)(a) of this revenue procedure or resubmitted in accordance with section 6.13(2)(b). See section 6.05 of this revenue procedure.

- (a) If an application is procedurally deficient, the Service will send the applicant a letter identifying the missing information. The applicant will have 30 days from the date of the letter to submit the missing information identified. If the missing information is not sent (postmarked) within 30 days of the Service's letter, the case will be closed. The application will not be returned and any user fee with respect to the application will not be refunded.
- (b) If a procedurally deficient application is not perfected pursuant to section 6.13(2)(a) of this revenue procedure, the applicant must resubmit the entire application, including a new user fee (if applicable), by the end of the plan sponsor's remedial amendment cycle, unless a later date is specified in the Service's letter.
- (c) If a procedurally deficient application is not perfected pursuant to section 6.13(2)(a) of this revenue procedure, and both the response deadline and the postmark date of a response submitted pursuant to section 6.13(2)(a) occur after the end of the plan sponsor's remedial amendment cycle, the Service will send the applicant a final disposition letter indicating that the remedial amendment cycle will not be extended to allow the plan to be submitted for that cycle. The application will not be returned and any user fee with respect to the application will not be refunded.

(3) *Technically deficient applications.* An application that is procedurally complete will proceed for a technical review. During the course of the review the Service may request the submission of additional information.

- (a) If the Service needs additional information to process the application, the applicant will be sent an information request with a response date.
- (b) If the applicant's response to such information request is not timely or complete, the applicant will be given a set period of time in which to respond.
- (c) If a complete response is not received by the response deadline set forth in the Service's letter referenced in section 6.13(3)(b) of this revenue procedure, the case will be closed. The application will not be returned and any user fee submitted with respect to the application will not be refunded.
  - (i) If either the response deadline or the postmark date of the submitted response occurs prior to the end of the plan sponsor's remedial amendment cycle, the applicant will be given a set period of time to submit a new application, including a new user fee, if applicable.
  - (ii) If both the response deadline and the postmark date of a response submitted pursuant to section 6.13(3)(b) occur after the end of the plan sponsor's remedial amendment cycle, the Service will send the applicant a final disposition letter indicating that the remedial amendment cycle will not be extended to allow the plan to be submitted for that cycle.
- (d) An application resubmitted with a new user fee in accordance with section 6.13(3)(c) of this revenue procedure will be treated as a new application for purposes of this section 6.13.

**Effect of failure to disclose material fact**

.14 The Service may determine, based on the application form, the extent of review of the plan document. A failure to disclose a material fact or misrepresentation of a material fact on the application adversely affects the reliance that would otherwise be obtained through issuance by the Service of a favorable determination letter. Similarly, failure to accurately provide any of the information called for on any form required by this revenue procedure may result in no reliance.

**Where to file requests**

.15 Requests for determination letters are to be addressed to EP Determinations at the following address:

Internal Revenue Service  
Attention: EP/EO Determination Letters  
Stop 31  
P.O. Box 12192  
Covington, KY 41012-0192

Requests shipped by Express Mail or a delivery service should be sent to:

Internal Revenue Service  
Attention: EP/EO Determination Letters  
Stop 31  
201 West Rivercenter Blvd.  
Attn: Extracting Stop 31  
Covington, KY 41011

Determination letter applications will not be accepted via fax.

**Submission of related plans**

.16 If applications for two or more plans of the same employer are submitted together, each application should include a cover letter that identifies the name of the employer and the plan numbers and employer identification numbers of all the related plans submitted together. The Service will determine whether these applications will be worked simultaneously.

**Withdrawal of requests**

.17 The applicant's request for a determination letter may be withdrawn by a written request at any time prior to the issuance of a final adverse determination letter. If an appeal to a proposed adverse determination letter is filed, a request for a determination letter may be withdrawn at any time prior to the forwarding of the proposed adverse action to the Chief, Appeals Office. In the case of a withdrawal, the Service will not issue a determination of any type. A failure to issue a determination letter as a result of a withdrawal will not be considered a failure of the Secretary or his delegate to make a determination within the meaning of § 7476. However, the Service may consider the information submitted in connection with the withdrawn request in a subsequent examination. Generally, the user fee will not be refunded if the application is withdrawn.

**Right to status conference**

.18 An applicant for a determination letter has the right to have a conference with the EP Determinations Manager concerning the status of the application if the application has been pending at least 270 days. The status conference may be by phone or in person, as mutually agreed upon. During the conference, any issues relevant to the processing of the application may be addressed, but the conference will not involve substantive discussion of technical issues. No tape, stenographic, or other verbatim recording of a status conference may be made by any party. Subsequent status conferences may also be requested if at least 90 days have passed since the last preceding status conference.

**How to request status conference**

.19 A request for a status conference with the EP Determinations Manager is to be made in writing and is to be sent to the specialist assigned to review the application or, if the applicant does not know who is reviewing the application, to the EP Determinations Manager at the address in section 6.15.

## SECTION 7. WHEN DETERMINATION LETTERS ARE ISSUED

### Requesting Determination Letters

.01 This section 7 contains the procedures for requesting determination letters for individually designed plans in the following circumstances:

- (1) Initial qualification.
- (2) Amendment and restatement subsequent to initial qualification.
- (3) Plan termination.

### Forms

.02 A determination letter request for the items listed in section 7.01 is made by filing the appropriate form according to the instructions to the form and any prevailing revenue procedures, notices, and announcements.

(1) Form 5300, *Application for Determination for Employee Benefit Plan*, including a copy of the Procedural Requirements Checklist included therein, must be filed to request a determination letter for an individually designed plan, including a collectively bargained plan and an M&P plans that has made modifications.

(2) Form 5309, *Application for Determination of Employee Stock Ownership Plan*, must be filed as an attachment with a Form 5300, in order to request a determination whether the plan is an ESOP under § 409 or § 4975(e)(7).

(3) Form 5310, *Application for Determination for Terminating Plan*, including a copy of the Procedural Requirements Checklist included therein. (Also see section 12 of this revenue procedure for additional requirements pertaining to applications for determination upon plan termination.)

(4) Form 8905, *Certification of Intent to Adopt a Pre-approved Plan*, executed before the end of the employer's 5-year remedial amendment cycle as determined under Part III of Rev. Proc. 2007-44, if applicable.

(5) Form 8717, *User Fee for Employee Plan Determination Letter Request* (Rev. August 2014) (or the payment confirmation from [www.pay.gov](http://www.pay.gov) as described in section 6.09). (Form 8717 is currently being revised. Until such revised form is published taxpayers should continue to use the existing form. However, when completing the form, taxpayers should refer to the applicable Employee Plans user fees listed in section 6 of Rev. Proc. 2016-8, in this Bulletin.)

(6) Form 2848, *Power of Attorney and Declaration of Representative*.

(7) Form 8821, *Tax Information Authorization*.

### Off-Cycle Applications

.03 As provided in Ann. 2015-19, effective as of July 21, 2015, the Service no longer accepts off-cycle applications for individually designed plans, except with respect to new plans, as defined in section 14.02(2) of Rev. Proc. 2007-44, and for terminating plans.

### Application must include copy of plan and amendments

.04 The plan, all interim and other plan amendments adopted or effective during the plan's current remedial amendment cycle must be included in the application package along with a copy of the restated plan and trust instrument. If the plan sponsor did not receive a favorable



determination letter, all plan documents and amendments for the Cumulative List applicable for the plan's prior submission period must be submitted. If the plan sponsor relied upon an opinion or advisory letter with respect to its prior remedial amendment cycle, the plan, adoption agreements and all applicable amendments for the plan's prior submission period must also be submitted.

In general, a determination letter may not be relied upon for any period preceding the beginning of the remedial amendment cycle for which the letter is issued. Thus, for example, if an application for a determination letter includes a plan amendment that was effective before the beginning of the plan's current remedial amendment cycle, the determination letter may not be relied upon with respect to the effect of the amendment for the period preceding the beginning of the cycle.

The Service has the discretion to request copies of any amendments during its review of a plan.

#### **Restatements required**

.05 Individually designed plans must be restated when they are submitted for determination letter applications, except for terminating plans.

#### **Controlled group elections pursuant to Revenue Procedure 2007-44**

.06 If, pursuant to Rev. Proc. 2007-44, an election has been made for related entities (as described under section 10 of that revenue procedure) to be on the same cycle, each application must include a cover letter that identifies the name of each member of the controlled group and/or employer within the affiliated service group, and the plan numbers and employer identification numbers of all the related plans submitted together. When a controlled group election has been made for multiple plans to be on the same cycle, the Service will determine whether these applications will be worked simultaneously.

#### **§ 414(x) combined plans**

.07 The Service will consider § 414(x) in issuing determination letters for individually designed plans that consist of a defined benefit plan and a qualified cash or deferred arrangement. A § 414(x) plan sponsor must submit two Forms 5300 and two applicable user fees.

### **SECTION 8. EMPLOYER RELIANCE ON M&P AND VOLUME SUBMITTER PLANS**

#### **Scope**

.01 Rev. Proc. 2015-36 describes the procedures for requesting opinion letters and advisory letters on M&P and VS plans and the extent to which adopting employers of such plans may rely on favorable opinion or advisory letters without having to request individual determination letters. In addition, many pre-approved plan adopters may no longer apply for determination letters, as described in this revenue procedure.

(1) An adopting employer of an M&P plan (whether standardized or nonstandardized) may not apply for a determination letter for the plan on Form 5307.

(2) An adopting employer of a VS plan may not apply for a determination letter for the plan on Form 5307 unless the employer has modified the terms of the approved plan and the modifications are not so extensive as to cause the plan to be treated as an individually designed plan.

(3) An application for a determination letter for an M&P or VS plan that is filed on Form 5300 is treated as an application for an individually designed plan, requiring the plan to be restated to take into account the Cumulative List in effect when the application is filed, unless the employer is filing the application solely for one or more of the following reasons:

(a) The employer has modified the terms of the M&P plan by adding overriding language necessary to coordinate the application of the limitations of section 415 or the requirements of section 416 because the employer maintains multiple plans.

(b) The plan is a pension plan and the normal retirement age under the plan is lower than 62. In this case, a determination letter is required for reliance that the plan's normal retirement age satisfies the requirements of section 1.401(a)-1(b)(2) of the regulations.

(c) The employer seeks a determination as to whether there has been a partial termination of the plan, the employer is a member of an affiliated service group under section 414(m), or the employer is a recipient of services of leased employees under section 414(n).

(d) The plan is a multiple employer plan.

(e) The employer is required to obtain a determination letter to comply with published procedures of the Service (for example, in conjunction with a request for a minimum funding waiver).

In the situations described in subparagraphs (a) through (e), the plan does not have to be restated for the Cumulative List in effect when the application is filed and will be reviewed on the basis of the Cumulative List that was considered in issuing the opinion or advisory letter for the plan. An employer that submits an application for a determination letter for an M&P or VS plan on Form 5300 for one or more of the reasons described in subparagraphs (a) through (e) should identify the reason in a cover letter to the application and include a copy of the opinion or advisory letter.

Section 9 of this revenue procedure describes the procedures for requesting determination letters on VS plans where the employer has made limited modifications to the language of the approved specimen plan.

**Reliance equivalent to determination letter**

.02 If an employer can rely on a favorable opinion or advisory letter pursuant to Section 19 of Rev. Proc. 2015-36, as modified by this revenue procedure, the opinion or advisory letter shall be equivalent to a favorable determination letter. For example, the favorable opinion or advisory letter shall be treated as a favorable determination letter for purposes of section 21 of this revenue procedure, regarding the effect of a determination letter, and section 5.01(4) of Rev. Proc. 2013-12, 2013-4 I.R.B. 313, as updated, regarding the definition of "favorable letter" for purposes of the Employee Plans Compliance Resolution System.

**SECTION 9.  
DETERMINATION  
LETTER FILING  
PROCEDURES FOR  
VOLUME SUBMITTER  
PLANS**

**Scope**

.01 This section contains procedures for requesting determination letters for adopting employers of VS plans where the employer has made limited modifications to the approved specimen plan.

**Determination letter for adoption of volume submitter plan**

.02 An application filed on Form 5307, *Application for Determination for Adopters of Modified Volume Submitter Plans*, must include any interim plan amendments unless the VS plan authorizes the practitioner to amend on behalf of the adopting employer. The Service may, however, request evidence of adoption of interim amendments during the course of its review of a particular plan. With respect to determination letters for adopting employers of VS plans:

(1) An application for a determination letter for an employer's adoption of an approved VS plan where the employer has made limited modifications to the language of the approved specimen plan must be sent to the address provided in section 6.15. For VS plans involved in plan mergers, see section 6.08 of this procedure.

(2) The application for a determination letter must include the following:

(a) Form 8717, *User Fee for Employee Plan Determination Letter Request* (Rev. August 2014) (or the payment confirmation from [www.pay.gov](http://www.pay.gov) as described in section 6.09). (Form 8717 is currently being revised. Taxpayers should continue to use the existing form until the revised form is published. However, when completing the form, taxpayers should refer to the applicable Employee Plans user fees listed in section 6 of Rev. Proc. 2016–8, in this Bulletin);

(b) Form 5307, *Application for Determination for Adopters of Modified Volume Submitter (VS) Plans*, including a copy of the Procedural Requirements Checklist included therein;

(c) Form 2848, *Power of Attorney and Declaration of Representative*, or other written authorization allowing the VS practitioner to act as a representative of the employer with respect to the request for a determination letter;

(d) Form 8905, *Certification of Intent to Adopt a Pre-approved Plan*, executed before the end of the employer's 5-year remedial amendment cycle as determined under Part III of Rev. Proc. 2007–44, if applicable;

(e) A copy of the most recent advisory letter for the practitioner's VS specimen plan;

(f) A complete copy of the plan and trust instrument and, if applicable, a copy of the completed adoption agreement;

(g) A written representation (signature optional) made by the VS practitioner which explains how the plan and trust instrument differ from the approved specimen plan, describing the location, nature and effect of each deviation from the language of the approved specimen plan;

(h) A copy of the plan's latest favorable determination letter, if applicable;

(i) Applications filed on Form 5307 for VS plans where the employer has made limited modifications to the language of the approved specimen plan that do not authorize the practitioner to amend on behalf of the adopting employer must include any interim amendments that were adopted for qualification changes on the applicable Cumulative List used in reviewing and approving the underlying VS plan; and

(j) Any other information or material that may be required by the Service.

(3) Deviations from the language of the approved specimen plan will be evaluated based on the extent and complexities of the changes. If the changes are determined not to be compatible with the VS program, the Service will require the applicant to file Form 5300 and pay the higher user fee. *See also*, Rev. Proc. 2007–44, section 19.

(4) An employer will not be treated as having adopted a VS plan if the employer has signed or otherwise adopted the plan prior to the date on the VS specimen plan's advisory letter. In this case, the determination letter application for the employer's plan may not be filed on Form 5307 and will not be eligible for a reduced user fee. A determination letter application for a VS plan must be based on the approved VS specimen plan with any applicable modifications. See section 19.03 in Rev. Proc. 2015–36.

**Timing of determination letter applications for adopting employers of pre-approved plans**

.03 In accordance with Part IV of Rev. Proc. 2007–44, adopting employers of M&P and VS plans have a six-year remedial amendment cycle. The deadline for an adopting employer to adopt the approved M&P or VS plan closes with the two-year window at the end of the plan’s remedial amendment cycle. An adopting employer of a modified VS plan who desires to obtain a determination letter for reliance must submit within the two-year window. Applications may only be submitted during the two-year window. Applications submitted outside of the two-year window will be returned.

**SECTION 10. MULTIPLE EMPLOYER PLANS**

**Scope**

.01 This section contains procedures for applications filed with respect to plans described in § 413(c). A plan is not described in § 413(c) if all the employers maintaining the plan are members of the same controlled group or affiliated service group under § 414(b), (c) or (m).

**Options to file for the plan only or for both the plan and employers maintaining the plan**

.02 A determination letter applicant for a multiple employer plan can request either (1) a letter for the plan in the name of the controlling member or (2) a letter for the plan in the name of the controlling member and a letter for each employer maintaining the plan with respect to whom a separate Form 5300 is filed.

(1) An applicant requesting a letter for the plan submits one Form 5300 application for the plan in the name of the controlling member, either including or omitting the design-based safe harbor questions. The user fee for a single employer plan will apply. An employer maintaining a multiple employer plan can rely on a favorable determination letter issued for the plan except with respect to the requirements of §§ 401(a)(4), 401(a)(26), 401(l), 410(b) and 414(s), and, if the employer maintains or has ever maintained another plan, §§ 415 and 416.

(2) An applicant requesting a letter for the plan and for an employer maintaining the plan must submit the filing required in (1) above as well as a separate Form 5300 application for each employer requesting a separate letter. The user fee for the application will be determined under the user fee schedules for multiple employer plans in section 6.05 of Rev. Proc. 2016–8.

**Where to file**

.03 The complete application, including all Forms 5300 for employers maintaining the plan who request separate letters must be filed as one submission with EP Determinations. The application is to be sent to the address in section 6.15.

**Determination letter sent to each employer who files Form 5300**

.04 The Service will mail a determination letter to each employer maintaining the plan for whom a separate Form 5300 has been filed.

**Addition of employers**

.05 An employer may continue to rely on a favorable determination letter after another employer commences participation in the plan, regardless of whether the first employer’s reliance is based on its own letter or the letter issued for the plan and regardless of whether an application for a determination letter for the new employer is filed. An application for a determination letter that takes into account the addition of such other employer should include a completed Form 5300 for the plan in the name of the controlling member on the Form 5300 filed pursuant to section 10.02 above, and a supplemental Form 5300 for each new employer who desires a separate determination letter. The Service will send the determination letter only to the applicant and the new employers. However, a new employer that joins a multiple employer plan after the existing multiple employer plan was timely submitted in Cycle B (the applicable cycle as described in section 10 of Rev. Proc. 2007–44), will be subject to the rules under Rev. Proc. 2007–44. Effective as of July 21, 2015, the Service no longer accepts off-cycle applications for individually designed plans, except with respect to new plans, as defined in section 14.02(2) of Rev. Proc. 2007–44, and for terminating plans.

**Pre-approved multiple employer plans**

.06 A pre-approved plan that is submitted on a Form 5300 because it is a multiple employer plan will be reviewed on the basis of the Cumulative List that was used to review the underlying plan.

**SECTION 11. RESERVED**

Reserved

**SECTION 12.  
TERMINATION OR  
DISCONTINUANCE OF  
CONTRIBUTIONS;  
NOTICE OF MERGERS,  
CONSOLIDATIONS,  
ETC.**

**Scope**

.01 This section contains procedures for requesting determination letters involving plan termination or discontinuance of contributions. This section also contains procedures regarding required notice of merger, consolidation, or transfer of assets or liabilities.

**Forms**

.02 Required Forms

(1) Form 5310, *Application for Determination for Terminating Plan*, including a copy of the Procedural Requirements Checklist included therein, is filed by plans other than multiemployer plans covered by the insurance program of the Pension Benefit Guaranty Corporation (PBGC).

(2) Form 5300, *Application for Determination of Employee Benefit Plan*, including a copy of the Procedural Requirements Checklist included therein, is filed in the case of a multiemployer plan covered by PBGC insurance.

(3) Form 6088, *Distributable Benefits from Employee Pension Benefit Plans*, is also required of a sponsor or plan administrator of a defined benefit plan or an underfunded defined contribution plan who files an application for a determination letter regarding plan termination. For collectively bargained plans, a Form 6088 is required only if the plan benefits employees who are not collectively bargained employees within the meaning of § 1.410(b)–6(d). A separate Form 6088 is required for each employer employing such employees. See the instructions for Form 6088 for information required to be submitted along with the form, including a statement explaining how the present values were determined.

(4) Form 5310–A, *Notice of Plan Merger or Consolidation, Spinoff, or Transfer of Plan Assets or Liabilities – Notice of Qualified Separate Lines of Business*, if required, generally must be filed not later than 30 days before a merger, consolidation or transfer of assets and liabilities. The filing of Form 5310–A will not result in the issuance of a determination letter.

(5) Form 8905, *Certification of Intent to Adopt a Pre-approved Plan*, must be filed to establish the employer’s eligibility for the 6-year remedial amendment cycle where the employer executed the form by the end of the employer’s 5-year remedial amendment cycle as determined under Part III of Rev. Proc. 2007–44.

(6) Form 8717, *User Fee for Employee Plan Determination Letter Request*, (Revised August 2014) (or the payment confirmation from [www.pay.gov](http://www.pay.gov) as described in section 6.09). (Form 8717 is currently being revised. Until such revised form is published, taxpayers should continue to use the existing form. However, when completing the form, taxpayers should refer to the applicable user fee listed in section 6 of Rev. Proc. 2016–8, in this bulletin.)

(7) Form 2848, Power of Attorney and Declaration of Representative, or other written authorization allowing the VS practitioner to act as a representative of the employer with respect to the request for a determination letter. If applicable, submit Form 8821, Tax Information Authorization.

(8) Schedule SB for defined benefit plans.

#### **Supplemental information**

.03 The application for a determination letter involving plan termination must also include any supplemental information or schedules required by the forms or form instructions. For example, the application must include copies of all records of actions taken to terminate the plan (such as a resolution of the board of directors) and a schedule providing certain information regarding employees who separated from vesting service with less than 100% vesting.

In cases involving the termination of plans that contain a § 401(h) feature, the cover letter of the submission must reference the § 401(h) feature and make clear that this feature is part of the termination application. The cover letter must specifically state the location of plan provisions that relate to the § 401(h) feature.

#### **Compliance with Title IV of ERISA**

.04 In the case of plans subject to Title IV of ERISA, a favorable determination letter issued in connection with a plan's termination is conditioned on approval that the termination is a valid termination under Title IV of ERISA. Notification by PBGC that a plan may not be terminated will be treated as a material change of fact.

#### **Termination prior to time for amending for change in law**

.05 A plan that terminates after the effective date of a change in law, but prior to the date that amendments are otherwise required, must be amended to comply with the applicable provisions of law from the date on which such provisions become effective with respect to the plan. Because such a terminated plan would no longer be in existence by the required amendment date and therefore could not be amended on that date, such plan must be amended in connection with the plan termination to comply with those provisions of law that become effective with respect to the plan on or before the date of plan termination. (Such amendments include any amendments made after the date of plan termination that were required in order to obtain a favorable determination letter.) In addition, annuity contracts distributed from such terminated plans also must meet all the applicable provisions of any change in law. See also section 8 of Rev. Proc. 2007-44.

An application will be deemed to be filed in connection with plan termination if it is filed no later than the later of (i) one year from the effective date of the termination, or (ii) one year from the date on which the action terminating the plan is adopted. However, in no event can the application be filed later than twelve months from the date of distribution of substantially all plan assets in connection with the termination of the plan.

#### **Restatement not required for terminating plan**

.06 A terminating plan generally does not have to be restated. However, see section 7.05 and .05 of this section above.

### **SECTION 13. GROUP TRUSTS**

#### **Scope**

.01 This section provides special procedures for requesting a determination letter on the qualified status of a group trust under Rev. Rul. 81-100, as clarified and modified by Rev. Rul. 2004-67, Rev. Rul. 2011-1, 2011-2 I.R.B. 251, Notice 2012-6, 2012-3 I.R.B. 293, and Rev. Rul. 2014-24, 2014-37 I.R.B. 529.

## Required information

.02 A request for a determination letter on the status of a group trust is made by submitting a Form 5316, *Application for Group or Pooled Trust Ruling*, demonstrating how the group trust satisfies the criteria listed in Rev. Rul. 2011–1, together with the trust instrument and related documents. Rev. Rul. 2004–67 extends the ability to participate in group trusts to eligible governmental plans under § 457(b) and clarifies the ability of certain individual retirement accounts under § 408 to participate. Rev. Rul. 2011–1 extends the ability to participate in group trusts to custodial accounts under § 403(b)(7), retirement income accounts under § 403(b)(9), and governmental retiree benefit plans under § 401(a)(24). There are two model amendments in Rev. Rul. 2011–1. Amendment 1 is for a group trust that received a determination letter from the Service prior to January 10, 2011, that the group trust satisfies Rev. Rul. 81–100, but that does not satisfy the separate account requirement of paragraph (6) of the holding of Rev. Rul. 2011–1. Amendment 2 is for a group trust that received a determination letter from the Service prior to January 10, 2011, that the group trust satisfies Rev. Rul. 81–100, as modified by Rev. Rul. 2004–67, and that intends to permit custodial accounts under § 403(b)(7), retirement income accounts under § 403(b)(9), or § 401(a)(24) governmental retirement plans to participate in the group trust. Rev. Rul. 2014–24 extends the ability to participate in a group trust to certain retirement plans qualified only under the Código de Rentas Internas para un Nuevo Puerto Rico de la Ley Núm. 1 de 31 de enero de 2011 (“Puerto Rico Code”), and clarifies that assets held by certain separate accounts maintained by insurance companies may be invested in 81–100 group trusts.

## Forms

### .03 Required Forms

(1) Form 8717, *User Fee for Employee Plan Determination Letter Request* (Rev. August 2014) (or the payment confirmation from [www.pay.gov](http://www.pay.gov) as described in section 6.09). (Form 8717 is currently being revised. Taxpayers should continue to use the existing form until the revised form is published. However, when completing the form, taxpayers should refer to the applicable Employee Plans user fees listed in section 6 of Rev. Proc. 2016–8, in this Bulletin);

(2) Form 2848, *Power of Attorney and Declaration of Representative*, or other written authorization allowing the VS practitioner to act as a representative of the employer with respect to the request for a determination letter. If applicable, submit Form 8821, *Tax Information Authorization*.

(3) Form 5316, *Application for Group or Pooled Trust Ruling*, including a copy of the Procedural Requirements Checklist.

## SECTION 14. AFFILIATED SERVICE GROUPS; LEASED EMPLOYEES

### Scope

.01 This section provides procedures for determination letter requests on affiliated service group status under § 414(m), and whether an employee is a leased employee and is deemed to be an employee of the recipient employer for qualification purposes under § 414(n).

### Employer must request the determination under § 414(m) or § 414(n)

.02 Generally, a determination letter will indicate whether the employer is a member of an affiliated service group under § 414(m) or whether an employee is a leased employee and is deemed to be an employee of the recipient employer under § 414(n) only if the employer requests such determination, and submits with the determination letter application the information specified in section 14.06 or section 14.07 below.

**Forms** .03 Form 5300 is submitted for a request on affiliated service group status or leased employee status. Form 5307 cannot be used for this purpose.

**Employer is responsible for determining status under § 414(m) and § 414(n)** .04 An employer is responsible for determining at any particular time whether it is a member of an affiliated service group and, if so, whether its plan(s) continues to meet the requirements of § 401(a) taking into account § 414(m). An employer or plan administrator is also responsible for taking action relative to the employer's qualified plan if that employer becomes, or ceases to be, a member of an affiliated service group. An employer that is the recipient of services of leased employees within the meaning of § 414(n) is also responsible for determining at any particular time whether a leased employee is deemed to be an employee of the recipient for qualified plan purposes.

**Pre-approved plans** .05 An employer that has adopted a pre-approved plan and wants a determination with respect to § 414(m) or § 414(n) must submit the information required by section 14.06 or section 14.07 of this revenue procedure and any other materials necessary to make a determination along with Form 5300. When an employer requests a determination regarding affiliated service group status or leased employees, the plan will be reviewed on the basis of the Cumulative List that was used to review the underlying pre-approved plan.

**Required information for § 414(m) determination** .06 A determination letter will be issued with respect to § 414(m) only if the employer requests such a determination and the application includes:

(1) A description of the nature of the business of the employer, specifically whether it is a service organization or an organization whose principal business is the performance of management functions for another organization, including the reasons therefor;

(2) The identification of other members (or possible members) of the affiliated service group;

(3) A description of the business of each member (or possible member) of the affiliated service group, describing the type of organization (corporation, partnership, etc.) and indicating whether the member is a service organization or an organization whose principal business is the performance of management functions for the other group member(s);

(4) The ownership interests between the employer and the members (or possible members) of the affiliated service group (including ownership interests as described in § 414(m)(2)(B)(ii) or § 414(m)(6)(B));

(5) A description of services performed for the employer by the members (or possible members) of the affiliated service group, or vice versa (including the percentage of each member's (or possible member's) gross receipts and service receipts provided by such services, if available, and data as to whether such services are a significant portion of the member's business) and whether, as of December 13, 1980, it was not unusual for the services to be performed by employees of organizations in that service field in the United States;

(6) A description of how the employer and the members (or possible members) of the affiliated service group associate in performing services for other parties;

(7) In the case of a management organization under § 414(m)(5):



(a) A description of the management functions, if any, performed by the employer for the member(s) (or possible member(s)) of the affiliated service group, or received by the employer from any other members (or possible members) of the group (including data explaining whether the management functions are performed on a regular and continuous basis) and whether or not it is unusual for such management functions to be performed by employees of organizations in the employer's business field in the United States;

(b) If management functions are performed by the employer for the member (or possible members) of the affiliated service group, a description of what part of the employer's business constitutes the performance of management functions for the member (or possible member) of the group (including the percentage of gross receipts derived from management activities as compared to the gross receipts from other activities); and

(8) A copy of any ruling issued by the Service on whether the employer is an affiliated service group; a copy of any prior determination letter that considered the effect of § 414(m); and, if known, a copy of any such ruling or determination letter issued to any other member (or possible member) of the same affiliated service group, accompanied by a statement as to whether the facts upon which the ruling or determination letter was based have changed.

**Required information for § 414(n) determination**

.07 A determination letter will be issued with respect to § 414(n) only if the employer requests such a determination and the application includes:

(1) A description of the nature of the business of the recipient organization;

(2) A copy of the relevant leasing agreement(s);

(3) A description of the function of all leased employees within the trade or business of the recipient organization (including data as to whether all leased employees are performing services on a substantially full-time basis);

(4) A description of facts and circumstances relevant to a determination of whether such leased employees' services are performed under primary direction or control by the recipient organization (including whether the leased employees are required to comply with instructions of the recipient about when, where, and how to perform the services, whether the services must be performed by particular persons, whether the leased employees are subject to the supervision of the recipient, and whether the leased employees must perform services in the order or sequence set by the recipient); and

(5) If the recipient organization is relying on any qualified plan(s) maintained by the employee leasing organization for purposes of qualification of the recipient organization's plan, a description of such plan(s) (including a description of the contributions or benefits provided for all leased employees which are attributable to services performed for the recipient organization, plan eligibility, and vesting.)

**SECTION 15. WAIVER OF MINIMUM FUNDING**

**Applicability of Rev. Proc. 2004-15**

.01 The procedures in Rev. Proc. 2004-15, 2004-1 C.B. 490, apply to the request for a waiver of the minimum funding requirement. Section 2 of that revenue procedure contains the procedures for obtaining waivers of the minimum funding standards in the instance of defined benefit plans. In order to provide maximum flexibility in requesting a waiver for a defined contribution pension plan, section 3 of that revenue procedure contains three alternative methods as described more fully in Rev. Proc. 2004-15. The third alternative is a request for a waiver of the minimum

funding requirement along with a determination letter request. Both of these requests are submitted by the applicant to the Office of Associate Chief Counsel (Tax Exempt and Government Entities). See section 5.15 of Rev. Proc. 2016–1, in this Bulletin, and section 3 of Rev. Proc. 2004–15.

**SECTION 16. SECTION  
401(h) AND § 420  
DETERMINATION  
LETTERS**

**Scope** .01 This section provides procedures for requesting determination letters (i) with respect to whether the requirements of § 401(h) are satisfied in a plan with retiree medical benefit features and (ii) on plan language that permits, pursuant to § 420, the transfer of assets in a defined benefit plan to a health benefit account described in § 401(h).

**Required information for § 401(h) Determination** .02 EP Determinations will issue a determination letter that considers whether the requirements of § 401(h) are satisfied in a plan with retiree medical benefit features only if the plan sponsor requests such a determination and the sponsor’s application includes, in addition to the application forms and any other material required by this revenue procedure, a cover letter that requests consideration of § 401(h). The cover letter must specifically state that consideration is being requested with regard to § 401(h) in addition to other matters under § 401(a) and must specifically state the location of plan provisions that satisfy the requirements of § 401(h). Part I of the checklist in the Appendix of this revenue procedure may be used to identify the location of relevant plan provisions.

**Required information for § 420 determination** .03 EP Determinations will consider the qualified status of certain plan language designed to comply with § 420 only if the plan sponsor requests such consideration with Form 5300. The cover letter must specifically state (i) whether consideration is being requested only with regard to § 420, or (ii) whether consideration is being requested with regard to § 420 in addition to other matters under § 401(a). (If consideration of other matters under § 401(a) is being requested, the application forms and other material required by this revenue procedure must also be submitted.) The cover letter must specifically state the location of plan provisions that satisfy each of the following requirements. Parts I and II of the checklist in the Appendix of this revenue procedure may be used to identify the location of relevant plan provisions.

(1) The plan must include a health benefits account as described in § 401(h).

(2) The plan must provide that transfers shall be limited to transfers of “excess assets” as defined in § 420(e)(2).

(3) The plan must provide that only one transfer may be made in a taxable year. However, for purposes of determining whether the rule in the preceding sentence is met, a plan may provide that a transfer will not be taken into account if it is a transfer that:

(a) Is made after the close of the taxable year preceding the employer’s first taxable year beginning after December 31, 1990, and before the earlier of (i) the due date (including extensions) for the filing of the return of tax for such preceding year, or (ii) the date such return is filed; and

(b) Does not exceed the expenditures of the employer for qualified current retiree health liabilities for such preceding taxable year.

(4) The plan must provide that the amount transferred shall not exceed the amount which is reasonably estimated to be the amount the employer will pay out (whether directly or through reimbursement) of the health benefit account during the taxable year of the transfer for “qualified current retiree health liabilities,” as defined in § 420(e)(1).

(5) The plan must provide that no transfer will be made after December 31, 2025.

(6) The plan must provide that any assets transferred, and any income allocable to such assets, shall be used only to pay qualified current retiree health liabilities for the taxable year of transfer.

(7) The plan must provide that any amounts transferred to a health benefits account (and income attributable to such amounts) which are not used to pay qualified current retiree health liabilities shall be transferred back to the defined benefit portion of the plan.

(8) The plan must provide that the amounts paid out of a health benefits account will be treated as paid first out of transferred assets and income attributable to those assets.

(9) The plan must provide that the accrued pension benefits for participants and beneficiaries must become nonforfeitable as if the plan had terminated immediately prior to the transfer (or in the case of a participant who separated during the 1-year period ending on the date of transfer immediately before such separation). In the case of a transfer described in § 420(b)(4) that relates to a prior year, the plan must provide that the accrued benefit of a participant who separated from service during the taxable year to which such transfer relates will be recomputed and treated as nonforfeitable immediately before such separation.

(10) The plan must provide that a transfer will be permitted only if each group health plan or arrangement under which health benefits are provided contains provisions satisfying § 420(c)(3). The plan must define “applicable employer cost”, “cost maintenance period”, and “benefit maintenance period”, as applicable, consistent with § 420(c)(3), as amended. If applicable, the provisions of the plan must also reflect the transition rule in § 535(c)(2) of the Tax Relief Extension Act of 1999 (TREA '99). The plan may provide that § 420(c)(3) is satisfied separately with respect to individuals eligible for benefits under Title XVIII of the Social Security Act at any time during the taxable year and with respect to individuals not so eligible.

(11) The plan must provide that transferred assets cannot be used for key employees (as defined in § 416(i)(1)).

## **PART II. INTERESTED PARTY NOTICE AND COMMENT**

### **SECTION 17. WHAT RIGHTS TO NOTICE AND COMMENT DO INTERESTED PARTIES HAVE?**

#### **Rights of interested parties**

.01 Persons who qualify as interested parties under § 1.7476-1(b), have the following rights:

(1) To receive notice, in accordance with section 18 below, that an application for an advance determination will be filed regarding the qualification of plans described in §§ 401, 403(a), 409 and/or 4975(e)(7);

- (2) To submit written comments with respect to the qualification of such plans to the Service;
- (3) To request the Department of Labor to submit a comment to the Service on behalf of the interested parties; and
- (4) To submit written comments to the Service on matters with respect to which the Department of Labor was requested to comment but declined.

**Comments by interested parties**

.02 Comments submitted by interested parties must be received by EP Determinations by the 45th day after the day on which the application for determination is received by EP Determinations. (However, see sections 17.03 and 17.04 for filing deadlines where the Department of Labor has been requested to comment.) Such comments must be in writing, signed by the interested parties or by an authorized representative of such parties (as provided in section 9.02(11) of Rev. Proc. 2016-4), addressed to:

Internal Revenue Service  
EP Determinations  
Attn: Customer Service Manager  
P.O. Box 2508  
Cincinnati, OH 45202

Comments must contain the following information:

- (1) The names of the interested parties making the comments;
- (2) The name and taxpayer identification number of the applicant for a determination;
- (3) The name of the plan, the plan identification number, and the name of the plan administrator;
- (4) Whether the parties submitting the comment are:
  - (a) Employees eligible to participate under the plan,
  - (b) Employees with accrued benefits under the plan, or former employees with vested benefits under the plan,
  - (c) Beneficiaries of deceased former employees who are eligible to receive or are currently receiving benefits under the plan,
  - (d) Employees not eligible to participate under the plan.
- (5) The specific matters raised by the interested parties on the question of whether the plan meets the requirements for qualification involving §§ 401 and 403(a), and how such matters relate to the interests of the parties making the comment; and
- (6) The address of the interested party submitting the comment (or if a comment is submitted jointly by more than one party, the name and address of a designated representative) to which all correspondence, including a notice of the Service's final determination with respect to qualification, should be sent. (The address designated for notice by the Service will also be used

by the Department of Labor in communicating with the parties submitting a request for comment.) The designated representative may be one of the interested parties submitting the comment or an authorized representative. If two or more interested parties submit a single comment and one person is not designated in the comment as the representative for receipt of correspondence, a notice of determination mailed to any interested party who submitted the comment shall be notice to all the interested parties who submitted the comment for purposes of § 7476(b)(5) of the Code.

#### **Requests for DOL to submit comments**

.03 A request to the Department of Labor to submit to EP Determinations a comment pursuant to section 3001(b)(2) of ERISA must be made in accordance with the following procedures.

(1) The request must be received by the Department of Labor by the 25th day after the day the application for determination is received by EP Determinations. However, if the parties requesting the Department to submit a comment wish to preserve the right to comment to EP Determinations in the event the Department declines to comment, the request must be received by the Department by the 15th day after the day the application for determination is received by EP Determinations.

(2) The request to the Department of Labor to submit a comment to EP Determinations must:

(a) Be in writing;

(b) Be signed as provided in section 17.02 above;

(c) Contain the names of the interested parties requesting the Department to comment and the address of the interested party or designated representative to whom all correspondence with respect to the request should be sent. See also section 17.02(6) above;

(d) Contain the information prescribed in section 17.02(2), (3), (4), (5) and (6) above;

(e) Indicate that the application was or will be submitted to EP Determinations at the address in section 6.15;

(f) Contain a statement of the specific matters upon which the Department's comment is sought, as well as how such matters relate to the interested parties making the request; and

(g) Be addressed as follows:

Deputy Assistant Secretary  
Employee Benefits Security Administration  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, D.C. 20210  
Attention: 3001 Comment Request

#### **Right to comment if DOL declines to comment**

.04 If a request described in 17.03 is made and the Department of Labor notifies the interested parties making the request that it declines to comment on a matter concerning qualification of the plan which was raised in the request, the parties submitting the request may still submit a comment to EP Determinations on such matter. The comment must be received by the later of the 45th day after the day the application for determination is received by EP Determinations or the 15th day after the day on which notification is given by the Department that it declines to submit a comment on such matter. (See section 17.07 for the date of notification.) In no event may the comment be received later than the 60th day after the day the application for determination was received. Such a comment must comply with the requirements of section 17.02 and include a statement that the comment is being submitted on matters raised in a request to the Department upon which the Department declined to comment.

**Confidentiality of comments**

.05 For rules regarding the confidentiality of contents of written comments submitted by interested parties to the Service pursuant to section 17.02 or 17.04, see § 601.201(o)(5) of the Statement of Procedural Rules.

**Availability of comments**

.06 For rules regarding the availability to the applicant of copies of all comments on the application submitted pursuant to section 17.01(1), (2), (3) and (4) of this revenue procedure, see § 601.201(o)(5) of the Statement of Procedural Rules.

**When comments are deemed made**

.07 An application for an advance determination, a comment to EP Determinations, or a request to the Department of Labor shall be deemed made when it is received by EP Determinations, or the Department. Notification by the Department that it declines to comment shall be deemed given when it is received by the interested party or designated representative. The notice described in section 18.01 below shall be deemed given when it is posted or sent to the person in the manner described in § 1.7476-2. In the case of an application, comment, request, notification, or notice that is sent by mail or a private delivery service that has been designated under § 7502(f), the date as of which it shall be deemed received will be determined under § 7502. However, if such an application, comment, request, notification, or notice is not received within a reasonable period from the date determined under § 7502, the immediately preceding sentence shall not apply.

**SECTION 18. WHAT ARE THE GENERAL RULES FOR NOTICE TO INTERESTED PARTIES?**

**Notice to interested parties**

.01 Notice that an application for an advance determination regarding the qualification of a plan that is described in §§ 401, 403(a), 409 and 4975(e)(7) and that is subject to § 410 is to be made must be given to all interested parties in the manner prescribed in § 1.7476-2(c) and in accordance with the requirements of this section. A notice to interested parties is deemed to be provided in a manner that satisfies § 1.7476-2(c) if the notice is delivered using an electronic medium under a system that satisfies the requirements of § 1.402(f)-1 Q&A-5.

**Time when notice must be given**

.02 Notice must be given not less than 10 days nor more than 24 days prior to the day the application for a determination is made. If, however, an application is returned to the applicant for failure to adequately satisfy the notification requirements with respect to a particular group or class of interested parties, the applicant need not cause notice to be given to those groups or classes of interested parties with respect to which the notice requirement was already satisfied merely because, as a result of the resubmission of the application, the time limitations of this subsection would not be met.

**Content of notice**

.03 The notice referred to in section 18.01 shall contain the following information:

- (1) A brief description identifying the class or classes of interested parties to whom the notice is addressed (e.g., all present employees of the employer, all present employees eligible to participate);
- (2) The name of the plan, the plan identification number, and the name of the plan administrator;
- (3) The name and taxpayer identification number of the applicant for a determination;
- (4) That an application for a determination as to the qualified status of the plan is to be made to the Service at the address in section 6.15, and stating whether the application relates to an initial qualification, a plan amendment, termination, or a partial termination;

(5) A description of the class of employees eligible to participate under the plan;

(6) Whether or not the Service has issued a previous determination as to the qualified status of the plan;

(7) A statement that any person to whom the notice is addressed is entitled to submit, or request the Department of Labor to submit, to EP Determinations, a comment on the question of whether the plan meets the requirements of § 401 or 403(a); that two or more such persons may join in a single comment or request; and that if such persons request the Department of Labor to submit a comment and the Department of Labor declines to do so with respect to one or more matters raised in the request, the persons may still submit a comment to EP Determinations with respect to the matters on which the Department declines to comment. The Pension Benefit Guaranty Corporation (PBGC) may also submit comments. In every instance where there is either a final adverse termination or a distress termination, the Service formally notifies the PBGC for comments;

(8) The specific dates by which a comment to EP Determinations or a request to the Department of Labor must be received in order to preserve the right of comment (see section 17 above);

(9) The number of interested parties needed in order for the Department of Labor to comment; and

(10) Except to the extent that the additional informational material required to be made available by sections 18.05 through 18.09 are included in the notice, a description of a reasonable procedure whereby such additional informational material will be available to interested parties (see section 18.04). (Examples of notices setting forth the above information, in a case in which the additional information required by sections 18.05 through 18.09 will be made available at places accessible to the interested parties, are set forth in the Exhibit attached to this revenue procedure.)

**Procedures for making information available to interested parties**

.04 The procedure referred to in section 18.03(10), whereby the additional informational material required by sections 18.05 through 18.09 will (to the extent not included in the notice) be made available to interested parties, may consist of making such material available for inspection and copying by interested parties at a place or places reasonably accessible to such parties, or supplying such material by using a method of delivery or a combination thereof that is reasonably calculated to ensure that all interested parties will have access to the materials, provided such procedure is immediately available to all interested parties, is designed to supply them with such additional informational material in time for them to pursue their rights within the time period prescribed, and is available until the earlier of: 1) the filing of a pleading commencing a declaratory judgment action under § 7476 with respect to the qualification of the plan; or 2) the 92nd day after the day the notice of final determination is mailed to the applicant. Reasonable charges to interested parties for copying and/or mailing such additional informational material are permissible.

**Information to be available to interested parties**

.05 Unless provided in the notice, or unless section 18.06 applies, there shall be made available to interested parties under a procedure described in section 18.04:

(1) An updated copy of the plan and the related trust agreement (if any); and

(2) The application for determination.

**Special rules if there are fewer than 26 participants**

.06 If there would be fewer than 26 participants in the plan, as described in the application (including, as participants, former employees with vested benefits under the plan, beneficiaries of deceased former employees currently receiving benefits under the plan, and employees who would be eligible to participate upon making mandatory employee contributions, if any), then in lieu of making the materials described in section 18.05 available to interested parties who are not participants (as described above), there may be made available to such interested parties a document containing the following information:

(1) A description of the plan's requirements respecting eligibility for participation and benefits and the plan's benefit formula;

(2) A description of the provisions providing for nonforfeitable benefits;

(3) A description of the circumstances which may result in ineligibility, or denial or loss of benefits;

(4) A description of the source of financing of the plan and the identity of any organization through which benefits are provided;

(5) A description of any optional forms of benefits described in § 411(d)(6) which have been reduced or eliminated by plan amendment; and

However, once an interested party or designated representative receives a notice of final determination, the applicant must, upon request, make available to such interested party (whether or not the plan has fewer than 26 participants) an updated copy of the plan and related trust agreement (if any) and the application for determination.

**Information described in § 6104(a)(1)(D) should not be included**

.07 Information of the type described in § 6104(a)(1)(D) should not be included in the application, plan, or related trust agreement submitted to the Service. Accordingly, such information should not be included in any of the material required by section 18.05 or 18.06 to be available to interested parties.

**Availability of additional information to interested parties**

.08 Unless provided in the notice, there shall be made available to interested parties under a procedure described in section 18.04, any additional document dealing with the application which is submitted by or for the applicant to the Service, or furnished by the Service to the applicant; provided, however, if there would be fewer than 26 participants in the plan as described in the application (including, as participants, former employees with vested benefits under the plan, beneficiaries of deceased former employees currently receiving benefits under the plan, and employees who would be eligible to participate upon making mandatory employee contributions, if any), such additional documents need not be made available to interested parties who are not participants (as described above) until they, or their designated representative, receive a notice of final determination. The applicant may also withhold from such inspection and copying information described in § 6104(a)(1)(C) and (D) which may be contained in such additional documents.

**Availability of notice to interested parties**

.09 Unless provided in the notice, there shall be made available to all interested parties under a procedure described in section 18.04 the material described in sections 17.02 through 17.07 above.



## PART III. PROCESSING DETERMINATION LETTER REQUESTS

### SECTION 19. HOW DOES THE SERVICE HANDLE DETERMINATION LETTER REQUESTS?

#### Oral advice

##### .01 Oral advice.

(1) The Service does not issue determination letters on oral requests. However, personnel in EP Determinations ordinarily will discuss with taxpayers or their representatives inquiries regarding: substantive tax issues; whether the Service will issue a determination letter on particular issues; and questions relating to procedural matters about submitting determination letter requests. Any discussion of substantive issues will be at the discretion of the Service on a time available basis, will not be binding on the Service, and cannot be relied upon as a basis of obtaining retroactive relief under the provisions of § 7805(b). A taxpayer may seek oral technical assistance from a taxpayer service representative when preparing a return or report, under established procedures. Oral advice is advisory only, and the Service is not bound to recognize it in the examination of the taxpayer's return.

(2) The advice or assistance furnished, whether requested by personal appearance, telephone, or correspondence will be limited to general procedures, or will direct the inquirer to source material, such as pertinent Code provisions, regulations, revenue procedures, and revenue rulings that may aid the inquirer in resolving the question or problem.

#### Conferences

.02 EP Determinations may grant a conference upon written request from a taxpayer or his representative, provided the request shows that a substantive plan, amendment, etc., has been developed for submission to the Service, but that special problems or issues are involved, and EP Determinations concludes that a conference would be warranted in the interest of facilitating review and determination when the plan, etc., is formally submitted. See section 6.18 regarding the right to a status conference on applications pending for at least 270 days.

#### Determination letter based solely on administrative record

##### .03 Administrative Record

(1) In the case of a request for a determination letter, the determination of EP Determinations or the Appeals office on the qualification or non-qualification of the retirement plan shall be based solely upon the facts contained in the administrative record. The administrative record shall consist of the following:

(a) The request for determination, the retirement plan and any related trust instruments, and any written modifications or amendments made by the applicant during the proceedings within the Service;

(b) All other documents submitted to the Service by, or on behalf of, the applicant with respect to the request for determination;

(c) All written correspondence between the Service and the applicant with respect to the request for determination and any other documents issued to the applicant from the Service;

(d) All written comments submitted to the Service pursuant to sections 17.01(2), (3), and (4) above, and all correspondence relating to comments submitted between the Service and persons (including PBGC and the Department of Labor) submitting comments pursuant to sections 17.01(2), (3), and (4) above; and

(e) In any case in which the Service makes an investigation regarding the facts as represented or alleged by the applicant in the request for determination or in comments submitted pursuant to sections 17.01(2), (3), and (4) above, a copy of the official report of such investigation.

(2) The administrative record shall be closed upon the earlier of the following events:

(a) The date of mailing of a notice of final determination by the Service with respect to the application for determination; or

(b) The filing of a petition with the United States Tax Court seeking a declaratory judgment with respect to the retirement plan.

(3) Any oral representation or modification of the facts as represented or alleged in the application for determination or in a comment filed by an interested party, which is not reduced to writing shall not become a part of the administrative record and shall not be taken into account in the determination of the qualified status of the retirement plan by EP Determinations or the Appeals office.

**Notice of final determination**

.04 In the case of final determination, the notice of final determination:

(1) Shall be the letter issued by EP Determinations or the Appeals office which states that the applicant's plan satisfies the qualification requirements of the Code. The favorable determination letter will be sent by certified or registered mail where either an interested party, the Department of Labor, or the PBGC has commented on the application for determination.

(2) Shall be the letter issued, by certified or registered mail, by EP Determinations or the Appeals office subsequent to a letter of proposed determination, stating that the applicant's plan fails to satisfy the qualification requirements of the Code.

**Issuance of the notice of final determination**

.05 EP Determinations or the appeals office will send the notice of final determination to the applicant, to the interested parties who have previously submitted comments on the application to the Service (or to the persons designated by them to receive such notice), to the Department of Labor in the case of a comment submitted by the Department, and to PBGC if it has filed a comment.

**SECTION 20.  
EXHAUSTION OF  
ADMINISTRATIVE  
REMEDIES**

**In general**

.01 For purposes of § 7476(b)(3), a petitioner shall be deemed to have exhausted the administrative remedies available within the Service upon the completion of the steps described in sections 20.02, 20.03, 20.04, or 20.05 subject, however, to sections 20.06 and 20.07. If applicants, interested parties, or the PBGC do not complete the applicable steps described below, they will not have exhausted their respective available administrative remedies as required by § 7476(b)(3) and will, thus, be precluded from seeking declaratory judgment under § 7476 except to the extent that section 20.05 or 20.08 applies.

**Steps for exhausting administrative remedies**

.02 In the case of an applicant, with respect to any matter relating to the qualification of a plan, the steps referred to in section 20.01 are:

- (1) Filing a completed application with EP Determinations pursuant to this revenue procedure;
- (2) Complying with the requirements pertaining to notice to interested parties as set forth in this revenue procedure and § 1.7476-2 of the regulations; and,
- (3) Appealing to the appropriate Appeals office pursuant to paragraph 601.201(o)(6) of the Statement of Procedural Rules, in the event a notice of proposed adverse determination is issued by EP Determinations.

**Applicant's request for § 7805(b) relief**

.03 Consideration of relief under § 7805(b) will be included as one of the applicant's steps in exhausting administrative remedies only if the applicant requests EP Rulings and Agreements to seek technical advice from the Office of Associate Chief Counsel (Tax Exempt and Government Entities) on the applicability of such relief. The applicant's request must be made in writing according to the procedures for requesting technical advice (*see* section 14 of Rev. Proc. 2016-2).

**Interested parties**

.04 In the case of an interested party or the PBGC, the steps referred to in section 20.01 are, with respect to any matter relating to the qualification of the plan, submitting to EP Determinations a comment raising such matter in accordance with section 17.01(2) above, or requesting the Department of Labor to submit to EP Determinations a comment with respect to such matter in accordance with section 17.01(3) and, if the Department of Labor declines to comment, submitting the comment in accordance with section 17.01(4) above, so that it may be considered by the Service through the administrative process.

**Deemed exhaustion of administrative remedies**

.05 An applicant, an interested party, or the PBGC shall in no event be deemed to have exhausted administrative remedies prior to the earlier of:

- (1) The completion of those steps applicable to each as set forth in sections 20.01, 20.02, 20.03 or 20.04, which constitute their administrative remedies; or,
- (2) The expiration of the 270-day period described in § 7476(b)(3), which period shall be extended in a case where there has not been a completion of all the steps referred to in section 20.02 and the Service has proceeded with due diligence in processing the application for determination.

**Service must act on appeal**

.06 The step described in section 20.02(3) will not be considered completed until the Service has had a reasonable time to act upon the appeal.

**Service must act on § 7805(b) request**

.07 Where the applicant has requested EP Rulings and Agreements to seek technical advice on the applicability of § 7805(b) relief, the applicant's administrative remedies will not be considered exhausted until the Office of Associate Chief Counsel has had a reasonable time to act upon the request for technical advice.

**Effect of technical advice request**

.08 The step described in section 20.02(3) will not be available or necessary with respect to any issue on which technical advice has been obtained from the Office of Associate Chief Counsel.

**SECTION 21. WHAT EFFECT WILL AN EMPLOYEE PLAN DETERMINATION LETTER HAVE?**

**Scope of reliance on determination letter**

.01 (1) A determination letter issued pursuant to this revenue procedure contains only the opinion of the Service as to the qualification of the particular plan involving the provisions of §§ 401 and 403(a) and the status of a related trust, if any, under § 501(a). Such a determination letter is based on the facts and demonstrations presented to the Service in connection with the application for the determination letter and may not be relied upon after a change in material fact or the effective date of a change in law, except as provided. The Service may determine, based on the application form, the extent of review of the plan document. Failure to disclose a material fact or misrepresentation of a material fact adversely affects the reliance that would otherwise be obtained through the issuance by the Service of a favorable determination letter. Similarly, failure to accurately provide any of the information called for on any form required by this revenue procedure may result in no reliance. Applicants are advised to retain copies of all supporting data submitted with their applications. Failure to do so may limit the scope of reliance.

(2) A determination letter issued to a sponsor of an individually designed plan on or after January 4, 2016 will not include an expiration date.

**Sections 13 and 14 of Rev. Proc. 2016-4 applicable**

.02 Except as otherwise provided in this section, determination letters are governed, generally, by the provisions of sections 13 and 14 of Rev. Proc. 2016-4.

**Effect of subsequent publication of revenue ruling, etc.**

.03 The prior qualification of a plan as adopted by an employer will not be considered to be adversely affected by the publication of a revenue ruling, a revenue procedure, or an administrative pronouncement within the meaning of § 1.6661-3(b)(2) of the regulations where:

(1) The plan was the subject of a favorable determination letter and the request for that letter contained no misstatement or omission of material facts;

(2) The facts subsequently developed are not materially different from the facts on which the determination letter was based;

(3) There has been no change in the applicable law; and

(4) The employer that established the plan acted in good faith in reliance on the determination letter.

However, all such plans must be amended to comply with the published guidance for subsequent years, in accordance with the rules set forth in Rev. Proc. 2007-44. See, in particular, Part II of that revenue procedure.

**Determination letter does not apply to taxability issues**

.04 While a favorable determination letter may serve as a basis for determining deductions for employer contributions thereunder, it is not to be taken as an indication that contributions are necessarily deductible as made. This latter determination can be made only upon an examination of the employer's tax return, in accordance with the limitations, and subject to the conditions of, § 404.

**SECTION 22. EFFECT  
ON OTHER REVENUE  
PROCEDURES**

Rev. Proc. 2015-6 is superseded.

**SECTION 23.  
EFFECTIVE DATE**

This revenue procedure is effective February 1, 2016, except that section 21.01(2) relating to expiration dates in determination letters is effective on January 4, 2016.

**SECTION 24.  
PAPERWORK  
REDUCTION ACT**

The collections of information contained in this revenue procedure have 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 1545-1520.

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

The collections of information in this revenue procedure are in sections 6.05, 6.13, 6.16, 6.17, 6.19, 7.04, 13, 14, 15, 16, 19.02, and 21.03(4). This information is required to determine plan qualification. This information will be used to determine whether a plan is entitled to favorable tax treatment. The collections of information are mandatory. The likely respondents are businesses or other for-profit institutions.

The estimated total annual reporting and/or recordkeeping burden is 30,827 hours.

The estimated annual burden per respondent/recordkeeper varies from 1 hour to 40 hours, depending on individual circumstances, with an estimated average of 2.02 hours. The estimated number of respondents and/or recordkeepers is 15,261.

The estimated annual frequency of responses (used for reporting requirements only) is once every three years.

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.

**DRAFTING  
INFORMATION**

The principal author of this revenue procedure is Maxine Terry of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this revenue procedure, contact Maxine Terry at (202)317-4102 (not a toll-free number).

**EXHIBIT: SAMPLE  
NOTICE TO  
INTERESTED PARTIES**

The Exhibit set forth below, may be used to satisfy the requirements of section 18 of this revenue procedure.

**EXHIBIT: SAMPLE NOTICE TO INTERESTED PARTIES**

1. Notice To: \_\_\_\_\_ [describe class or classes of interested parties]

An application is to be made to the Internal Revenue Service for an advance determination on the qualification of the following employee pension benefit plan:

2. \_\_\_\_\_  
(name of plan)

3. \_\_\_\_\_  
(plan number)

4. \_\_\_\_\_  
(name and address of applicant)

5. \_\_\_\_\_  
(applicant EIN)

6. \_\_\_\_\_  
(name and address of plan administrator)

7. The application will be filed on \_\_\_\_\_ for an advance determination as to whether the plan meets the qualification requirements of § 401 or § 403(a) of the Internal Revenue Code of 1986, with respect to the plan's \_\_\_\_\_ [initial qualification, amendment, termination, or partial termination]. The application will be filed with:

Internal Revenue Service  
Attention: EP Determination Letters  
Stop 31  
P.O. Box 12192  
Covington, KY 41012-0192

8. The employees eligible to participate under the plan are:

9. The Internal Revenue Service \_\_\_\_\_ [has/has not] previously issued a determination letter with respect to the qualification of this plan.

**RIGHTS OF INTERESTED PARTIES**

10. You have the right to submit to EP Determinations, at the above address, either individually or jointly with other interested parties, your comments as to whether this plan meets the qualification requirements of the Internal Revenue Code. Your comments to EP Determinations may be submitted to:

Internal Revenue Service  
EP Determinations  
Attn: Customer Service Manager  
P.O. Box 2508  
Cincinnati, OH 45202

You may instead, individually or jointly with other interested parties, request the Department of Labor to submit, on your behalf, comments to EP Determinations regarding qualification of the plan. If the Department declines to comment on all or some of the matters you raise, you may, individually, or jointly if your request was made to the Department jointly, submit your comments on these matters directly to EP Determinations at the Cincinnati address above.

**REQUESTS FOR COMMENTS BY THE DEPARTMENT OF LABOR**

11. The Department of Labor may not comment on behalf of interested parties unless requested to do so by the lesser of 10 employees or 10 percent of the employees who qualify as interested parties. The number of persons needed for the Department to comment with respect to this plan is \_\_\_\_\_. If you request the Department to comment, your request must be in writing and must specify the matters upon which comments are requested, and must also include:

- (1) the information contained in items 2 through 5 of this Notice; and
- (2) the number of persons needed for the Department to comment.

A request to the Department to comment should be addressed as follows:

Deputy Assistant Secretary  
Employee Benefits Security Administration  
U.S. Department of Labor,  
200 Constitution Avenue, N.W.  
Washington, D.C. 20210  
Attention: 3001 Comment Request

#### COMMENTS TO THE INTERNAL REVENUE SERVICE

12. Comments submitted by you to EP Determinations must be in writing and received by it by \_\_\_\_\_. However, if there are matters that you request the Department of Labor to comment upon on your behalf, and the Department declines, you may submit comments on these matters to EP Determinations to be received by it within 15 days from the time the Department notifies you that it will not comment on a particular matter, or by \_\_\_\_\_, whichever is later, but not after \_\_\_\_\_. A request to the Department to comment on your behalf must be received by it by \_\_\_\_\_ if you wish to preserve your right to comment on a matter upon which the Department declines to comment, or by if you wish to waive that right.

#### ADDITIONAL INFORMATION

13. Detailed instructions regarding the requirements for notification of interested parties may be found in sections 17 and 18 of Rev. Proc. 2016-6. Additional information concerning this application (including, where applicable, an updated copy of the plan and related trust; the application for determination; any additional documents dealing with the application that have submitted to the Service; and copies of section 17 of Rev. Proc. 2016-6 are available at \_\_\_\_\_ during the hours of \_\_\_\_\_ for inspection and copying. (There is a nominal charge for copying and/or mailing.)

## APPENDIX

### Checklist

As part of a § 401(h) or § 420 determination letter request described in section 16 of this revenue procedure the following checklist may be completed and attached to the determination letter request. If the request relates to § 401(h) but not to § 420, complete Part I only. If the request relates to § 420, complete Parts I and II.

<b>PART I</b>	<i>CIRCLE</i>	<i>SECTION</i>
1. Does the Plan contain a medical benefits account within the meaning of § 401(h) of the Code? If the medical benefits account is a new provision, items “a” through “h” should be completed.	Yes No	___
a. Does the medical benefits account specify the medical benefits that will be available and contain provisions for determining the amount that will be paid?	Yes No	___
b. Does the medical benefits account specify who will benefit?	Yes No	___
c. Does the medical benefits account indicate that such benefits, when added to any life insurance protection in the Plan, will be subordinate to retirement benefits? (This requirement will not be satisfied unless the amount of actual contributions to provide § 401(h) benefits (when added to actual contributions for life insurance protection under the Plan) does not exceed 25 percent of the total actual contributions to the Plan (other than contributions to fund past service credits), determined on an aggregate basis since the inception of the § 401(h) arrangement.)	Yes No	___
d. Does the medical benefits account maintain separate accounts with respect to contributions to key employees (as defined in § 416(i)(1) of the Code) to fund such benefits?	Yes No	___
e. Does the medical benefits account state that amounts contributed must be reasonable and ascertainable?	Yes No	___
f. Does the medical benefits account provide for the impossibility of diversion prior to satisfaction of liabilities (other than item “7” below)?	Yes No	___
g. Does the medical benefits account provide for reversion upon satisfaction of all liabilities (other than item “7” below)?	Yes No	___
h. Does the medical benefits account provide that forfeitures must be applied as soon as possible to reduce employer contributions to fund the medical benefits?	Yes No	___
<b>PART II</b>		
2. Does the Plan limit transfers to “Excess Assets” as defined in § 420(e)(2) of the Code?	Yes No	___
3. Does the Plan provide that only one transfer may be made in a taxable year (except with regard to transfers relating to prior years pursuant to § 420(b)(4) of the Code)?	Yes No	___
4. Does the Plan provide that the amount transferred shall not exceed the amount reasonably estimated to be paid for qualified current retiree health liabilities?	Yes No	___
5. Does the Plan provide that no transfer will be made after December 31, 2025?	Yes No	___
6. Does the Plan provide that transferred assets and income attributable to such assets shall be used only to pay qualified current retiree health liabilities for the taxable year of transfer?	Yes No	___



- |  |        |     |
|--|--------|-----|
| 7. Does the Plan provide that any amounts transferred (plus income) that are not used to pay qualified current retiree health liabilities shall be transferred back to the defined benefit portion of the Plan?  | Yes No | ___ |
| 8. Does the Plan provide that amounts paid out of a health benefits account will be treated as paid first out of transferred assets and income attributable to those assets?   | Yes No | ___ |
| 9. Does the Plan provide that participants' accrued benefits become nonforfeitable on a termination basis (i) immediately prior to transfer, or (ii) in the case of a participant who separated within 1 year before the transfer, immediately before such separation? | Yes No | ___ |
| 10. In the case of transfers described in § 420(b)(4) of the Code relating to 1990, does the Plan provide that benefits will be recomputed and become nonforfeitable for participants who separated from service in such prior year as described in § 420(c)(2)?       | Yes No | ___ |
| 11. Does the Plan provide that transfers will be permitted only if each group health plan or arrangement contains provisions satisfying § 420(c)(3) of the Code, as amended?   | Yes No | ___ |
| 12. Does the Plan define "applicable employer cost", "cost maintenance period" and "benefit maintenance period", as needed, consistently with § 420(c)(3) of the Code, as amended?   | Yes No | ___ |
| 13. Do the Plan's provisions reflect the transition rule in section 535(c)(2) of TREA'99, if applicable?   | Yes No | ___ |
| 14. Does the Plan provide that transferred assets cannot be used for key employees?  | Yes No | ___ |

\_\_\_\_\_

## Rev. Proc. 2016-7

### SECTION 1. PURPOSE AND NATURE OF CHANGES

#### .01 Purpose

This revenue procedure updates Rev. Proc. 2015-7, 2015-1 I.R.B. 231, by providing a current list of those areas of the Internal Revenue Code under the jurisdiction of the Associate Chief Counsel (International) relating to matters on which the Internal Revenue Service will not issue letter rulings or determination letters.

#### .02 Changes

Section 3.06 regarding Foreign Base Company Income, has been added and former section 3.06 has been renumbered as section 3.07.

### SECTION 2. BACKGROUND AND SCOPE OF APPLICATION

#### .01 Background

In the interest of sound tax administration, the Service answers inquiries from individuals and organizations regarding their status for tax purposes and the tax effects of their acts or transactions before the filing of returns or reports that are required by the Internal Revenue Code. There are, however, areas where the Service will not issue letter rulings or determination letters, either because the issues are inherently factual or for other reasons. These areas are set forth in sections 3 and 4 of this revenue procedure.

Section 3 lists areas in which letter rulings and determination letters will not be issued under any circumstances.

Section 4 lists areas in which they will not ordinarily be issued; in these areas, unique and compelling reasons may justify issuing a letter ruling or determination letter. A taxpayer who plans to request a letter ruling or determination letter in an area described in Section 4 should contact (by telephone or in writing) the Office of Associate Chief Counsel (International) (hereinafter "the Office") prior to making such request and discuss with the Office the unique and compelling reasons that the taxpayer believes justify issuing such letter ruling or determination letter. While

not required, a written submission is encouraged since it will enable Office personnel to arrive more quickly at an understanding of the unique facts of each case. A taxpayer who contacts the Office by telephone may be requested to provide a written submission. The Service may provide a general information letter in response to inquiries in areas on either list.

These lists are not all-inclusive. Future revenue procedures may add or delete items. The Service may also decline to rule on an individual case for reasons peculiar to that case, and such decision will not be announced in the Internal Revenue Bulletin. See Rev. Proc. 2016-1, Section 6.02.

#### .02 Scope of Application

This revenue procedure does not preclude the submission of requests for technical advice to the Office from other offices of the Service.

### SECTION 3. AREAS IN WHICH RULING OR DETERMINATION LETTERS WILL NOT BE ISSUED

#### .01 Specific Questions and Problems

(1) Section 861.—Income from Sources Within the United States.—A method for determining the source of a pension payment to a nonresident alien individual from a trust under a defined benefit plan that is qualified under § 401(a) if the proposed method is inconsistent with §§ 4.01, 4.02, and 4.03 of Rev. Proc. 2004-37, 2004-1 C.B. 1099.

(2) Section 862.—Income from Sources Without the United States.—A method for determining the source of a pension payment to a nonresident alien individual from a trust under a defined benefit plan that is qualified under § 401(a) if the proposed method is inconsistent with §§ 4.01, 4.02, and 4.03 of Rev. Proc. 2004-37, 2004-1 C.B. 1099.

(3) Section 871(g).—Special Rules for Original Issue Discount.—Whether a debt instrument having original issue discount within the meaning of § 1273 is not an original issue discount obligation within the meaning of § 871(g)(1)(B)(i) when the instrument is payable 183 days or less from the date of original issue (without regard to the period held by the taxpayer).

(4) Section 894.—Income Affected by Treaty.—Whether a person that is a resident of a foreign country and derives income from the United States is entitled to benefits under the United States income tax treaty with that foreign country pursuant to the limitation on benefits article. However, the Service may rule regarding the legal interpretation of a particular provision within the relevant limitation on benefits article.

(5) Section 954.—Foreign Base Company Income.—The effective rate of tax that a foreign country will impose on income.

(6) Section 954. —Foreign Base Company Income.— Whether the facts and circumstances evince that a controlled foreign corporation makes a substantial contribution through the activities of its employees to the manufacture, production, or construction of the personal property sold within the meaning of § 1.954-3(a)(4)(iv).

(7) Section 7701(b).—Definition of Resident Alien and Nonresident Alien.— Whether an alien individual is a nonresident of the United States, including whether the individual has met the requirements of the substantial presence test or exceptions to the substantial presence test. However, the Service may rule regarding the legal interpretation of a particular provision of § 7701(b) or the regulations thereunder.

#### .02 General Areas.

(1) The prospective application of the estate tax to the property or the estate of a living person, except that rulings may be issued on any international issues in a ruling request accepted pursuant to § 5.06 of Rev. Proc. 2016-1, in this Bulletin.

(2) Whether reasonable cause exists under Subtitle F (Procedure and Administration) of the Code.

(3) Whether a proposed transaction would subject a taxpayer to criminal penalties.

(4) Any area where the ruling request does not comply with the requirements of Rev. Proc. 2016-1.

(5) Any area where the same issue is the subject of the taxpayer's pending request for competent authority assistance under a United States tax treaty.

(6) A “comfort” ruling will not be issued with respect to an issue that is clearly and adequately addressed by statute, regulations, decisions of a court, tax treaties, revenue rulings, or revenue procedures absent extraordinary circumstances (e.g., a request for a ruling required by a governmental regulatory authority in order to effectuate the transaction).

(7) Any frivolous issue, as that term is defined in § 6.10 of Rev. Proc. 2016-1.

#### **SECTION 4. AREAS IN WHICH RULING OR DETERMINATION LETTERS WILL NOT ORDINARILY BE ISSUED**

##### **.01 Specific Questions and Problems**

(1) Section 367(a).—Transfers of Property from the United States.—Whether an oil or gas working interest is transferred from the United States for use in the active conduct of a trade or business for purposes of § 367(a)(3); and whether any other property is so transferred, where the determination requires extensive factual inquiry.

(2) Section 367(a).—Transfers of Property from the United States.—Whether a transferred corporation subject to a gain recognition agreement under § 1.367(a)-8 has disposed of substantially all of its assets.

(3) Section 367(b).—Other Transfers.—Whether and the extent to which regulations under § 367(b) apply to an exchange involving foreign corporations, unless the ruling request presents a significant legal issue or subchapter C rulings are requested in the context of the exchange.

(4) Section 864.—Definitions and Special Rules.—Whether a taxpayer is engaged in a trade or business within the United States, and whether income is effectively connected with the conduct of a trade or business within the United States; whether an instrument is a security as defined in § 1.864-2(c)(2); whether a taxpayer effects transactions in the United States in stocks or securities under § 1.864-2(c)(2); whether an instrument or item is a commodity as defined in § 1.864-2(d)(3); and for purposes of § 1.864-2(d)(1) and (2), whether a commodity is of a kind customarily dealt in on an organized commodity exchange, and

whether a transaction is of a kind customarily consummated at such place.

(5) Section 871.—Tax on Nonresident Alien Individuals.—Whether a payment constitutes portfolio interest under § 871(h); whether an obligation qualifies for any of the components of portfolio interest such as being in registered form; and whether the income earned on contracts that do not qualify as annuities or life insurance contracts because of the limitations imposed by § 72(s) and § 7702(a) is portfolio interest as defined in § 871(h).

(6) Section 881.—Tax on Income of Foreign Corporations Not Connected with United States Business.—Whether the income earned on contracts that do not qualify as annuities or life insurance contracts because of the limitations imposed by § 72(s) and § 7702(a) is portfolio interest as defined in § 881(c).

(7) Section 892.—Income of Foreign Governments and of International Organizations.—Whether income derived by foreign governments and international organizations from sources within the United States is excluded from gross income and exempt from taxation and any underlying issue related to that determination.

(8) Section 893.—Compensation of Employees of Foreign Governments and International Organizations.—Whether wages, fees, or salary of an employee of a foreign government or of an international organization received as compensation for official services to such government or international organization is excluded from gross income and exempt from taxation and any underlying issue related to that determination.

(9) Section 894.—Income Affected by Treaty.—Whether the income received by an individual in respect of services rendered to a foreign government or a political subdivision or a local authority thereof is exempt from federal income tax or withholding under any of the United States income tax treaties which contain provisions applicable to such individuals.

(10) Section 894.—Income Affected by Treaty.—Whether a taxpayer has a permanent establishment in the United States for purposes of any United States income tax treaty and whether income is attributable to a permanent establishment in the United States.

(11) Section 894.—Income Affected by Treaty.—Whether certain persons will be considered liable to tax under the laws of a foreign country for purposes of determining if such persons are residents within the meaning of any United States income tax treaty. But see Rev. Rul. 2000-59, 2000-2 C.B. 593.

(12) Section 894.—Income Affected by Treaty.—Whether the income received by a nonresident alien student or trainee for services performed for a university or other educational institution is exempt from federal income tax or withholding under any of the United States income tax treaties which contain provisions applicable to such nonresident alien students or trainees.

(13) Section 894.—Income Affected by Treaty.—Whether the income received by a nonresident alien performing research or teaching as personal services for a university, hospital or other research institution is exempt from federal income tax or withholding under any of the United States income tax treaties which contain provisions applicable to such nonresident alien teachers or researchers.

(14) Section 894.—Income Affected by Treaty.—Whether a foreign recipient of payments made by a United States person is ineligible to receive the benefits of a United States tax treaty under the principles of Rev. Rul. 89-110, 1989-2 C.B. 275.

(15) Section 894.—Income Affected by Treaty.—Whether a recipient of payments is or has been a resident of a country for purposes of any United States tax treaty. Pursuant to § 1.884-5(f), however, the Service may rule whether a corporation representing that it is a resident of a country is a qualified resident thereof for purposes of § 884.

(16) Section 894.—Income Affected by Treaty.—Whether an entity is treated as fiscally transparent by a foreign jurisdiction for purposes of § 894(c) and the regulations thereunder.

(17) Section 901.—Taxes of Foreign Countries and of Possessions of United States.—Whether a foreign levy meets the requirements of a creditable tax under § 901.

(18) Section 901.—Taxes of Foreign Countries and of Possessions of United States.—Whether a person claiming a

credit has established, based on all of the relevant facts and circumstances, the amount (if any) paid by a dual capacity taxpayer under a qualifying levy that is not paid in exchange for a specific economic benefit. See § 1.901-2A(c)(2).

(19) Section 903.—Credit for Taxes in Lieu of Income, Etc., Taxes.—Whether a foreign levy meets the requirements of a creditable tax under § 903.

(20) Sections 927(a) (Repealed), 936(h)(5), 943(a) (Repealed), 954(d), 993(c).—Manufactured Product.—Whether a product is manufactured or produced for purposes of § 927(a) (Repealed), § 936(h)(5), § 943(a) (Repealed), § 954(d), and § 993(c).

(21) Section 936.—Puerto Rico and Possession Tax Credit.—What constitutes a substantial line of business.

(22) Section 937.—Definition of *Bona Fide* Resident.—Whether an individual is a *bona fide* resident of American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, or the U.S. Virgin Islands. However, the Service may rule regarding the legal interpretation of a particular provision of § 937(a) or the regulations thereunder.

(23) Section 956.—Investment of Earnings in United States Property.—Whether a pledge of the stock of a controlled foreign corporation is an indirect pledge of the assets of that corporation. See § 1.956-2(c)(2).

(24) Section 985.—Functional Currency.—Whether a currency is the functional currency of a qualified business unit.

(25) Section 989(a).—Qualified Business Unit.—Whether a unit of the taxpayer's trade or business is a qualified business unit.

(26) Section 1058.—Transfers of Securities Under Certain Agreements.—Whether the amount of any payment described in § 1058(b)(2) or the amount of any other payment made in connection with a transfer of securities described in § 1058 is from sources within or without the United States; the character of such amounts; and whether the amounts constitute a particular kind of income for purposes of any United States income tax treaty.

(27) Sections 1471, 1472, 1473, and 1474.—Taxes to Enforce Reporting on Certain Foreign Accounts.—Whether a

taxpayer, withholding agent, or intermediary has properly applied the requirements of chapter 4 of the Internal Revenue Code (sections 1471 through 1474, also known as "FATCA") or of an applicable intergovernmental agreement to implement FATCA.

(28) Section 1503(d).—Dual Consolidated Loss.—Whether the income tax laws of a foreign country would deny any opportunity for the foreign use of a dual consolidated loss in the year in which the dual consolidated loss is incurred under § 1.1503(d)-3(e)(1); whether no possibility of foreign use exists under § 1.1503(d)-6(c)(1); whether an event presumptively constitutes a triggering event under § 1.1503(d)-6(e)(1)(i)-(ix); whether the presumption of a triggering event is rebutted under § 1.1503(d)-6(e)(2); and whether a domestic use agreement terminates under § 1.1503(d)-6(j)(1). The Service will also not ordinarily rule on the corresponding provisions of prior regulations under § 1503(d).

(29) Section 2501.—Imposition of Tax.—Whether a partnership interest is intangible property for purposes of § 2501(a)(2) (dealing with transfers of intangible property by a nonresident not a citizen of the United States).

(30) Section 7701.—Definitions.—Whether an estate or trust is a foreign estate or trust for federal income tax purposes.

(31) Section 7701.—Definitions.—Whether an intermediate entity is a conduit entity under § 1.881-3(a)(4); whether a transaction is a financing transaction under § 1.881-3(a)(4)(ii); whether the participation of an intermediate entity in a financing arrangement is pursuant to a tax avoidance plan under § 1.881-3(b); whether an intermediate entity performs significant financing activities under § 1.881-3(b)(3)(ii); whether an unrelated intermediate entity would not have participated in a financing arrangement on substantially the same terms under § 1.881-3(c).

(32) Section 7874.—Expatriated Entities and Their Foreign Parents.—Whether, after the acquisition, the expanded affiliated group has substantial business activities in the foreign country in which, or under the law of which, the foreign entity is created or organized, when compared to

the total business activities of the expanded affiliated group.

(33) Section 7874.—Expatriated Entities and Their Foreign Parents.—Whether a foreign corporation completes the direct or indirect acquisition of substantially all of the properties held directly or indirectly by a domestic corporation or substantially all of the properties constituting a trade or business of a domestic partnership.

## .02 General Areas

(1) Whether a taxpayer has a business purpose for a transaction or arrangement.

(2) Whether a taxpayer uses a correct North American Industry Classification System (NAICS) code or Standard Industrial Classification (SIC) code.

(3) Any transaction or series of transactions that is designed to achieve a different tax consequence or classification under U.S. tax law (including tax treaties) and the tax law of a foreign country, where the results of that different tax consequence or classification are inconsistent with the purposes of U.S. tax law (including tax treaties).

(4)(a) Situations where a taxpayer or a related party is domiciled or organized in a foreign jurisdiction with which the United States does not have an effective mechanism for obtaining tax information with respect to civil tax examinations and criminal tax investigations, which would preclude the Service from obtaining information located in such jurisdiction that is relevant to the analysis or examination of the tax issues involved in the ruling request.

(b) The provisions of subsection 4.02(4)(a) above shall not apply if the taxpayer or affected related party (i) consents to the disclosure of all relevant information requested by the Service in processing the ruling request or in the course of an examination to verify the accuracy of the representations made and to otherwise analyze or examine the tax issues involved in the ruling request, and (ii) waives all claims to protection of bank or commercial secrecy laws in the foreign jurisdiction with respect to the information requested by the Service. In the event the taxpayer's or related party's consent to disclose relevant information or to waive protection of bank or commercial secrecy is determined by the Service to be inef-

fective or of no force and effect, then the Service may retroactively rescind any ruling rendered in reliance on such consent.

(5) The federal tax consequences of proposed federal, state, local, municipal, or foreign legislation.

(6)(a) Situations involving the interpretation of foreign law or foreign documents. The interpretation of a foreign law or foreign document means making a judgment about the import or effect of the foreign law or document that goes beyond its plain meaning.

(b) The Service, at its discretion, may consider rulings that involve the interpretation of foreign laws or foreign docu-

ments. In these cases, the Service may request information in addition to that listed in § 7.01(2) and (6) of Rev. Proc. 2016-1, including a discussion of the implications of any authority believed to interpret the foreign law or foreign document, such as pending legislation, treaties, court decisions, notices or administrative decisions.

(7) The treatment or effects of hook equity, as described in section 4.02(11) of Rev. Proc. 2016-3, in this Bulletin.

#### **SECTION 5. EFFECT ON OTHER REVENUE PROCEDURES**

Rev. Proc. 2015-7 is superseded.

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#### **SECTION 6. EFFECTIVE DATE**

This revenue procedure is effective January 4, 2016.

#### **SECTION 7. DRAFTING INFORMATION**

This revenue procedure was compiled by Paul S. Manning of the Office of Associate Chief Counsel (International). For further information about this revenue procedure, please contact Mr. Manning at (202) 317-3800 (not a toll-free number).

# Rev. Proc. 2016-8

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## SECTION 1. PURPOSE

This revenue procedure provides guidance for complying with the user fee program of the Internal Revenue Service as it pertains to requests for letter rulings, determination letters, Voluntary Correction Program (VCP) compliance statements, etc., on matters under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division.

## SECTION 2. CHANGES

.01 *In general.* This revenue procedure is a general update of Rev. Proc. 2015–8, 2015–1 I.R.B. 235. In addition to minor revisions, such as updating references, the following changes have been made:

### .02 *Changes applicable to Employee Plans*

(1) Section 4.04 is modified to reflect that fees for VCP submissions are included in section 6.08 of this revenue procedure.

(2) Section 5 has been modified to include the following definitions, which relate to VCP submissions – 403(b) Plan, Group Submission, Nonamender Failure, Orphan Plan, Plan Loan Failure, Qualified Plan and VCP Submission. In addition, Rev. Proc. 2015–9 has been deleted to reflect that the information previously contained in that revenue procedure is now in Rev. Proc. 2015–5.

(3) Deleted categories (4) through (9) under section 6.01 and renumbered the remaining category. Rulings requested under these categories will continue to be processed under the “All other letter rulings” category.

(4) Deleted categories (1) through (5) under section 6.02. Opinion letters under these categories will continue to be processed under the general section 6.02.

(5) Added a fee of \$1,000 to the general section 6.02.

(6) Updated user fee categories and amounts for various employee plan user fees. The following fee changes have been made:

(a) Changed \$2,000 to \$11,000 in section 6.03(1)(b)

(b) Changed \$400 to \$300 in section 6.03(2)

(c) Changed \$1,000 to \$700 in section 6.03(3)

(d) Changed \$14,000 to \$16,000 in section 6.03(4)(a)

(e) Changed \$1,000 to \$600 in section 6.03(8)

(f) Modified Sections 6.04(1)(a) and (b) and 6.04(2)(a) and (b) into new categories 6.04(1), Volume Submitter specimen plan (mass and non mass submitter) including one adoption agreement and 6.04(2), each additional adoption agreement, and the fee for 6.04(1) and 6.04(2) is \$28,000

(g) Changed \$400 to \$300 in section 6.04(3)

(h) Changed \$1,000 to \$600 in section 6.04(6)

(i) Deleted “if the plan is intended to satisfy a design-based safe harbor” from 6.05(1) and changed the fee from \$500 to \$800 in section 6.05(1)(b)

(j) Changed \$2,000 to \$2,300 in section 6.05(1)(c)

(k) Deleted subcategories (i) through (iv) of section 6.05(1)(d), added “regardless of number of forms submitted” and the fee is \$4,000

(l) Deleted subcategories (i) through (iv) of section 6.05(1)(e), added “regardless of number of participants” and the fee is \$4,000

(m) Changed \$12,000 to \$16,000 in section 6.06(1)(a)

(n) Changed \$1,000 to \$11,000 in section 6.06(1)(b)

(o) Changed \$1,000 to \$700 in section 6.06(3)

(p) Changed \$12,000 to \$16,000 in section 6.06(4)(a)

(q) Changed \$9,500 to \$11,000 in section 6.06(4)(b)

(r) Modified sections 6.07(1)(a) and (b) and 6.07(2)(a) and (b) into new categories 6.07(1), 403(b) volume submitter specimen plan (mass and non mass submitter) including one adoption agreement and 6.07(2), each additional adoption agreement, and the fee for 6.07(1) and 6.07(2) is \$28,000

(s) Changed \$1,000 to \$700 in section 6.07(4)

(7) Added new section 6.08 “User Fees for Voluntary Correction Program (VCP) submissions under the Employee Plans Compliance Resolution System.”

(8) Added references to § 403(b) pre-approved plans under Rev. Proc. 2013–22 to section 7.02(3).

(9) Added new section 7.03 “Matters handled by EP Voluntary Compliance” to provide information concerning the filing of VCP submissions.

(10) Modified 9.02(1) to reflect that Forms 8717, *User Fee for Employee Plan Determination Letter Request* and 8717–A, *User Fee for Employee Plan Opinion or Advisory Letter Request*, are currently being revised and that taxpayers should use existing forms but refer to the applicable user fees in section 6.

(11) Added section 9.02(2) to reflect the forms required to be included with a VCP submission and that Form 8951, *Compliance Fee for Application for Voluntary Correction Program*, is being revised

(12) Deleted (a) in section 9.03(3).

(13) Added section 9.03(5) to reflect that a VCP submission may be returned if it is not accompanied by the appropriate fee.

(14) Added section 10.03 to provide information concerning refunds for VCP submissions.

(15) Added a new paragraph to the end of section 11 concerning the reconsideration of fees related to VCP submissions.

(16) Appendix B is revised to include Rev. Proc. 2013–12 as modified, which contains the most recent restatement of the Employee Plans Compliance Resolution System.

### .03 *Changes applicable to Exempt Organizations*

(1) Modified section 6.10 to delete accounting method changes.

(2) Renumbered sections 6.08 and 6.09 under Exempt Organization User Fees as sections 6.09 and 6.10.

(3) Modified section 6.09(5) by replacing “Publication 78” with “Exempt Orga-

nizations Select Check database for organizations eligible to receive tax-deductible charitable contributions (Pub. 78 data)”

(4) Modified Appendix D to reflect that the information previously found in Rev. Proc. 2015-9 will now be in Rev. Proc. 2016-5.

*.04 Changes applicable to Employee Plans and Exempt Organizations*

(1) Deleted subsection (2) from section 8.03 and 8.04 as no longer applicable and renumbered the remaining subsection.

(2) Modified the language in section 9, including deleting references to money order.

(3) Modified sections 10.01 and 10.02 to reflect that these sections apply to ruling or determination letter requests.

(4) Modified section 10.02(1)(b) to add “upon request” and “if accepted” to the example. Deleted the word “substantially” and “letter ruling” from the last sentence.

(5) Added new section 10.02(2)(d) and redesignated the remaining sections.

(6) Modified section 13 to provide that the effective date of this revenue procedure is February 1, 2016 for Employee Plans user fees and January 4, 2016 for Exempt Organizations user fees.

### SECTION 3. BACKGROUND

*.01 Legislation authorizing user fees.* Section 7528 of the Code directs the Secretary of the Treasury or delegate (the “Secretary”) to establish a program requiring the payment of user fees for requests to the Service for letter rulings, opinion letters, determination letters, and similar requests. The fees charged under the program: (1) are to vary according to categories or subcategories established by the Secretary; (2) are to be determined after taking into account the average time for, and difficulty of, complying with requests in each category and subcategory; and (3) are payable in advance. Section 7528(b)(3) directs the Secretary to provide for exemptions and reduced fees under the program as the Secretary determines to be appropriate, but the average fee applicable to each category may not be less than the amount specified in § 7528.

*.02 Related revenue procedures.* The various revenue procedures that require payment of a user fee are described in the appendix to this revenue procedure.

### SECTION 4. SCOPE

*.01 Requests to which user fees apply.* In general, user fees apply to all requests for letter rulings, opinion letters, determination letters, and advisory letters submitted by or on behalf of taxpayers, sponsoring organizations or other entities as described in this revenue procedure. Requests to which a user fee is applicable must be accompanied by the appropriate fee as determined from the fee schedule set forth in section 6 of this revenue procedure. The fee may be refunded in limited circumstances as set forth in section 10.

*.02 Requests and other actions that do not require the payment of a user fee.* Actions which do not require the payment of a user fee include the following:

(1) Requests for information letters as defined in Rev. Proc. 2016-4, in this Bulletin;

(2) Elections pertaining to automatic extensions of time under § 301.9100-1 of the Procedure and Administration regulations;

(3) Use of forms which are not to be filed with the Service. For example, no user fee is required in connection with the use of Form 5305, *Traditional Individual Retirement Trust Account*, or Form 5305-A, *Traditional Individual Retirement Custodial Account*, in order to adopt an individual retirement account under § 408(a);

(4) In general, plan amendments whereby sponsors amend their plans by adopting, word-for-word, the model language contained in a revenue procedure which states that the amendment should not be submitted to the Service and that the Service will not issue new opinion, advisory, ruling or determination letters for plans that are amended solely to add the model language; and

(5) Change in accounting period or accounting method permitted by a published revenue procedure that permits an auto-

matic change without prior approval of the Commissioner.

*.03 Exemptions from the user fee requirements.* The following exemptions apply to the user fee requirements. These are the only exemptions that apply:

(1) Departments, agencies, or instrumentalities of the United States that certify that they are seeking a letter ruling, determination letter, opinion letter or similar letter on behalf of a program or activity funded by federal appropriations. The fact that a user fee is not charged has no bearing on whether an applicant is treated as an agency or instrumentality of the United States for purposes of any provision of the Code except for § 7528.

(2) The exemption from the user fee requirements applies to all eligible employers within the meaning of § 7528(b)(2)(C)(ii) who request a determination letter within the first five plan years or, if later, the end of any remedial amendment period with respect to the plan that begins within the first five plan years. See, Instructions to Form 8717, *User Fee for Employee Plans Determination Letter Request*, and Notice 2002-1, 2002-1 C.B. 283, as amplified by Notice 2003-49, 2003-2 C.B. 294, and Notice 2011-86, 2011-45 I.R.B. 698.

*.04 User Fees under the Employee Plans Compliance Resolution System (EPCRS).* The general user fee schedule for submissions under the Voluntary Correction Program (VCP) of EPCRS is set forth in section 6.08. Exceptions to the general fee schedule are also included in section 6.08. For further guidance on fees and eligibility for reduced fees, please see Rev. Proc. 2013-12, 2013-4 I.R.B. 313, as modified by Rev. Proc. 2015-27, 2015-16 I.R.B. 914 and Rev. Proc. 2015-28, 2015-16 I.R.B. 920.

### SECTION 5. DEFINITIONS

The following terms used in this revenue procedure are defined in the pertinent revenue procedures referred to below, which are described in the appendix:



§ 403(b) pre-approved plan	Rev. Procs. 2013–22, 2014–28, 2015–22
403(b) Plan	Rev. Proc. 2013–12
Adoption agreement	Rev. Procs. 2015–36, 2013–22
Advisory letter	Rev. Procs. 2015–36, 2013–22, 2016–6
Basic plan document	Rev. Procs. 2015–36, 2013–22
Determination letter	Rev. Procs. 2016–5, 2016–6
Dual-purpose IRA	Rev. Procs. 98–59, 2010–48
Form 1023–EZ	Rev. Proc. 2016–5
Group exemption letter	Rev. Proc. 80–27
Group Submission	Rev. Proc. 2013–12
Information letter	Rev. Proc. 2016–4
Letter ruling	Rev. Proc. 2016–4
Mass submitter	Rev. Procs. 87–50, 2015–36, 2013–22
Mass submitter plan	Rev. Procs. 2015–36, 2013–22
Minor modification/modifier	Rev. Procs. 87–50, 2015–36, 2013–22
Nonamender Failure	Rev. Proc. 2013–12
Opinion letter	Rev. Procs. 2015–36, 2013–22, 2016–4
Orphan Plan	Rev. Proc. 2013–12
Plan Loan Failure	Rev. Proc. 2013–12
Prototype plan	Rev. Procs. 2015–36, 2013–22
Qualified Plan	Rev. Proc. 2013–12
Roth IRA	Rev. Procs. 98–59, 2010–48
SIMPLE IRA	Rev. Proc. 97–29
SIMPLE IRA Plan	Rev. Proc. 97–29
Sponsor	Rev. Procs. 2015–36, 2013–22
Sponsoring organization	Rev. Proc. 87–50
Substitute mortality table	Rev. Proc. 2008–62
VCP Submission	Rev. Procs. 2013–12, 2015–27
Volume submitter plans	Rev. Procs. 2015–36, 2013–22
Volume submitter specimen plan	Rev. Procs. 2015–36, 2013–22
Word-for-word identical adoption/Adopter	Rev. Procs. 87–50, 2015–36, 2013–22

## SECTION 6. FEE SCHEDULE

The amount of the user fee payable with respect to each category or subcategory of submission is as set forth in the following schedule.

### CATEGORY

#### EMPLOYEE PLANS USER FEES

##### .01 *Letter ruling requests.*

- |   |         |
|---|---------|
| (1) Computation of exclusion for annuitant under § 72 | \$1,000 |
| (2) Change in plan year (Form 5308)                   | \$1,000 |

**Note:** No user fee is required if the requested change is permitted to be made pursuant to the procedure for automatic approval set forth in Rev. Proc. 87–27, 1987–1 C.B. 769. In such a case, Form 5308 should not be submitted to the Service.

- |  |          |
|--|----------|
| (3) Five-Year Automatic Extension of the Amortization Period                 | \$1,000  |
| (4) All other letter rulings under jurisdiction of the Employee Plans Office | \$10,000 |

## CATEGORY

.02 *Opinion letters on prototype individual retirement accounts and/or annuities, SEPs, SIMPLE IRAs, SIMPLE IRA Plans, Roth IRAs and dual-purpose IRAs.* \$1,000

**Note:** If a mass submitter submits, in any 12-month period ending January 31, more than 300 applications on behalf of word-for-word adopters of prototype IRAs or prototype dual-purpose IRAs with respect to a particular plan document, only the first 300 such applications will be subject to the fee; no fee will apply to those in excess of the first 300 such applications submitted within the 12-month period.

.03 *Opinion letters on master and prototype plans.*

(1) Mass submitter M & P plan	
(a) per basic plan document, new or amended, with one adoption agreement	\$16,000
(b) per each additional adoption agreement	\$11,000
(2) Sponsor's word-for-word identical adoption of M & P mass submitter's basic plan document (or an amendment thereof), per adoption agreement	\$300
(3) Sponsor's minor modification of M & P mass submitter's basic plan document, per adoption agreement	\$700
(4) Non-mass submitter M & P plan	
(a) per basic plan document, new or amended, with one adoption agreement	\$16,000
(b) per each additional adoption agreement	\$11,000
(5) M & P mass submitter's request for an opinion letter with respect to the addition of optional provisions following issuance of a favorable opinion letter, per basic plan document (regardless of the number of adoption agreements) (see section 12.03(1)(c) of Rev. Proc. 2015-36)	\$1000
(6) Assumption of sponsorship of an approved M & P plan, without any amendment to the plan document, by a new entity, as evidenced by a change of employer identification number, per basic plan document	\$300
(7) Change in name and/or address of sponsor of an approved M & P plan, per basic plan document	None
(8) Mass submitter or non-mass submitter sponsor per trust document in excess of 10	\$600

**Note:** If a mass submitter submits, in any 12-month period ending January 31, more than 300 applications on behalf of word-for-word adopters with respect to a particular adoption agreement, only the first 300 such applications will be subject to the fee; no fee will apply to those in excess of the first 300 such applications submitted within the 12-month period.

.04 *Advisory letters on volume submitter plans.*

(1) Volume submitter specimen plan (mass and non mass submitter) including one adoption agreement	\$28,000
(2) Each additional adoption agreement	\$28,000
(3) Volume submitter specimen plan that is word-for-word identical to a mass submitter specimen plan	\$300
(4) Assumption of sponsorship of an approved volume submitter plan, without any amendment to the plan document, by a new entity, as evidenced by a change of employer identification number, per basic plan document	\$300
(5) Change in name and/or address of practitioner of an approved volume submitter specimen plan, per basic plan document	None
(6) Mass submitter or non-mass submitter practitioner per trust document in excess of 10	\$600

.05 *Determination letters*

(1) Determination Letters:	
(a) Form 5300 ( <i>Application for Determination for Employee Benefit Plan</i> )	\$2,500
(b) Form 5307 ( <i>Application for Determination for Adopters of Modified Volume Submitter Plans</i> )	\$800
(c) Form 5310 ( <i>Application for Determination for Terminating Plan</i> )	\$2,300
(d) Multiple employer plans (Form 5300), regardless of number of forms submitted	\$4,000
<b>Note:</b> In the case of a multiple employer plan that is adopted by other employers after the initial submission, the fee would be the same as in paragraph (1)(a) or (d) above as applicable.	
(e) Multiple employer plans (Form 5310), regardless of number of participants	\$4,000

## CATEGORY

(2) Group trusts contemplated by Rev. Rul. 81-100, 1981-1 C.B. 326, Rev. Rul. 2004-67, 2004-2 C.B. 28, Rev. Rul. 2011-1, 2011-2 I.R.B. 251, Rev. Rul. 2014-24, 2014-37 I.R.B. 529. Form 5316 is available for group trust submissions. \$1,000

### .06 *Opinion letters on § 403(b) prototype plans.*

- |  |          |
|--|----------|
| (1) Mass submitter § 403(b) prototype plan   |          |
| (a) per basic plan document with one adoption agreement  | \$16,000 |
| (b) per each additional adoption agreement   | \$11,000 |
| (2) Section 403(b) prototype plan of a word-for-word identical adopter of a § 403(b) prototype mass submitter's basic plan document (or an amendment thereof), per adoption agreement                                  | \$300    |
| (3) Section 403(b) prototype plan of a minor modifier of a § 403(b) prototype mass submitter's basic plan document, per adoption agreement   | \$700    |
| (4) Non-mass submitter § 403(b) prototype plan   |          |
| (a) per basic plan document with one adoption agreement  | \$16,000 |
| (b) per each additional adoption agreement   | \$11,000 |
| (5) Assumption of sponsorship of an approved § 403(b) prototype plan, without any amendment to the plan document, by a new entity, as evidenced by a change of employer identification number, per basic plan document | \$300    |
| (6) Change in name and/or address of sponsor of an approved § 403(b) prototype plan, per basic plan document   | None     |

**Note:** If a mass submitter submits, during the period set forth in Rev. Proc. 2013-22, more than 300 applications on behalf of word-for-word adopters with respect to a particular adoption agreement, only the first 300 such applications will be subject to the fee; no fee will apply to those in excess of the first 300 such applications submitted within the 12-month period.

### .07 *Advisory letters on § 403(b) volume submitter plans.*

- |   |          |
|---|----------|
| (1) Section 403(b) volume submitter specimen plan (mass and non-mass submitter) including one adoption agreement  | \$28,000 |
| (2) Each additional adoption agreement  | \$28,000 |
| (3) Section 403(b) volume submitter specimen plan of a word-for-word identical adopter of a mass submitter specimen plan  | \$300    |
| (4) Section 403(b) volume submitter specimen plan of a minor modifier of a § 403(b) volume submitter mass submitter specimen plan (or per adoption agreement if applicable)   | \$700    |
| (5) Assumption of sponsorship of an approved § 403(b) volume submitter plan, without any amendment to the plan document, by a new entity, as evidenced by a change of employer identification number, per specimen plan | \$300    |
| (6) Change in name and/or address of practitioner of an approved § 403(b) volume submitter specimen plan, per specimen plan   | None     |

### .08 *User Fees for Voluntary Correction Program (VCP) submissions under the Employee Plans Compliance Resolution System*

- |   |          |
|---|----------|
| (1) Regular submissions under VCP for Qualified Plans and 403(b) Plans: |          |
| (a) 20 or fewer participants  | \$500    |
| (b) 21 to 50 participants   | \$750    |
| (c) 51 to 100 participants  | \$1,500  |
| (d) 101 to 1,000 participants   | \$5,000  |
| (e) 1,001 to 10,000 participants  | \$10,000 |
| (f) Over 10,000 participants  | \$15,000 |

**Note:** For information on determining the number of participants, see Rev. Proc. 2013-12, section 12.08.

- |   |       |
|---|-------|
| (2) VCP submissions for SEPs, SARSEPS or SIMPLE IRA Plans | \$250 |
|---|-------|

**Note:** See Rev. Proc. 2013-12 section 6.11 and 12.06 for circumstances where an additional fee may be imposed.

## CATEGORY

(3) VCP fee for Group Submissions, initial fee for first 20 plans.	\$10,000
<p><b>Note:</b> An additional fee will be requested by the Service at a later time based on the number of plans in excess of 20 that will be part of the group submission (capped at \$50,000). See Form 8951 Instructions and Rev. Proc. 2013–12 sections 10.11 and 12.05.</p>	
(4) Terminating Orphan Plans	Fee applicable under 6.08(1) (if no fee waiver is requested or if the waiver request is denied)
<p><b>Note:</b> At the discretion of the Service, the fee may be waived. Do not include an initial fee with the submission if a written waiver request is submitted. See Form 8951 Instructions and Rev. Proc. 2013–12, sections 11.03(13) and 12.02(4).</p>	
(5) Special reduced fees for VCP submissions involving non amender failures, certain failures related to minimum distribution requirements of § 401(a)(9), certain plan loan failures and VCP submissions requesting minor modifications of previously issued compliance statements.	See section 12 of Rev. Proc. 2013–12 as modified by Rev. Proc. 2015–27
(6) Refund information relating to VCP submissions.	See section 10.07 of Rev. Proc. 2013–12
<p><b>Note: Other VCP fees found in section 12 of Rev. Proc. 2013–12 as modified by Rev. Proc. 2015–27 have not changed.</b> For further information on VCP Fees, see Rev. Proc. 2013–12 and Rev. Proc. 2015–27.</p>	

### EXEMPT ORGANIZATIONS USER FEES

#### .09 Determination letters and requests for group exemption letters

(1) Applications for recognition of exemption under § 501(c)(3) submitted on Form 1023–EZ.	\$400
(2) Applications for recognition of exemption under § 501 not included in (1) or under § 521 from organizations (other than pension, profit-sharing, and stock bonus plans described in § 401) that have had annual gross receipts averaging not more than \$10,000 during the preceding four years, or new organizations that anticipate gross receipts averaging not more than \$10,000 during the first four years.	\$400
<p><b>Note:</b> Organizations seeking this reduced fee must sign a certification with their application that the receipts are or will be not more than the indicated amounts.</p>	
(3) Applications for recognition of exemption under § 501 not included in (1) or (2) of section 6.09 or under § 521 from organizations whose actual or anticipated gross receipts exceed the \$10,000 average annually.	\$850
<p><b>Note:</b> If an organization that is already recognized as exempt under § 501(c) seeks reclassification under another subparagraph of § 501(c), a new user fee will be charged whether or not a new application is required. An additional fee applies to organizations that seek recognition of exemption under § 501(c)(4) (unless requested at the time of the § 501(c)(3) application) for a period for which they do not qualify for exemption under § 501(c)(3) because their application was filed late and they do not qualify for relief under § 301.9100–1.</p>	
(4) Group Exemption letters	\$3,000
<p><b>Note:</b> An additional user fee under (1), (2), or (3) above is also required when a central organization submits an initial application for exemption with its request for a group exemption letter.</p>	
(5) Canadian registered charities	None

In accordance with the income tax treaty between the United States and Canada, Canadian registered charities are automatically recognized as exempt under § 501(c)(3) without filing an application for exemption. For details, see Notice 99–47, 1999–2 C.B. 391. Therefore, no user fee is required when a Canadian registered charity submits all or part of a Form 1023 or other written request to be listed in Exempt Organizations Select Check database for organizations eligible to receive tax-deductible charitable contributions (Pub. 78 data), or for a determination on its private foundation status.

#### .10 Summary of exempt organization fees

This table summarizes the various types of exempt organization issues, indicates the office of jurisdiction for each type, and lists the applicable user fee. Reduced fees may be applicable in certain instances.

ISSUE	DETERMINATIONS OFFICE	USER FEE
Accounting period changes (Form 1128)		None
Application for recognition of exemption under § 501(c)(3) submitted on Form 1023-EZ		\$400
Application for recognition of exemption under § 501 or § 521 other than those filed on Form 1023-EZ		\$850
Reduced user fee for organizations described in section 6.09(2)		\$400
Group exemption letters		\$3,000
Confirmation of exemption (to replace lost exempt status letter, and to reflect name and address changes)		None
Reclassification of private foundation status, including operating foundation status described in § 4942(j)(3) and exempt operating foundation status described in § 4940(d); a determination that a public charity is described in § 509(a)(3)(i), (ii), or (iii), including whether or not a Type III supporting organization is functionally integrated; reclassification of foundation status, including voluntary requests from public charities for private foundation status and voluntary requests from public charities, including requests from subordinate organizations, to change from one public charity status to another public charity status; or final public charity classification determination for organizations whose advance ruling periods expired prior to June 9, 2008 without providing the required information (Form 8940).		\$400
Regulations § 301.9100 relief in connection with applications for recognition of exemption		None
Section 507 terminations – advance ruling under § 507(b)(1)(B) and notice under § 507(a)(1) or 507(b)(1)(B)		\$400
Section 4942(g)(2) set asides – advance approval (Form 8940)		\$1,000
Section 4945 advance approval of organization’s grant making procedures (Form 8940)		\$1,000
Section 4945(f) advance approval of voter registration activities (Form 8940)		\$1,000
Section 6033 annual information return filing requirements (including a subordinate organization’s change of filing requirements) (Form 8940)		\$400
Unusual grants to certain organizations under §§ 170(b)(1)(A)(vi) and 509(a)(2) (Form 8940)		\$400
User Fee for determination letters under the jurisdiction of the Determinations Office not otherwise described or covered in this section 6.10.		\$400

**SECTION 7. MAILING ADDRESS FOR REQUESTING LETTER RULINGS, DETERMINATION LETTERS, VCP COMPLIANCE STATEMENTS**

.01 Matters handled by EP Rulings and Agreements. Requests should be mailed to the appropriate address set forth in this section 7.01.

(1) *Employee plans letter rulings under Rev. Procs. 87-50, 90-49, 2000-41, 2003-16, 2008-62, 2010-52, or 2016-4:*

Internal Revenue Service  
Attention: EP Letter Rulings  
Stop 31  
P.O. Box 12192  
Covington, KY 41012-0192

(2) *Employee plans opinion letters under Rev. Procs. 87-50, 97-29, 98-59, and 2010-48:*

Internal Revenue Service  
Attention: EP Opinion Letters  
Stop 31  
P.O. Box 12192  
Covington, KY 41012-0192

**Note:** Hand delivered requests must be marked RULING REQUEST SUBMISSION. The delivery should be made to the following address between the hours of 8:30 a.m. and 4:00 p.m., where a receipt will be given:

Courier’s Desk  
Internal Revenue Service  
Attention: EP Letter Rulings  
Stop 31  
201 West Rivercenter Boulevard  
Covington, KY 41011

.02 *Matters handled by EP or EO Determinations Office.*

(1) The following types of requests and applications are handled by the EP or EO Determinations Office and should be sent to the Internal Revenue Service Center in Covington, Kentucky, at the address shown below: (a) requests for determination letters on the qualified status of employee plans under § 401, 403(a), or 409, and the exempt status of any related trust

under § 501; (b) applications for recognition of tax exemption on Form 1023, Form 1024 and Form 1028; (c) requests for determination letters submitted with Form 8940; (d) requests for changes in accounting period; and (e) and other applications for recognition of qualification or exemption (other than on Form 1023–EZ). The address is:

Internal Revenue Service  
Attention: EP/EO Determination  
Letters  
Stop 31  
P.O. Box 12192  
Covington, KY 41012-0192

(2) Applications for recognition of exemption on Form 1023–EZ are handled by the EO Determinations Office, but must be submitted electronically online at [www.pay.gov](http://www.pay.gov). Paper submissions of Form 1023–EZ will not be accepted.

(3) The following types of requests and applications are handled by the EP Determinations Office and should be sent to the Internal Revenue Service at the address shown below: (a) requests for master and prototype opinion letters and for volume submitter advisory letters on the form of pre-approved employee plans under § 401 or 403(a); (b) the exempt status of any related trust under § 501; and (c) requests for prototype opinion letters and for volume submitter advisory letters for § 403(b) pre-approved plans under Rev. Proc. 2013–22. The address is:

Internal Revenue Service  
Attn. Pre-Approved Plans Coordinator  
P.O. Box 2508  
Rm. 5106: Group 7521  
Cincinnati, OH 45201

(4) Determinations and requests not subject to a user fee are handled by the EO Determinations Office and should be sent to the Internal Revenue Service at the address shown below:

Internal Revenue Service  
P.O. Box 2508  
Rm. 4024  
Cincinnati, OH 45201

(5) Applications shipped by Express Mail or a delivery service for all of the above **except for pre-approved employee plans** should be sent to:

Internal Revenue Service  
Attention: EP/EO Determination  
Letters  
Stop 31  
201 West Rivercenter Boulevard  
Covington, KY 41011

Applications shipped by Express Mail or a delivery service for **pre-approved employee plans** should be sent to:

Internal Revenue Service  
Attn: Pre-Approved Plans Coordinator  
550 Main Street  
Room 5106: Group 7521  
Cincinnati, OH 45202

*.03 Matters handled by EP Voluntary Compliance*

(1) VCP submissions are handled by the EP Voluntary Compliance function and should be sent to the Internal Revenue Service in Covington, Kentucky, at the address shown below. Submission procedures for VCP are set forth in section 11 of Rev. Proc. 2013–12, as revised by Rev. Proc. 2015–27. Refer to instructions associated with Form 8950. Forms 8950 and 8951 must accompany the VCP submission.

Internal Revenue Service  
P.O. Box 12192  
Covington, KY 41012-0192

(2) Submissions shipped by Express Mail or a delivery service should be sent to:

Internal Revenue Service  
201 West Rivercenter Blvd.  
Attn: Extracting Stop 312  
Covington, KY 41011

## **SECTION 8. REQUESTS INVOLVING MULTIPLE OFFICES, FEE CATEGORIES, ISSUES, TRANSACTIONS, OR ENTITIES**

*.01 Requests involving several offices.* If a request dealing with only one transaction involves more than one of the offices within the Service (for example, one issue is under the jurisdiction of the Associate Chief Counsel (Income Tax & Accounting) and another issue is under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division), the taxpayer is only responsible for the

payment of the single highest fee that could be charged by any of the offices involved. See Rev. Proc. 2016–1, in this Bulletin, for the user fees applicable to issues under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions & Products), the Associate Chief Counsel (Income Tax & Accounting), the Associate Chief Counsel (Passthroughs & Special Industries), the Associate Chief Counsel (Procedure and Administration), the Associate Chief Counsel (International) or the Associate Chief Counsel (Tax Exempt and Government Entities).

*.02 Requests involving several fee categories.* If a request dealing with only one transaction involves more than one fee category, the taxpayer only is responsible for payment of the single highest fee that could be charged for any of the categories involved.

*.03 Requests involving several issues.* A request is treated as one request if: (1) the request deals with only one transaction but involves several issues or (2) the request is one for a change in accounting period dealing with only one item but involves several issues. In such instances, only one fee applies, namely the fee that applies to the particular category or subcategory involved. The addition of a new issue relating to the same transaction will not result in an additional fee, unless the issue places the transaction in a higher fee category.

*.04 Requests involving several unrelated transactions.* In situations where: (1) a request involves several unrelated transactions or (2) a request for a change in accounting period involves several unrelated items, each transaction or item is treated as a separate request. As a result, a separate fee will apply for each unrelated transaction or item. An additional fee will apply if the request is changed by the addition of an unrelated transaction or item not contained in the initial submission.

*.05 Requests for separate letter rulings for several entities.* Each entity involved in a transaction that desires a separate letter ruling in its own name (for example, an exempt hospital reorganization) must pay a separate fee. Payment of a separate fee is required regardless of whether the

transaction or transactions may be viewed as related.

## SECTION 9. PAYMENT OF FEE

.01 *Method of payment.* Except as provided in sections 9.04 and 9.05, each request to the Service for a letter ruling, determination letter, opinion letter, or VCP compliance statement, must be accompanied by a check, payable to the United States Treasury, in the appropriate amount. Taxpayers should not send cash.

The check may be converted to an electronic fund transfer. “Electronic fund transfer” is the term used to refer to the process in which the Service electronically instructs the financial institution holding the funds to transfer funds from the account named on the check to the U.S. Treasury account, rather than processing your check. By sending a completed, signed check to the Service, the Service is authorized to copy the check and to use the account information from the check to make an electronic fund transfer from the account for the same amount as the check. If the electronic fund transfer cannot be processed for technical reasons, the Service is authorized to process the copy of the check.

The electronic fund transfer from an account will usually occur within 24 hours, which is faster than a check is normally processed. Therefore, it is necessary to ensure there are sufficient funds available in the checking account when the check is sent to the Service. The check will not be returned from your financial institution.

.02 *Transmittal forms.* (1) Form 8717, *User Fee for Employee Plan Determination Letter Request* (or a payment confirmation from [pay.gov](http://pay.gov) as described in section 9.04), Form 8717–A, *User Fee for Employee Plan Opinion or Advisory Letter Request* and Form 8718, *User Fee for Exempt Organization Determination Letter Request*, are intended to be used as attachments to certain determination letter, opinion letter and advisory letter applications. Space is reserved for the attachment of the applicable user fee check. No similar form has been designed to be used in connection with requests for letter rulings. Do not use Form 8717 for VCP submissions. Instead, see paragraph 9.02(2) of this revenue procedure. (Form

8717, *User Fee for Employee Plan Determination Letter Request* (Rev. August 2014) and Form 8717–A, *User Fee for Employee Opinion or Advisory Letter Request* (August 2014) are currently being revised. Until such revised forms are published, taxpayers should continue to use the existing forms. However, when completing the forms, taxpayers should refer to the applicable Employee Plans user fees listed in section 6 of this revenue procedure.)

(2) Form 8950, *Application for Voluntary Correction Program (VCP) Submission under the Employee Plans Compliance Resolution System (EPCRS)* and Form 8951, *Compliance Fee for Application for Voluntary Correction Program (VCP)*, must be included with VCP submissions. A check for the amount of the user fee must be attached to Form 8951. (Form 8951, *Compliance Fee for Application for Voluntary Correction Program (VCP)* (Rev. September 2015) is currently being revised. Until such revised form is published, taxpayers should continue to use the existing form. However, when completing line 7, taxpayers should refer to the fees listed in section 6.08(1) of this revenue procedure.)

.03 *Effect of nonpayment or payment of incorrect amount.*

Except as provided in Rev. Proc. 2016–6, it will be the general practice of the Service that:

(1) The respective offices within the Service that are responsible for issuing letter ruling or determination letters will exercise discretion in deciding whether to immediately return submissions that are not accompanied by a properly completed check or that are accompanied by a check for less than the correct amount. In those instances where the submission is not immediately returned, the requester will be contacted and given a reasonable amount of time to submit the proper fee. If the proper fee is not received within a reasonable amount of time, the entire submission will then be returned. However, the respective offices of the Service, in their discretion, may defer substantive consideration of a submission until proper payment has been received.

(2) An application for a determination or opinion or advisory letter will not be returned merely because Form 8717,

Form 8717–A or Form 8718 was not attached.

(3) The return of a submission to the requester may adversely affect substantive rights if the submission is not perfected and resubmitted to the Service within 30 days of the date of the cover letter returning the submission. An example of this is where an application for exemption under § 501(c)(3) is submitted before expiration of the period provided by § 1.508–1(a)(2) and is returned because no user fee was attached, the submission will be timely if it is resubmitted before expiration of the period provided by § 1.508–1(a)(2) or within 30 days, whichever is later.

(4) If a check is for more than the correct amount, the submission will be accepted and the amount of the excess payment will be returned to the requester.

(5) If the user fee included with the VCP submission is less than the user fee required under section 6.08, the submission may be returned.

.04 *Payment of user fees for Employee Plan Determination applications.*

User fees for Employee Plan Determination applications (Form 5300 series only) may be paid by credit or direct debit from a checking or savings account through [www.pay.gov](http://www.pay.gov). Payment confirmations are provided through the [www.pay.gov](http://www.pay.gov) portal and must be submitted in lieu of the paper Form 8717. Additional information can be found at Frequently Asked Questions at [www.pay.gov](http://www.pay.gov).

.05 *Payment of user fees for applications of recognition of exemption on Form 1023–EZ.*

User fees for applications for recognition of exemption on Form 1023–EZ must be paid through [www.pay.gov](http://www.pay.gov).

## SECTION 10. REFUNDS

.01 *Ruling or determination letter requests.* In general, the fee **will not be refunded** unless the Service declines to rule or make a determination on **all issues** for which a ruling or determination letter is requested.

.02 *Examples relating to ruling and determination letter requests.*

(1) The following situations are examples in which the fee **will not be refunded**:

(a) The request for a letter ruling or determination letter, is withdrawn at any time subsequent to its receipt by the Ser-

vice, unless the only reason for withdrawal is that the Service has advised the requester that a higher user fee than was sent with the request is applicable and the requester is unwilling to pay the higher fee. For example, no fee will be refunded where the taxpayer has been advised that a proposed adverse ruling is contemplated and subsequently withdraws its submission.

(b) The request is procedurally deficient, although accompanied by the proper fee or an overpayment, and it is not timely perfected upon request. When there is a failure to timely perfect the request, the case will be considered closed and the failure to perfect will be treated as a withdrawal for purposes of this revenue procedure. If accepted, an exemption application that is not complete is considered a procedurally deficient request for a determination letter on exempt status.

(c) In the case of a request for an EP letter ruling, if the case has been closed by the Service because essential information has not been submitted timely, the request may be reopened and treated as a new request, but the requester must pay another user fee before the case can be reopened. See 11.04(5) of Rev. Proc. 2016-4. In the case of a request for an EP determination letter, if the case has been closed by the Service because the requested information has not been timely submitted, the case will be closed and the user fee will not be refunded. See 6.13 of Rev. Proc. 2016-6.

(d) A letter ruling, determination letter, etc., is revoked in whole or in part at the initiative of the Service. The fee paid at the time the original letter ruling, determination letter, etc., was requested will not be refunded.

(e) The request contains several issues and the Service rules on some, but not all, of the issues. The highest fee applicable to the issues on which the Service rules will not be refunded.

(f) The requester asserts that a letter ruling the requester received covering a single issue is erroneous or not responsive (other than an issue on which the Service has declined to rule) and requests reconsideration. The Service, upon reconsideration,

does not agree that the letter ruling is erroneous or is not responsive. The fee accompanying the request for reconsideration will not be refunded.

(g) The situation is the same as described in subparagraph (f) of this section 10.02(1) except that the letter ruling covered several unrelated transactions. The Service, upon reconsideration, does not agree with the requester that the letter ruling is erroneous or is not responsive for all of the transactions, but does agree that it is erroneous as to one transaction. The fee accompanying the request for reconsideration will not be refunded except to the extent applicable to the transaction for which the Service agrees the letter ruling was in error.

(h) The request is for a supplemental letter ruling, determination letter, etc., concerning a change in facts (whether significant or not) relating to the transaction on which the Service ruled.

(i) The request is for reconsideration of an adverse or partially adverse letter ruling or a final adverse determination letter, and the taxpayer submits arguments and authorities not submitted before the original letter ruling or determination letter was issued.

(2) The following situations are examples in which the user fee **will** be refunded:

(a) In a situation to which section 10.02(1)(i) of this revenue procedure does not apply, the taxpayer asserts that a letter ruling the taxpayer received covering a single issue is erroneous or is not responsive (other than an issue on which the Service declined to rule) and requests reconsideration. Upon reconsideration, the Service agrees that the letter ruling is erroneous or is not responsive. The fee accompanying the taxpayer's request for reconsideration will be refunded.

(b) In a situation to which section 10.02(1)(i) of this revenue procedure does not apply, the requester requests a supplemental letter ruling, determination letter, etc., to correct a mistake that the Service agrees it made in the original letter ruling, determination letter, etc., such as a mistake in the statement of facts or in the citation of a Code section. Once the Ser-

vice agrees that it made a mistake, the fee accompanying the request for the supplemental letter ruling, determination letter, etc., will be refunded.

(c) See Rev. Proc. 2016-1, section 15.10(2), concerning refund of user fees when a taxpayer requests relief under § 7805(b).

(d) In a situation to which section 10.02(1)(b) of this revenue procedure would otherwise apply, except that the Service does not request perfection of the procedural deficiencies in the application but rather does not accept the application and returns it to the requester, the fee accompanying the request will be returned or refunded.

(e) In a situation to which section 10.02(1)(e) of this revenue procedure applies, the requester requests reconsideration of the Service's decision not to rule on an issue. Once the Service agrees to rule on the issue, the fee accompanying the request for reconsideration will be refunded.

.03 *VCP Submissions* For refunds relating to VCP submissions, see Rev. Proc. 2013-12, section 10.07.

## **SECTION 11. REQUEST FOR RECONSIDERATION OF USER FEE**

A taxpayer that believes the user fee charged by the Service for its request for a letter ruling, determination letter, etc., is either not applicable or incorrect and wishes to receive a refund of all or part of the amount paid (see section 10 of this revenue procedure) may request reconsideration and, if desired, the opportunity for an oral discussion by sending a letter to the Internal Revenue Service at the applicable Post Office Box or other address given in section 7 of this revenue procedure. Both the incoming envelope and the letter requesting such reconsideration should be prominently marked "USER FEE RECONSIDERATION REQUEST." No user fee is required for these requests. The request should be marked for the attention of the appropriate unit as listed in the table below



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*If the matter involves primarily:*

Employee plans letter ruling requests and all other employee plans matters handled by EP Rulings and Agreements

Employee plans determination letter requests and opinion letter and advisory letter requests pursuant to Rev. Proc. 2015-36

Exempt organizations determination letter requests

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*Mark for the attention of:*

Employee Plans Rulings and Agreements

Manager, EP Determinations Quality Assurance

Manager, EO Determinations Quality Assurance

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Notwithstanding the above, user fees associated with submissions made to the Employee Plans VCP program are fixed, apply to all plan sponsors, and generally will not be refunded. However, if a taxpayer believes they submitted an incorrect fee relating to a VCP submission, the taxpayer should contact the Service's employee who is working the case to determine whether a partial refund or additional payment is applicable. If the taxpayer is not in contact with a specific Service employee with regard to the taxpayer's submission, the taxpayer may call the VCP Case Status Telephone number at (626) 927-2011. If there is a disagreement as to the fee that applies to a specific VCP case, the matter may be discussed with the employee's manager.

## SECTION 12. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2015-8 and Rev. Proc. 2015-22 are superseded.

## SECTION 13. EFFECTIVE DATE

This revenue procedure is effective February 1, 2016, except that the Exempt Organization user fees set forth in sections 6.09 and 6.10 are effective January 4, 2016.

## SECTION 14. PAPERWORK REDUCTION ACT

The collections of information contained in this revenue procedure have 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 1545-1772.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information un-

less the collection of information displays a valid OMB control number.

The collections of information in this revenue procedure are in section 6.09. This information is required; to substantiate that a taxpayer or an exempt organization seeking to pay a reduced user fee with respect to a request for a determination letter is entitled to pay the reduced fee; to identify the user fee category and corresponding fee required to be paid with respect to determination letter requests; to request reconsideration of the user fee charged by the Service; and, in connection with such a request, to indicate whether an oral discussion is desired. This information will be used to enable the Service to determine whether the taxpayer or exempt organization is entitled to pay a reduced user fee, to ascertain whether reconsideration of the user fee is being requested and, if it is being requested, whether an oral discussion is requested. The collections of information are voluntary, to obtain a benefit. The likely respondents are individuals, businesses or other for-profit institutions, nonprofit institutions, and small businesses or organizations.

The estimated total annual reporting and/or recordkeeping burden is 300 hours.

The estimated annual burden per respondent/recordkeeper varies from one hour to ten hours, depending on individual circumstances, with an estimated average of three hours. The estimated number of respondents and/or recordkeepers is 90 (requests for reduced fees) and 10 (requests for reconsideration of fee).

The estimated annual frequency of responses is on occasion.

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.

## DRAFTING INFORMATION

The principal author of this revenue procedure is Kathleen Herrmann of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this revenue procedure, contact Kathleen Herrmann at (202) 317-6799 (not a toll free number).

## APPENDIX

Following is a list of revenue procedures relating to requests for letter rulings, determination letters, etc. that require the payment of a user fee.

### A. Procedures applicable to both Employee Plans and Exempt Organizations

Rev. Proc. 2016-4, in this Bulletin, provides procedures for issuing letter rulings, information letters, etc., on matters relating to matters under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division.

### B. Procedures applicable to Employee Plans matters other than actuarial matters

Rev. Proc. 87-50, 1987-2 C.B. 647, as modified by Rev. Proc. 91-44, Rev. Proc. 92-38, Rev. Proc. 2002-10, 2002-1 C.B. 401, and Rev. Proc. 2010-48, 2010-50 I.R.B. 828 sets forth the procedures of the Service relating to the issuance of rulings and opinion letters with respect to the establishment of individual retirement accounts and annuities (IRAs) under § 408, the entitlement to exemption of related trusts or custodial accounts under § 408(e), and the acceptability of the form of prototype simplified employee pension

(SEP) agreements under §§ 408(k) and 415.

Rev. Proc. 92–24, 1992–1 C.B. 739, provides procedures for requesting determination letters on the effect on a plan’s qualified status under § 401(a) of the Code of plan language that permits, pursuant to § 420, the transfer of assets in a defined benefit plan to a health benefits account described in § 401(h).

Rev. Proc. 92–38, 1992–1 C.B. 859, provides notice that individual retirement arrangement trusts, custodial account agreements, and annuity contracts must be amended to provide for the required distribution rules in § 408(a)(6) or (b)(3) of the Code. In addition, Rev. Proc. 92–38 modifies the guidance in Rev. Proc. 87–50 with regard to opinion letters issued to sponsoring organizations, including mass submitters and sponsors of prototype IRAs.

Rev. Proc. 97–29, 1997–1 C.B. 698, describes model amendments for SIMPLE IRAs; guidance to drafters of prototype SIMPLE IRAs on obtaining opinion letters; permissive amendments to sponsors of nonSIMPLE IRAs; the opening of a prototype program for SIMPLE IRA Plans; and transitional relief for users of SIMPLE IRAs and SIMPLE IRA Plans that have not been approved by the Service.

Rev. Proc. 98–59, 1998–2 C.B. 727, as modified by Rev. Proc. 2010–48, 2010–50 I.R.B. 828 provides guidance on obtaining opinion letters to drafters of prototype Roth IRAs, and provides transitional relief for users of Roth IRAs that have not been approved by the Internal Revenue Service.

Rev. Proc. 2003–16, 2003–1 C.B. 359, sets forth guidelines for the implementation of the provision for a waiver of the 60–day rollover period described in section 644 of EGTRRA.

Rev. Proc. 2013–12, 2013–4 I.R.B. 313, as modified by Rev. Proc. 2015–27,

2015–16 I.R.B. 914 and Rev. Proc. 2015–28, 2015–16 I.R.B. 920 contains the most recent restatement of the Employee Plans Compliance Resolution System (EPCRS) a comprehensive system of correction programs for sponsors of retirement plans that are intended to satisfy § 401(a), 403(a), 403(b) 408(k) or 408(p) of the Code but have failed to meet those requirements for a period of time.

Rev. Proc. 2013–22, 2013–18 I.R.B. 985, as modified by Rev. Proc. 2014–28, 2014–16 I.R.B. 944 contains the Service’s procedures for issuing opinion and advisory letters for § 403(b) pre-approved plans (that is, § 403(b) prototype plans and § 403(b) volume submitter plans).

Rev. Proc. 2015–36, 2015–27 I.R.B. 20, contains the Service’s master and prototype (M&P) and volume submitter program procedures for the pre-approval of pension, profit-sharing and annuity plans.

Rev. Proc. 2016–6, in this Bulletin, provides procedures for issuing determination letters on the qualified status of employee plans under §§ 401(a), 403(a), 409, and 4975(e)(7).

#### *C. Procedures applicable to Employee Plans actuarial matters*

Rev. Proc. 90–49, 1990–2 C.B. 620, modifies and replaces Rev. Proc. 89–35, 1989–1 C.B. 917, in order to extend the effective date to contributions made for plan years beginning after December 31, 1989, to change the deadline for requesting rulings under the revenue procedure, to revise the information requirements for a ruling request made under the revenue procedure, to furnish a worksheet for actuarial computations, and to provide a special rule under which certain *de minimis* nondeductible employer contributions to a qualified defined benefit plan may be returned to the taxpayer without a formal ruling or disallowance from the Service.

Rev. Proc. 2000–41, 2000–2 C.B. 371, sets forth the procedure by which a

plan administrator or plan sponsor may obtain approval of the Secretary of the Treasury for a change in funding method as provided by § 412(c)(5) of the Code and section 302(c)(5) of ERISA.

Rev. Proc. 2008–62, 2008–42 I.R.B. 935, sets forth the procedure by which the sponsor of a defined benefit plan, other than a multiemployer plan, may request and obtain approval for the use of plan-specific substitute mortality tables in accordance with section 430(h)(3)(C) of the Code and section 303(h)(3)(C) of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Rev. Proc. 2010–52, 2010–52 I.R.B. 927, describes the procedure by which the plan sponsor of a multiemployer pension plan may request and obtain approval of an extension of an amortization period in accordance with section 431(d) of the Code.

#### *D. Procedures applicable to Exempt Organizations matters only*

Rev. Proc. 80–27, 1980–1 C.B. 677, as modified by Rev. Proc. 96–40, 1996–2 C.B. 301, provides procedures under which recognition of exemption from federal income tax under § 501(c) may be obtained on a group basis for subordinate organizations affiliated with and under the general supervision or control of a central organization. This procedure relieves each of the subordinates covered by a group exemption letter from filing its own application for recognition of exemption.

Rev. Proc. 2016–5, in this Bulletin, will set forth any applicable revised procedures with regard to applications for recognition of exemption from federal income tax under §§ 501 (including on Form 1023–EZ) and 521. Rev. Proc. 2016–10, next Bulletin, sets forth procedures with regard to changes of foundation classification.

# 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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<sup>1</sup>A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2015–27 through 2015–52 is in Internal Revenue Bulletin 2015–52, dated December 28, 2015.

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<sup>1</sup>A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2015–27 through 2015–52 is in Internal Revenue Bulletin 2015–52, dated December 28, 2015.

# **Internal Revenue Service**

## **Washington, DC 20224**

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## **INTERNAL REVENUE BULLETIN**

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/*.

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