

INTERNAL REVENUE BULLETIN



HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2016-6
February 8, 2016

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. Rul. 2016-04, page 299.

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for February 2016.

Notice 2016-08, page 304.

Notice 2016-08 announces that the Treasury Department and the IRS intend to amend the regulations under chapter 3 (sections 1441-1464) and chapter 4 (sections 1471-1474) of the Internal Revenue Code to: (1) Provide that a participating FFI or reporting Model 2 FFI will submit its preexisting account certification to the IRS by the same date it is required to submit its first periodic certifications of compliance. (2) Specify the time period and date for submitting a registered deemed compliant FFI's periodic certification of compliance described in § 1.1471-5(f)(1)(ii)(B), and provide that local FFIs and restricted funds must submit their one-time preexisting account certifications with their first periodic certification of compliance. (3) Modify applicable transitional reporting rules for calendar year 2015 to provide that a participating FFI, reporting Model 2 FFI, or registered deemed-compliant FFI is not required to report gross proceeds paid to, or with respect to, an account held by a nonparticipating FFI. Amendments under both chapters 3 and 4 will specify the circumstances under which a withholding agent may rely upon electronically furnished Forms W-8 and W-9 collected by intermediaries and flow-through entities.

Notice 2016-10, page 307.

This notice relates to alternative methods of compliance with the rules under sections 853 and 905(c) as they apply when a regulated investment company (RIC) receives a refund of a foreign tax that when paid by the RIC, was treated as paid by the RIC's shareholders under section 853(b)(2) because an election was made under section 853(a). The notice describes

regulations that the Treasury Department and IRS intend to issue which will allow a netting procedure that, if applied by the RICs, will greatly reduce the administrative costs and burdens on the U.S. government, RICs, and the RICs' shareholders. The notice also provides guidelines for RICs wishing to obtain closing agreements relating to tax consequences arising from the receipt of such refunds.

Notice 2016-11, page 312.

Credit for Indian Coal Production and Inflation Adjustment Factor for Calendar Year 2015: The notice reports for 2015 the inflation adjustment factor used to determine the availability of the section 45 credit for Indian coal production and includes the credit amount for Indian coal production.

Notice 2016-12, page 312.

This notice provides the maximum vehicle values for use with the special valuation rules under regulation section 1.61-21(d) and (e) for 2016. These values are adjusted for inflation and must be adjusted annually by reference to the Consumer Price Index.

EXEMPT ORGANIZATIONS

Announcement 2016-04, page 313.

Revocation of IRC 501(c)(3) Organizations for failure to meet the code section requirements. Contributions made to the organizations by individual donors are no longer deductible under IRC 170(b)(1)(A).

(Continued on the next page)

Notice 2016–09, page 306.

Notice 2016–09 extends the date by which social welfare organizations must notify the Internal Revenue Service of intent to operate under section 501(c)(4), as required by new section 506, added to the Internal Revenue Code by the Protecting Americans from Tax Hikes Act of 2015. With respect to the separate process by which an organization may, at its option, request a determination that it qualifies for section 501(c)(4) tax-exempt status, the Notice states that organizations seeking IRS recognition of section 501(c)(4) status should continue using Form 1024, "Application for Recognition of Exemption Under Section 501(a)," until further guidance is issued and clarifies that the filing of Form 1024 will not relieve an organization of the requirement to submit the section 506 notification.

Notice 2016–12, page 312.

This notice provides the maximum vehicle values for use with the special valuation rules under regulation section 1.61–21(d) and (e) for 2016. These values are adjusted for inflation and must be adjusted annually by reference to the Consumer Price Index.

EXCISE TAX

Notice 2016–05, page 302.

This notice provides rules for claimants to make one-time claims for the retroactively extended 2015 biodiesel mixture and alternative fuel excise tax credits. It also provides guidance for claimants to claim the other retroactively extended fuel credits for 2015, including the alternative fuel mixture excise tax credit.

ADMINISTRATIVE

Notice 2016–05, page 302.

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This notice relates to alternative methods of compliance with the rules under sections 853 and 905(c) as they apply when a regulated investment company (RIC) receives a refund of a foreign tax that when paid by the RIC, was treated as paid by the RIC's shareholders under section 853(b)(2) because an election was made under section 853(a). The notice describes regulations that the Treasury Department and IRS intend to issue which will allow a netting procedure that, if applied by the RICs, will greatly reduce the administrative costs and burdens on the U.S. government, RICs, and the RICs' shareholders. The notice also provides guidelines for RICs wishing to obtain closing agreements relating to tax consequences arising from the receipt of such refunds.

The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

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

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

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

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

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

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

Part II.—Treaties and Tax Legislation.

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

Part III.—Administrative, Procedural, and Miscellaneous.

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

Part IV.—Items of General Interest.

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

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

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

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 1274.— Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also Sections 42, 280G, 382, 412, 467, 468, 482, 483, 642, 807, 846, 1288, 7520, 7872).

Rev. Rul. 2016-04

This revenue ruling provides various prescribed rates for federal income tax

purposes for February 2016 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for de-

termining the low-income housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%.

Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 2016-4 TABLE 1

Applicable Federal Rates (AFR) for February 2016

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	.81%	.81%	.81%	.81%
110% AFR	.89%	.89%	.89%	.89%
120% AFR	.97%	.97%	.97%	.97%
130% AFR	1.05%	1.05%	1.05%	1.05%
<i>Mid-term</i>				
AFR	1.82%	1.81%	1.81%	1.80%
110% AFR	2.00%	1.99%	1.99%	1.98%
120% AFR	2.18%	2.17%	2.16%	2.16%
130% AFR	2.36%	2.35%	2.34%	2.34%
150% AFR	2.74%	2.72%	2.71%	2.70%
175% AFR	3.20%	3.17%	3.16%	3.15%
<i>Long-term</i>				
AFR	2.62%	2.60%	2.59%	2.59%
110% AFR	2.88%	2.86%	2.85%	2.84%
120% AFR	3.14%	3.12%	3.11%	3.10%
130% AFR	3.41%	3.38%	3.37%	3.36%

REV. RUL. 2016-4 TABLE 2

Adjusted AFR for February 2016

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	.61%	.61%	.61%	.61%
Mid-term adjusted AFR	1.39%	1.39%	1.39%	1.39%
Long-term adjusted AFR	2.53%	2.51%	2.50%	2.50%

REV. RUL. 2016-4 TABLE 3
Rates Under Section 382 for February 2016

Adjusted federal long-term rate for the current month	2.53%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	2.65%

REV. RUL. 2016-4 TABLE 4
Appropriate Percentages Under Section 42(b)(1) for February 2016

Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.51%
Appropriate percentage for the 30% present value low-income housing credit	3.22%

REV. RUL. 2016-4 TABLE 5
Rate Under Section 7520 for February 2016

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	2.2%
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Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 467.—Certain Payments for the Use of Property or Services

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016-4, page 299.

Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016–4, page 299.

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016–4, page 299.

Section 7872.—Treatment of Loans With Below-Market Interest Rates

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2016. See Rev. Rul. 2016–4, page 299.

Part III. Administrative, Procedural, and Miscellaneous

Biodiesel and Alternative Fuels; Claims for 2015; Excise Tax

Notice 2016-05

Section 1. PURPOSE

This notice provides rules claimants must follow to make a one-time claim for payment of the credits and payments allowable under §§ 6426(c), 6426(d), and 6427(e) of the Internal Revenue Code (Code) for biodiesel (including renewable diesel) mixtures and alternative fuels sold or used during calendar year 2015 (collectively, 2015 biodiesel and alternative fuel incentives). These rules are prescribed under §§ 185(b)(4) and 192(c) of the Protecting Americans from Tax Hikes Act of 2015 (PATH Act), Pub. L. 114-113 Div. Q (2015) (the Act). This notice also provides instructions for how a claimant may offset its § 4081 liability with the § 6426(e) alternative fuel mixture credit for 2015, and provides instructions for how a claimant may make certain income tax claims for biodiesel, second generation biofuel, and alternative fuel.

Section 2. BACKGROUND

Sections 6426(a) and (c) allow a blender of a biodiesel (including renewable diesel) mixture to claim a \$1.00-per-gallon credit against its tax liability under § 4081 (relating to the tax imposed on taxable fuel). Similarly, §§ 6426(a) and (e) allow a blender of an alternative fuel mixture to claim a credit against its tax liability under § 4081, except that the credit amount is \$0.50 per gallon. Sections 6426(a) and (d) allow a person that sells or uses alternative fuel as a fuel in a motor vehicle or motorboat and in aviation to claim a \$0.50-per-gallon credit against the claimant's tax liability under § 4041 (relating to the tax imposed on diesel fuel and alternative fuel).

Blenders of biodiesel (including renewable diesel) mixtures and persons that sell or use alternative fuel as a fuel in a motor vehicle or motorboat and in aviation may claim any excess credit under §§ 6426(c) or (d) as a payment under

§ 6427(e) or as a refundable income tax credit under § 34. As an alternative to the payments and credits allowed under §§ 6426, 6427, and 34, a blender of a biodiesel (including renewable diesel) mixture may claim a nonrefundable income tax credit under § 40A (see Section 8 of this notice for additional information). For federal income tax purposes, a claimant reduces its § 4081 excise tax liability by the amount of excise tax credit allowable under § 6426(c) and its § 4041 excise tax liability by the amount of excise tax credit allowable under § 6426(d) in determining its deduction for those excise taxes or its cost of goods sold deduction attributable to those excise taxes. See Notice 2015-56, 2015-35 I.R.B. 235.

The Code provisions that authorize these credits and payments expired for sales and uses after December 31, 2014, but were reinstated by the Act for sales and uses through 2016. Sections 185(b)(4) and 192(c) of the Act direct the Secretary of the Treasury (Secretary) to issue guidance providing for a one-time submission of claims under §§ 6426(c), 6426(d), and 6427(e) for 2015. The Act requires the guidance to provide for a 180-day period for the submission of claims (in such manner as prescribed by the Secretary) to begin no later than 30 days after the guidance is issued.

Sections 184 and 185(a) of the Act also reinstated Code provisions authorizing credits for second generation biofuel producers (§ 40(b)(6)) and biodiesel and renewable diesel used as fuel (§ 40A), respectively. The second generation biofuel producer credit expired for production after December 31, 2014, and was reinstated by the Act for production through 2016. The credit for biodiesel and renewable diesel used as fuel expired for sales and uses after December 31, 2014, and was reinstated by the Act for sales and uses through 2016.

Section 3. SCOPE

This notice provides the procedure for claiming 2015 biodiesel and alternative fuel incentives. Claimants that filed "protective" or anticipatory claims during 2015 for biodiesel and alternative fuel incentives

covered by this notice should refile their claims pursuant to the procedures provided in this notice. The IRS will not treat as perfected any such protective or anticipatory claims previously filed with the IRS that are not timely supplemented in accordance with these procedures.

Except as provided by this notice, the rules in Notice 2005-4, 2005-1 C.B. 289 (providing guidance on alcohol and biodiesel fuel tax credits and payments), as modified by Notice 2005-62, 2005-2 C.B. 443 (providing guidance for certain biodiesel issues not addressed in Notice 2005-4), and Notice 2006-92, 2006-2 C.B. 774 (providing guidance on alternative fuel and alternative fuel mixture taxes, credits, and payments), apply to claims for 2015 biodiesel and alternative fuel incentives.

This notice prescribes a method for submitting claims for the alternative fuel mixture credit relating to alternative fuel mixtures sold or used during 2015.

This notice does not affect the income tax claims described in Section 8 of this notice.

Section 4. HOW TO MAKE A ONE-TIME CLAIM FOR CREDITS AND PAYMENTS ALLOWABLE UNDER §§ 6426(c), 6426(d), AND 6427(e)

Claimants must follow the procedures listed below to make a one-time claim under this notice for payment of credits and payments allowable under §§ 6426(c), 6426(d), and 6427(e) relating to 2015 biodiesel and alternative fuel incentives.

- Claimants must submit claims for 2015 biodiesel and alternative fuel incentives on Form 8849, *Claim for Refund of Excise Taxes*.
- Claimants must include Schedule 3 (Form 8849), *Certain Fuel Mixtures and the Alternative Fuel Credit*, with their submission and enter amounts for 2015 biodiesel and alternative fuel incentives on Line 2 and Line 3 of Schedule 3, as appropriate.
- Claimants must follow the instructions to Form 8849 and Schedule 3 when preparing their submission to the extent that those instructions do not conflict with this notice.

- Each claimant must claim all 2015 biodiesel and alternative fuel incentives for which the claimant is eligible on a single Form 8849.
- Each claimant must mail its submission to the address listed for Schedule 3 in the instructions to Form 8849 under *Where to File*. Alternatively, claimants may electronically file Form 8849 and Schedule 3 through any electronic return originator, transmitter, or intermediate service provider participating in the IRS *e-file* program for excise taxes.
- Claimants are reminded that they must be registered by the IRS in order to make alternative fuel claims under §§ 6426(d) and 6427(e) and to make alternative fuel mixture claims under § 6426(e) (described in Section 6 of this notice). Claimants that are not already registered by the IRS may apply to the IRS for registration by filing Form 637, *Application for Registration (For Certain Excise Tax Activities)*, in accordance with the instructions to Form 637.
- Claimants may not combine 2015 and 2016 claims for biodiesel and alternative fuel incentives. Claims for 2015 biodiesel and alternative fuel incentives must be made in accordance with the rules for one-time claims prescribed in this notice. Claims for 2016 biodiesel and alternative fuel incentives must be made in accordance with the normal rules for filing such claims.

Section 5. CLAIM PERIOD AND DUE DATE FOR BIODIESEL AND ALTERNATIVE FUEL INCENTIVES

Although a claimant may submit its claim under this notice as early as January 15, 2016, the 180-day claim period for 2015 biodiesel and alternative fuel incentives begins on February 8, 2016. Consequently, all claims for 2015 biodiesel and alternative fuel incentives must be filed on or before August 8, 2016. The IRS will not process claims filed after that date. The IRS will deem any claim that is submitted by the method prescribed in this notice before February 8, 2016, as filed on February 8, 2016.

If the IRS does not pay a 2015 biodiesel and alternative fuel incentives claim that conforms to this notice within 60 days after the claim is received, the IRS will

pay the claim with interest from the claim filing date (February 8, 2016, in the case of claims submitted before that date) using the overpayment rate and method provided by § 6621 of the Code.

Section 6. HOW TO MAKE AN ALTERNATIVE FUEL MIXTURE CLAIM UNDER § 6426(e)

For 2015, all alternative fuel mixture credit claims allowed by § 6426(e), including claims for the fourth quarter, must be made on Form 720X, *Amended Quarterly Federal Excise Tax Return*. The IRS is unable to process 2015 claims on the fourth quarter Form 720 due to the timing of enactment of the Act. Failure to file a Form 720, *Quarterly Federal Excise Tax Return*, and remit the § 4081 tax due for any quarter in 2015 before submitting a claim allowed by § 6426(e) on Form 720X will result in delayed processing of the claim and delayed payment of refunds resulting from the credit. Similarly, failure to follow the claim procedure in this section will result in delayed processing and payment of 2015 § 6426(e) claims. Claimants are reminded that the claim for a § 6426(e) credit for any quarter may not exceed the § 4081 liability incurred in the quarter for which the credit is being claimed. Form 720X allows claimants to adjust multiple quarters on a single Form 720X.

Section 7. CLAIM PERIOD AND DUE DATE FOR ALTERNATIVE FUEL MIXTURE CREDITS

The claim period for the 2015 alternative fuel mixture credit begins on February 8, 2016. The IRS will deem any claim that is submitted by the method prescribed in section 6 of this notice before February 8, 2016, as filed on February 8, 2016. Generally, claims for the § 6426(e) alternative fuel mixture credit must be made within three years from the time the return was filed or two years from the time the tax was paid, whichever is later.

Section 8. CLAIMS NOT AFFECTED BY THIS NOTICE

This notice does not affect 2015 claims for the nonrefundable income tax credit under § 40(b)(6) for second generation biofuel producers. Taxpayers should continue to submit these claims separately on,

and in accordance with, Form 6478, *Biofuel Producer Credit*. This notice also does not affect 2015 claims for the non-refundable income tax credits under § 40A(b)(1) for biodiesel mixtures, § 40A(b)(2) for biodiesel (including renewable diesel), or under § 40A(b)(4) for the small agri-biodiesel producer credit. Taxpayers should continue to submit these claims separately on, and in accordance with, Form 8864, *Biodiesel and Renewable Diesel Fuels Credit*. A taxpayer must submit Form 8864 with its income tax return in accordance with the instructions to its income tax return form. Taxpayers are reminded that under § 40A(c), credits allowable under § 40A must be reduced to the extent that any benefit is claimed under §§ 6426 and 6427 with respect to the same biodiesel (including renewable diesel).

Similarly, this notice does not affect 2015 claims for the refundable income tax credit under § 34 for biodiesel mixtures or alternative fuel. Taxpayers should continue to submit these claims separately on, and in accordance with, Form 4136, *Credit for Federal Tax Paid on Fuels*. A taxpayer must submit Form 4136 with its income tax return in accordance with the instructions to its income tax return form. Taxpayers are reminded that under § 34(b), credits are not allowed under § 34 for any amount properly payable under § 6427 and claimed in a timely filed claim. For this purpose, the IRS will treat as timely filed any claim submitted for amounts payable under § 6427 that conforms to the rules provided in this notice.

Section 9. DRAFTING INFORMATION

The principal author of this notice is Amanda F. Dunlap of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Amanda F. Dunlap at (202) 317-6855 (not a toll-free number). For further information regarding the income tax treatment of the 2015 biodiesel and alternative fuel incentives or Notice 2015-56, please contact Shareen Pflanz at (202) 317-7006 (not a toll-free number).

Timing of Submitting Preexisting Accounts and Periodic Certifications; Reporting of Accounts of Nonparticipating FFIs; Reliance on Electronically Furnished Forms W-8 and W-9

Notice 2016-08

This notice announces that the Treasury Department and the Internal Revenue Service (IRS) intend to amend the regulations under chapter 4 (sections 1471-1474 of the Internal Revenue Code) to: (1) modify the date for submitting to the IRS the preexisting account certifications required of certain foreign financial institutions (FFIs); (2) specify the period and date for submitting to the IRS the periodic certification of compliance described in § 1.1471-5(f)(1)(ii)(B) for a registered deemed compliant FFI; and (3) modify the transitional information reporting rules for accounts of nonparticipating FFIs to eliminate the requirement to report on gross proceeds for the 2015 year. The Treasury Department and the IRS also intend to amend the regulations under chapters 3 and 4 to specify the circumstances under which a withholding agent may rely on electronically furnished Forms W-8 and W-9 collected by intermediaries and flow-through entities.

The amendments described in this notice will ease burdens on FFIs and respond to comments regarding certain aspects of the regulations under chapters 3 and 4. Prior to the issuance of these amendments, taxpayers may rely on the rules described in this notice.

I. Participating FFIs and Reporting Model 2 FFIs Preexisting Account Certifications

A. Background

Section 1.1471-4(c)(7) and section 8.03(A) of the FFI agreement (Rev. Proc. 2014-38, 2014-29 I.R.B. 131) require participating FFIs and reporting Model 2 FFIs to certify to the IRS that they: (1) have complied with the due diligence procedures of § 1.1471-4(c) for preexisting

accounts within the applicable timeframe for complying with such procedures and (2) did not have practices and procedures to assist account holders in the avoidance of chapter 4 (“preexisting account certification”). The preexisting account certification must be made no later than 60 days following the date that is two years after the effective date of the FFI agreement. For example, a participating FFI or reporting Model 2 FFI that has an FFI agreement with an effective date of June 30, 2014, must submit a preexisting account certification to the IRS by August 29, 2016.

A participating FFI or reporting Model 2 FFI also is required under § 1.1471-4(f)(3) and section 8.03 of the FFI agreement to periodically certify to the IRS that it has complied with the terms of the FFI agreement (“periodic certification of compliance”). Section 1.1471-4(f)(3)(i) provides the general rules for the periodic certification of compliance and specifies that it must be submitted to the IRS no later than six months following the end of the certification period. Notwithstanding the regulations, section 8.03 of the FFI agreement allows the periodic certification of compliance to be submitted on or before July 1 of the calendar year following the certification period. The first certification period begins on the effective date of the FFI agreement and ends at the close of the third full calendar year following the effective date of the FFI agreement. Each subsequent certification period is every three calendar years following the previous certification period. Thus, under the FFI agreement, if a participating FFI or reporting Model 2 FFI has an FFI agreement with an effective date of June 30, 2014, the first certification period for the FFI ends on December 31, 2017, and the FFI’s first periodic certification of compliance must be made on or before July 1, 2018.

B. Modification of Timing for Participating FFI and Reporting Model 2 FFI Preexisting Account Certifications

In response to comments, and to reduce compliance burdens on stakeholders and streamline the implementation of the certification requirements, the Treasury Department and the IRS intend to amend the chapter 4 regulations and the FFI agreement to

provide that the preexisting account certification must be submitted to the IRS at the same time that the participating FFI or reporting Model 2 FFI is required to submit its first periodic certification of compliance. In addition, the regulations under chapter 4 will be modified to conform with the FFI agreement such that the periodic certification of compliance must be submitted on or before July 1 of the calendar year following the certification period, instead of no later than six months following the end of the certification period. Therefore, the preexisting account certification will be due to the IRS by July 1, 2018, for a participating FFI or reporting Model 2 FFI that has an FFI agreement with an effective date of June 30, 2014, instead of by August 29, 2016.

The changes to the preexisting account certification described in this notice do not affect the deadlines for a participating FFI or reporting Model 2 FFI to complete the due diligence procedures for preexisting accounts under § 1.1471-4(c) and the FFI agreement, and FFIs will therefore be required to certify to the completion of those procedures within the time required.

II. Preexisting Account Certifications by Local FFIs and Restricted Funds and Periodic Certifications of Compliance by Registered Deemed-Compliant FFIs

A. Background

A registered deemed-compliant FFI that is a local FFI or restricted fund is required to make a one-time certification regarding its preexisting accounts similar to the certification requirement of a participating FFI. See §§ 1.1471-5(f)(1)(i)(A)(7) and 1.1471-5(f)(1)(i)(D)(6), respectively. Restricted funds must make this certification by the later of December 31, 2014, or six months after the date the FFI registers as a registered deemed-compliant FFI. The chapter 4 regulations do not specify a time for local FFIs to make this certification.

In addition, each registered deemed-compliant FFI must certify every three years to the IRS that all of the requirements for the deemed-compliant category claimed by the FFI have been satisfied since the later of the date the FFI registered as a registered deemed-compliant FFI or June 30, 2014 (“periodic certification of registered deemed-compliant status”). § 1.1471-5(f)(1)(ii)(B).

The chapter 4 regulations do not specify a time for submitting the periodic certification of registered deemed-compliant status or the date on which the first certification period begins.

B. Modification of Timing of Preexisting Account Certification by Local FFIs and Restricted Funds and Periodic Certification of Compliance by Registered Deemed-Compliant FFIs

The chapter 4 regulations will be amended to provide that local FFIs and restricted funds must submit their one-time certifications regarding preexisting accounts at the same time that they submit the first periodic certification of registered deemed-compliant FFI status. The chapter 4 regulations will also be modified to provide that registered deemed-compliant FFIs must provide the periodic certification of registered deemed-compliant FFI status on or before July 1 of the calendar year following the end of the certification period. In addition, the regulations will provide that the first certification period begins on the later of the date the FFI registered as a deemed-compliant FFI or June 30, 2014, and ends at the close of the third full calendar year following such date. Subsequent certification periods will continue to be the three-calendar-year period following the previous certification period. For example, a registered deemed-compliant FFI that is a local FFI and that has such status on June 30, 2014, will be required to make its one-time certification regarding preexisting accounts and its first periodic certification of registered deemed-compliant FFI status on or before July 1, 2018.

III. Transitional Reporting of Accounts of Nonparticipating FFIs

A. Background

Under § 1.1471-4(d)(2)(ii)(F) a participating FFI that maintains an account of a nonparticipating FFI (including a limited branch and limited FFI treated as a nonparticipating FFI) must provide transitional reporting to the IRS of all foreign reportable amounts paid to or with respect to the account for each calendar year 2015 and 2016. A foreign reportable amount means foreign source payments described in § 1.1471-4(d)(4)(iv) (which includes gross proceeds). Alternatively, a partici-

pating FFI may report all income, gross proceeds, and redemptions paid to or with respect to an account held by a nonparticipating FFI, instead of reporting only foreign reportable amounts. Section 1.1471-4(d)(2)(ii)(F). Similar transitional reporting rules apply to reporting Model 2 FFIs for accounts of nonparticipating FFIs for calendar years 2015 and 2016. Section 6.04 of the FFI agreement.

Under § 1.1471-4(d)(7)(ii)(B) and section 6 of the FFI agreement, participating FFIs and reporting Model 2 FFIs are exempted from reporting gross proceeds paid to U.S. accounts and accounts held by owner-documented FFIs for calendar year 2015.

B. Amendments to the Transitional Reporting Rules under § 1.1471-4(d)(2)(ii)(F) for Nonparticipating FFIs

Commenters have noted the burdens of requiring gross proceeds reporting for accounts held by nonparticipating FFIs in advance of when such amounts have to be reported for a U.S. account or account of an owner-documented FFI. The transitional reporting for accounts of nonparticipating FFIs under § 1.1471-4(d)(2)(ii)(F) was not intended to require more information to be reported than would be required for U.S. accounts or accounts held by owner-documented FFIs under § 1.1471-4(d). In response to these comments, the regulations will be amended to provide that, with respect to calendar year 2015, a participating FFI, reporting Model 2 FFI, or registered deemed-compliant FFI required to report under the requirements of a participating FFI is not required to report gross proceeds paid to or with respect to an account held by a nonparticipating FFI.

IV. Electronically Furnished Forms W-8 and W-9

A. Background

Section 1.1441-1(e)(4)(iv) provides that a withholding agent may establish a system for a beneficial owner or payee to electronically furnish a Form W-8, an acceptable substitute Form W-8, or such other form as the IRS may prescribe, and provides requirements for such a system. Section 1.1441-1(e)(4)(iv)(B) requires, among other things, that the electronic system provide that the Form W-8 be signed electron-

ically and under penalties of perjury by the person whose name is on the Form W-8. When the requirements set forth in § 1.1441-1(e)(4)(iv) are met, a withholding agent may accept the electronic version of the Form W-8 as an original. These requirements for an electronic system also apply for chapter 4 purposes as provided in § 1.1471-3(c)(6)(iv). Announcement 98-27 (1998-1 C.B. 865) provides similar standards for purposes of establishing an electronic system for the Form W-9.

A foreign intermediary or flow-through entity that has not entered into a qualified intermediary, foreign withholding partnership, or foreign withholding trust agreement is a nonqualified intermediary (NQI), nonwithholding foreign partnership (NWP), or nonwithholding foreign trust (NWT) under the chapter 3 regulations. An NQI, NWP, or NWT that receives a payment on behalf of its account holders, partners, owners, or beneficiaries is required to provide documentation to its withholding agent so that the withholding agent may reliably associate the payment (or portion of the payment) with valid documentation upon which it may rely to determine its requirement to withhold under § 1.1441-1(b). The regulations under section 1441 further provide that a withholding agent that receives documentation for a payee or beneficial owner through an NQI, NWP, or NWT (including a U.S. branch or territory financial institution described in § 1.1441-1(b)(2)(iv), other than a U.S. branch or territory financial institution that is treated as a U.S. person) may rely on such documentation unless the withholding agent knows that the documentation is unreliable or incorrect as described § 1.1441-7(b)(10) (referred to as the standards of knowledge). Similar standards of knowledge rules are provided for chapter 4 purposes in § 1.1471-3(e)(4)(vi).

B. Modification of Standards of Knowledge Requirements

Commenters have requested that the regulations specify that a withholding agent may rely on a Form W-8 or W-9 for a beneficial owner or payee that has been indirectly obtained by the withholding agent through an NQI, NWP, or NWT, irrespective of whether the NQI, NWP, or NWT collects the underlying Form W-8 through an electronic system described in

§ 1.1441-1(e)(4)(iv) or Form W-9 through an electronic system described in Announcement 98-27. The commenters note that, in the absence of such guidance, current industry practice is for withholding agents to reject these forms because they cannot confirm the authenticity of the electronic signature. As a result, the payee or beneficial owner may be subject to withholding under chapter 3 or 4 or backup withholding under section 3406 based on an applicable presumption rule.

To reduce burden and avoid unnecessary overwithholding, the Treasury Department and the IRS intend to provide in the standards of knowledge in §§ 1.1441-7(b)(10) and 1.1471-3(e)(4)(vi)(A)(2) that a withholding agent may rely on a Form W-8 or W-9 that has been collected from the beneficial owner or payee of the payment through an electronic system maintained by an NQI, NWP, or NWT and furnished to the withholding agent by such NQI, NWP, or NWT, provided that the NQI, NWP, or NWT is a direct or indirect account holder of the withholding agent and the withholding agent obtains from the NQI, NWP, or NWT a written statement confirming that the electronic documentation was generated from a system that meets the requirements in § 1.1441-1(e)(4)(iv), § 1.1471-3(c)(6)(iv), or Announcement 98-27, as applicable, and the withholding agent does not have actual knowledge that such statement is incorrect.

DRAFTING INFORMATION

The principal authors of this notice are Nancy Lee and Tara Ferris of the Office of Associate Chief Counsel (International). For further information regarding this notice, contact Ms. Lee or Ms. Ferris at (202) 317-6942 (not a toll-free number).

Section 506 Notification Requirement for New and Certain Existing Section 501(c)(4) Organizations

Notice 2016-09

SECTION 1. PURPOSE AND OVERVIEW

This Notice provides interim guidance regarding section 405 of the Protecting

Americans from Tax Hikes Act of 2015 (the PATH Act), enacted on December 18, 2015, as part of the Consolidated Appropriations Act, 2016 (Pub. L. 114-113). Specifically, this Notice addresses the due date of notifications required to be submitted under new section 506 of the Internal Revenue Code (Code) by social welfare organizations described in section 501(c)(4) and the separate process by which an organization may, at its option, request a determination that it qualifies for section 501(c)(4) tax-exempt status.

The section 506 notification requirement applies to social welfare organizations described in section 501(c)(4) that are established after December 18, 2015, and to certain organizations existing on that date. The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to issue temporary regulations under section 506 prescribing the manner in which organizations described in section 501(c)(4) must notify the IRS of their intent to operate under section 501(c)(4). Organizations will have at least 60 days from the date such regulations are issued to submit the information required under section 506, and should wait to submit the information until the regulations are issued. No penalties under section 6652(c)(4) will apply to a section 501(c)(4) organization that provides the section 506 notification by the due date provided in the regulations.

SECTION 2. BACKGROUND

Section 501(a) of the Code generally provides that an organization described in section 501(c) is exempt from federal income tax. In particular, section 501(c)(4) describes organizations “operated exclusively for the promotion of social welfare.” A social welfare organization is described in section 501(c)(4) (and, therefore, exempt from tax under section 501(a)) if it satisfies the requirements applicable to such status. Although an organization may apply to the IRS for recognition that the organization qualifies for section 501(c)(4) tax-exempt status, there is no requirement to do so (except as provided in section 6033(j)(2) for organizations that fail to file required information returns or notices). Accordingly, an organization described in section 501(c)(4) that files the required annual information return or notice, as applicable, need not seek

an IRS determination of its qualification for tax-exempt status.

Section 405(a) of the PATH Act added new section 506, requiring an organization to notify the IRS of its intent to operate as an organization described in section 501(c)(4), and amended sections 6033(f) and 6652(c), relating to required annual information returns by tax-exempt organizations and penalties for failures to file such returns, respectively.

Section 506 requires an organization described in section 501(c)(4), no later than 60 days after the organization is established, to notify the Secretary (in the manner prescribed by regulations) that it is operating as a section 501(c)(4) organization. For certain existing organizations, the notification is due no later than June 15, 2016, 180 days after the date of enactment of the PATH Act. Section 506(b) provides that the notification must include: (1) the name, address, and taxpayer identification number of the organization; (2) the date on which, and the State under the laws of which, the organization was organized; and (3) a statement of the purpose of the organization. Section 506(c) requires the Secretary to send the organization an acknowledgement of the receipt of its notification within 60 days. Section 506(d) permits the Secretary to extend the 60-day notification period for reasonable cause. Section 506(e) provides that the Secretary shall impose a reasonable user fee for submission of the notification. Finally, section 506(f) provides that, upon request by an organization to be treated as an organization described in section 501(c)(4), the Secretary may issue a determination with respect to treatment as a section 501(c)(4) organization, and that the organization’s request will be treated as an application for exemption from taxation under section 501(a) subject to public inspection under section 6104.

Section 405(b) of the PATH Act amended section 6033(f) to require a section 501(c)(4) organization submitting the section 506 notification to include with its first annual information return filed thereafter any additional information prescribed by regulation that supports the organization’s treatment as an organization described in section 501(c)(4).

Section 405(c) of the PATH Act amended section 6652(c) to impose pen-

alties for failure to file the notification by the date and in the manner prescribed in section 506 (and implementing regulations). In particular, section 6652(c)(4)(A) imposes a penalty on an organization that fails to submit the notification equal to \$20 per day for each day the failure continues, up to a maximum of \$5,000. Additionally, section 6652(c)(4)(B) imposes a similar penalty on persons who fail to timely submit the notification in response to a written request by the Secretary.

Section 405(f) of the PATH Act provides that, in general, the section 506 notification requirement and the related amendments to sections 6033 and 6652 apply to organizations described in section 501(c)(4) that are established after December 18, 2015, the date of enactment of the PATH Act. Section 405(f)(2) of the PATH Act provides that these provisions also apply to any other section 501(c)(4) organization that had not, on or before the date of enactment: (1) applied for a written determination of recognition as an organization described in section 501(c)(4) (using Form 1024, “Application for Recognition of Exemption Under Section 501(a)”); or (2) filed at least one annual information return or notice required under section 6033(a)(1) or 6033(i) (that is, a Form 990, “Return of Organization Exempt From Income Tax,” or, if eligible, Form 990-EZ, “Short Form Return of Organization Exempt From Income Tax” or Form 990-N (e-Postcard)). Existing organizations described in section 405(f)(2) of the PATH Act have until June 15, 2016 (180 days after the date of enactment) to submit the section 506 notification.

SECTION 3. EXTENSION OF PERIOD TO NOTIFY IRS

The Treasury Department and the IRS intend to issue temporary regulations implementing the section 506 requirement that organizations described in section 501(c)(4) notify the IRS of their intent to operate under section 501(c)(4). In order to provide adequate transition time for organizations to comply with the new procedures, the Treasury Department and the IRS are extending the due date for submitting the section 506 notification until at least 60 days from the date the regulations are issued. No penalties under section

6652(c)(4) will apply to a section 501(c)(4) organization that submits the required notification by the due date provided in the regulations. In addition, comments from the public regarding the new section 506 notification requirement and related provisions will be requested during the rulemaking process.

SECTION 4. REQUESTS FOR DETERMINATION

Section 506(c) requires the IRS to acknowledge receipt of a section 506 notification. This acknowledgment is not a determination by the IRS that the organization qualifies for section 501(c)(4) tax-exempt status. Rather, section 506(f) provides that an organization seeking IRS recognition of its tax-exempt status may separately request such a determination. Section 506(f) provides that such a request will be treated as an application for exemption from taxation under section 501(a) and therefore will be subject to public inspection under section 6104. Until further guidance is issued, organizations requesting IRS recognition of exempt status under section 501(c)(4) should continue to use the Form 1024. The filing of Form 1024 is optional and will not relieve an organization of the requirement to file the section 506 notification.

SECTION 5. DRAFTING INFORMATION

The principal author of this Notice is Chelsea Rubin of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this Notice, contact Chelsea Rubin at (202) 317-5800 (not a toll-free number).

Guidance Relating to Refunds of Foreign Tax for Which an Election Was Made Under Section 853

Notice 2016-10

SECTION 1. OVERVIEW

The Department of the Treasury (Treasury Department) and the Internal Revenue

Service (IRS) are issuing this notice to address the application of sections 853 and 905(c) of the Internal Revenue Code to the receipt by a regulated investment company (RIC) of a refund of a tax that was eligible for a foreign tax credit under section 901 or 903 (“foreign tax”) if that foreign tax, when paid by the RIC, was treated as paid by the RIC’s shareholders under section 853(b)(2) because an election was made under section 853(a). This notice describes regulations under sections 853 and 905(c) that the Treasury Department and the IRS intend to issue. This notice also provides guidance on obtaining administrative relief through closing agreements.

RICs do not generally have changes to their foreign tax liabilities, as described in section 905(c), both because foreign withholding taxes, which RICs generally pay, are usually determinable at the time the income from which the tax is withheld is paid or accrued, and because section 986(a)(1)(E) provides that a RIC reporting income using an accrual method translates foreign income taxes into dollars using the exchange rate as of the date the income accrues. Therefore, both the amount of the foreign tax, as denominated in the foreign currency, and the appropriate exchange rate for the tax are typically ascertainable before the RIC furnishes statements to shareholders or files its income tax return.

Recently, however, the Court of Justice of the European Union held that member states of the European Union could not impose withholding taxes on certain foreign investors if substantially similar domestic investors were not subject to tax. Numerous RICs are now seeking, and some have received, refunds of foreign taxes paid to these countries. In light of these refund claims and payments, taxpayers have requested that the Treasury Department and the IRS provide guidance concerning the appropriate treatment of these refunds by RICs that made elections under section 853(a) for the years in which the taxes were originally paid.

Although such refunds are subject to section 905(c), the Code does not explicitly address how section 905(c) applies to amounts that were treated as paid by a RIC’s shareholders under section 853 or the manner in which a RIC and its shareholders may satisfy their obligations un-

der section 905(c). In general, when a foreign tax is refunded, the taxpayer must notify the IRS, which redetermines the amount of the taxpayer's U.S. tax liability for the year or years affected, and the taxpayer must pay any redetermined amount upon notice and demand. When RICs receive refunds of foreign taxes, however, providing adequate notification to shareholders and the IRS may be impractical, in part because the RICs may not know the identities or addresses of shareholders who claimed foreign tax credits in previous years. Without guidance providing alternative procedures for the particular situation of RICs that made elections under section 853 and their shareholders, the application of section 905(c) could lead to significant administrative costs and uncertainty for the U.S. government and for RICs and their shareholders.

The Treasury Department and the IRS believe that published guidance detailing alternative methods that RICs and their shareholders may use to satisfy their obligations under sections 853 and 905(c) will promote effective tax administration. This notice provides guidance, and describes regulations that the Treasury Department and the IRS intend to issue, in order to help affected taxpayers discharge their obligations under sections 853 and 905(c).

Section 2 provides background information with respect to sections 853 and 905(c). Section 3 provides that RICs and their shareholders may satisfy their obligations under sections 853 and 905(c) under two alternative methods—following a netting method or obtaining a closing agreement. These two alternatives are described in sections 4 and 5. Section 6 describes the expected effective date of the regulations described in section 4 and the effective date of the guidance in section 5. Section 7 solicits comments and provides contact information for purposes of submitting comments. Section 8 relates to requirements under the Paperwork Reduction Act.

SECTION 2. BACKGROUND

.01 *The Election Provided in Section 853*

Section 853 allows a RIC that meets certain requirements to make an annual election under which the RIC's sharehold-

ers are treated as if they paid a proportionate share of any foreign tax that was paid by the RIC during the RIC's taxable year to which the election relates. The election is available to a RIC if: (1) more than 50 percent of the value of its assets, at the close of the taxable year, consists of stock or securities in foreign corporations, and (2) the RIC has complied with the requirements in section 852(a) and § 1.852-1(a) of the Income Tax Regulations. If the RIC makes this election for a taxable year, it forgoes a deduction or credit for foreign taxes. Instead, under section 853(b)(2)(A), the RIC's shareholders are required to include in their gross income and treat as paid by them their proportionate shares of the foreign taxes and, accordingly, are eligible to claim either a deduction or credit for those foreign taxes in accordance with sections 164 and 901. In addition, each shareholder of an electing RIC, under section 853(b)(2)(B), must treat as gross income from sources without the United States the sum of the shareholder's proportionate share of the foreign taxes and the portion of any dividend paid by the RIC that represents income derived from sources without the United States.

A RIC that makes the election under section 853(a) must provide certain information to its shareholders and the IRS. First, under section 853(c) and the regulations thereunder, the RIC must identify, in a written statement furnished to each shareholder, each shareholder's proportionate share of foreign taxes paid by the RIC and each shareholder's proportionate share of the RIC's income derived from sources without the United States. Under § 1.853-4(a), the RIC must file a statement as part of its income tax return (Form 1120-RIC, "U.S. Income Tax Return for Regulated Investment Companies," or its successor) that sets forth the total amount of income received from sources without the United States; the total amount of foreign taxes paid; the amount, if any, of the foreign taxes paid that are not eligible for the section 853(a) election; the date, form, and contents of the written statement furnished to its shareholders; and the proportionate share of income received and taxes paid during the taxable year that are attributable to one share of its stock. Under § 1.853-4(d), the RIC must also file, as part of its return for

the taxable year, a Form 1118, "Foreign Tax Credit—Corporations."

.02 *Requirements under Section 905(c)*

Under section 905(c), if a taxpayer claims a credit for taxes paid or accrued under section 901 (or deemed paid under section 902 or 960) and that foreign tax is refunded, the taxpayer generally must notify the IRS, which shall redetermine the amount of the taxpayer's U.S. tax liability for the year or years affected. Any U.S. tax due by reason of the foreign tax refund must be paid upon notice and demand. Interest accrues under section 6601 on the amount of tax due, but under section 905(c)(5), the amount of interest is capped for the period prior to the receipt of the refund at the amount of interest paid by the foreign country or possession of the United States on the refund.

.03 *Exchange Rates and Foreign Currency Gain or Loss*

For purposes of calculating the U.S. dollar amount of a refund received by a RIC of foreign tax that is denominated in a foreign currency and the RIC's basis in the foreign currency refunded, a RIC must translate the refunded foreign tax into dollars using the same exchange rate that it used to translate the foreign taxes into dollars when such taxes were originally reported as paid. See sections 986(a)(1)(E) and 986(a)(2)(B)(ii). Upon disposition of the foreign currency refunded, the RIC must recognize any foreign currency gain or loss. See section 988(c)(1)(C) and the regulations under that section.

SECTION 3. APPLICATION

As an alternative to applying the general rules under section 905(c), a RIC and its shareholders may discharge their obligations under sections 853 and 905(c) with respect to foreign tax refunds described below by utilizing either the method described in section 4 or the method described in section 5. Failure to discharge those obligations under either the general rules provided in section 905(c) or one of the alternative methods described in sections 4 and 5 may result in asserted deficiencies and penalties for the RIC and any shareholders of that RIC that claimed a related foreign tax credit.

SECTION 4. NETTING OF FOREIGN TAXES IN REFUND YEAR

.01 Eligibility to Use Netting

The regulations described in this section 4 are expected to apply if a RIC receives in a taxable year (the “refund year”) a refund of foreign tax that had been paid in a taxable year in which the RIC made an election under section 853(a). These regulations are expected to provide a netting method that such RICs may apply in lieu of the general rules under section 905(c), if the following requirements are met:

(a) The economic benefit of the refund and any related interest payment received by the RIC primarily inures to the RIC’s refund-year shareholders (as opposed to, if different, shareholders in the year or years in which the RIC paid the refunded foreign taxes);

(b) The RIC was not held predominantly by entities described in section 817(h)(4)(A) or (B) in the year in which the RIC paid the refunded foreign taxes;

(c) The RIC makes a valid election under section 853(a) for the refund year; and

(d) The RIC paid an amount of foreign taxes in the refund year that is equal to or greater than the amount of the foreign tax adjustment described in section 4.03 for that year.

.02 Netting Procedure

The regulations are expected to provide that, if a RIC applies the method described in this section 4, then for purposes of section 853, the RIC must reduce the amount of foreign taxes reported by the RIC to its shareholders for the refund year by the amount of the foreign tax adjustment defined in section 4.03.

.03 Foreign Tax Adjustment

(a) Components of the Foreign Tax Adjustment

The foreign tax adjustment for a refund year is equal to the sum of:

(1) All foreign tax refunds received by the RIC in the refund year; and

(2) All interest adjustments, as defined in section 4.03(b).

(b) *Interest Adjustment Defined*

An interest adjustment period begins on the date on which the RIC made a payment of foreign tax related to the refund and ends on the date on which the RIC receives the refund. Each payment of foreign tax that relates to a refund produces one or more separate interest adjustment periods. (Foreign tax amounts paid in the same taxable year may have been refunded on different dates during the refund year at issue, and foreign taxes refunded on a single date may have been paid on different dates and in different taxable years.)

The amount of the interest adjustment, calculated for each interest adjustment period, is an amount equal to the lesser of:

(1) The amount of interest that would be calculated for that period under section 6601 with respect to an underpayment of tax equal to the amount of the associated foreign tax refund; or

(2) The amount of interest paid by a foreign country or possession of the United States to the RIC with respect to the associated foreign tax refund for that period.

.04 Effects of Netting

(a) The RIC shall not include as income from sources without the United States the amount of the foreign tax adjustment.

(b) The shareholders of the RIC shall not include in their gross income under section 853(b)(2)(A) and § 1.853-2(b) the amount of the current year foreign taxes that are offset by the foreign tax refund component of the foreign tax adjustment, and that amount shall be excluded from the amount of income reported to the shareholders under § 1.853-3. The shareholders of the RIC shall include in their gross income under section 853(b)(2)(A) and § 1.853-2(b) the amount of the current year foreign taxes that are offset by the interest adjustment component of the foreign tax adjustment, and that amount shall be included in the amount of income reported to shareholders under § 1.853-3.

(c) To determine the dividends paid deduction, the amount of the foreign taxes paid in the refund year for which an addition to the dividends paid deduction otherwise would be allowed under section 853(b)(1)(B) shall be reduced by the amount of the foreign tax adjustment as

defined in section 4.03 for that taxable year.

.05 Notification Requirement for RICs Utilizing Netting

The regulations are expected to provide that, if a RIC applies the netting method described in this section 4, the RIC must notify the IRS of each refund on a statement attached to a Form 1118, or its successor, for the refund year. This statement must include the following information:

(a) The amount of each refund;

(b) The date on which each refund was received;

(c) The date or dates on which the RIC paid the foreign tax to which each refund relates;

(d) The taxable year or years with respect to which the foreign tax to which each refund relates was reported to shareholders;

(e) The amount of interest paid by the foreign country or possession of the United States with respect to each refunded amount;

(f) The exchange rates used to translate any foreign currency amounts into dollars; and

(g) With respect to each refunded amount, the amounts included in the foreign tax adjustment as defined in section 4.03.

.06 Example: Netting Refunds Against Foreign Taxes Paid

(a) *Facts.* Corporation L, a RIC, invests in country P stocks in each of taxable years 1 through 6 and makes a valid election under section 853(a) for all years. In each of years 1 through 5, Corporation L earned 1,000u of dividend income from country P stocks and paid 100u in foreign tax. In each of years 1 through 5, the applicable exchange rate is 1u = \$1. With respect to years 1 through 5, Corporation L distributed \$900 to shareholders and reported to shareholders their aggregate proportionate shares of foreign source income and foreign taxes paid of \$1,000 and \$100, respectively. Corporation L also reported \$1,000 of dividend income and claimed \$1,000 in dividends paid deductions (\$900 from the distribution made to shareholders and \$100 under section

853(b)(1)(B) for the foreign taxes paid with respect to each of years 1 through 5.

In year 6, Corporation L receives dividend income of 1,000u, pays 100u in foreign taxes, and also receives a refund of 55u of the foreign tax it paid in year 1. In year 6, the applicable exchange rate is 1u = \$2. Country P paid to Corporation L interest of 1u on the foreign tax refund, which was less than the amount of interest adjustment that would be calculated for the interest adjustment period under section 6601 with respect to an underpayment of tax equal to \$55 (55u translated at the applicable exchange rate for year 1). Corporation L exchanges the 956u (900u dividends received, net of withholding tax, plus 55u received as a refund of foreign tax and 1u received as interest on the foreign tax refund) for \$1,912 and distributes \$1,912 to its shareholders with respect to year 6 (\$1,800 from dividends received that year, net of withholding tax, plus \$110 received as a refund of foreign tax and \$2 received as interest on the foreign tax refund). Assume that Corporation L has no expenses allocated and apportioned to the dividend income and that it meets the requirements for netting under section 4.01 of this notice.

(b) *Results.* Corporation L received a refund and applies netting under section 4. For purposes of furnishing statements to shareholders, Corporation L must reduce the \$200 of foreign tax paid in year 6 by the foreign tax adjustment as determined under section 4.03 of this notice. The foreign tax adjustment is the sum of the refund and the interest adjustment, or \$57 (a \$55 refund and a \$2 interest adjustment).

The exchange of the refunded amount for dollars results in \$55 of foreign currency gain under section 988 (\$110 value of refunded foreign currency in year 6 less \$55 basis from year 1). Corporation L must report \$2,000 of dividend income and \$55 of foreign currency gain but does not include as additional income the amount of the foreign tax adjustment.

Corporation L may claim \$2,055 in dividends-paid deductions (\$1,912 from the actual distribution to year 6 shareholders, plus \$143 (\$200 foreign taxes paid less \$57 foreign tax adjustment) of foreign taxes paid under section 853(b)(1)(B). See section 4.04 of this notice.

Corporation L must attach a statement to its Form 1118 for year 6 that includes the information listed in section 4.05 of this notice. After netting, Corporation L's shareholders are deemed to have paid foreign taxes in year 6 of \$143 (\$200 foreign taxes paid less \$57 foreign tax adjustment). Corporation L must report to its year 6 shareholders \$2,057 of gross foreign source income (\$1,912 from the distribution plus \$145 from the foreign taxes paid in year 6 (\$200 foreign taxes paid in year 6 less \$55 foreign tax refund under section 4.04(b) of this notice)) and \$143 of foreign tax, and Corporation L's year 6 shareholders must include such income in their gross income and treat such foreign tax as paid by them.

SECTION 5. CLOSING AGREEMENTS

.01 General Rules for Closing Agreements under this Notice

Under this section, a RIC that receives a refund of foreign tax that had been paid in a prior taxable year in which an election was made under section 853(a) may request a closing agreement addressing the treatment of the refund. A request for a closing agreement will be granted when such an agreement is determined by the IRS to be in the interest of sound tax administration.

A closing agreement generally will be considered to be in the interest of sound tax administration when:

(a) the RIC has demonstrated that either it is precluded from applying, or it is not reasonably practical for it to apply, the general rules under section 905(c) or the method described in section 4; and

(b) the RIC can provide information that is sufficient to establish, to the satisfaction of the IRS, a reasonable estimate of the aggregate adjustments that would be due under section 905(c) with respect to the foreign tax credits claimed by its shareholders (including former shareholders) who were treated under section 853 as paying the foreign tax.

.02 Requirements for, and Timing of, Requesting a Closing Agreement

A request for a closing agreement must comply with applicable guidance relating to such requests, including, but not limited

to, Revenue Procedure 2016-1, 2016-1 I.R.B. 1, or its successor, as well as any future guidance published in the Internal Revenue Bulletin applicable to closing agreements on this issue. Due to applicable deadlines for tax reporting, a tentative request for a closing agreement under this section 5 should be initially submitted in accordance with the pre-submission conference procedures provided in Revenue Procedure 2016-1 or other applicable guidance in the Internal Revenue Bulletin, as soon as possible after the receipt of the refund of foreign tax. The tentative request should propose a method for calculating the aggregate adjustment and should include details regarding the information available to make such calculations and the information that reasonably could be obtained.

.03 Notification Requirement for RICs Requesting Closing Agreements

If a RIC has submitted a request for a closing agreement but the IRS has not yet determined whether a closing agreement is in the interest of sound tax administration, then the RIC must attach a statement to its Form 1118 for the refund year containing the information required in paragraphs (a) through (f) of section 4.05, along with a statement that a closing agreement has been requested, that the request has not been withdrawn or denied, and the date on which the request was submitted.

SECTION 6. EFFECTIVE DATES

.01 In General

Except as otherwise provided in this section 6, the regulations described in section 4 are expected to apply to any refund year ending on or after February 8, 2016.

The guidance described in section 5 applies to requests for closing agreements filed on or after February 8, 2016.

.02 Taxpayer Reliance on Section 4

For refund years ending before the issuance of any proposed regulations or temporary regulations described in this notice, taxpayers may rely on the rules described in section 4.

*.03 Special Rules for Taxpayers
Applying the Rules Described in Section
4 to Refund Years Ending Before
February 8, 2016*

The regulations described in section 4 are expected to provide that a RIC may apply the regulations to refund years ending before February 8, 2016.

The regulations also are expected to provide that, if a RIC applies the netting method described in section 4 with respect to refund years ending before February 8, 2016, then for such refund years the RIC may, as an alternative to applying the rules described in section 4.04(b):

(a) apply the rules described in section 4.04(b) by excluding from the amount included in the shareholder's gross income under section 853(b)(2)(A) and § 1.853-2(b) the full amount of the current year foreign taxes that are offset by the foreign tax adjustment, rather than just the amount of the current year foreign taxes that are offset by the foreign tax refund component of the foreign tax adjustment; or

(b) apply an approach that is expected to produce substantially the same U.S. Federal income tax liability that the RIC's shareholders would have had, in the aggregate, under either section 4.04(b) or 6.03(a).

An example of a possible approach under section 6.03(b) would be for the RIC to include the interest adjustment in the shareholders' gross income, but reduce the amount of the foreign tax adjustment associated with such interest by an amount that reasonably approximates the U.S. income tax that would be collected from the RIC's shareholders on that income. This approach would only be permissible, however, if it was expected to produce substantially the same U.S. Federal income tax liability that the RIC's shareholders would have had, in the aggregate, under section 6.03(a).

SECTION 7. REQUEST FOR COMMENTS AND CONTACT INFORMATION

The Treasury Department and the IRS solicit comments on the rules described in this notice. The Treasury Department and the IRS specifically solicit comments on whether, and to what extent, netting of a refund should be permitted if the foreign

tax adjustment exceeds the foreign taxes paid in the refund year, and whether excess refunds should be allowed to carry over to a subsequent year or years and netted against foreign taxes paid in those years.

The Treasury Department and the IRS also solicit comments on the principles to be applied to interest adjustments for periods prior to and after the date on which the refund of foreign tax is received by the RIC. In order to approximate the U.S. tax consequences that would arise had the foreign tax refunds been paid directly to the shareholders who originally claimed the foreign tax credits, the interest adjustment would need to account for the fact that interest generally would run on a redetermination under section 905(c) from the due date of the taxpayer's return on which the credit was claimed until the date on which the redetermined amount is actually paid. This period is divided into two separate periods under section 905(c) — the "pre-refund" period (which is subject to the limitation under section 905(c)(5)) and the "post-refund" period. This Notice only addresses interest during the pre-refund period. Accordingly, the Treasury Department and the IRS are considering whether an approach should be developed to take post-refund interest into account and how to make any such approach administrable for both the IRS and for RICs and their shareholders. In that respect, the Treasury Department and the IRS request comments regarding the date on which the underpayment should be deemed to be satisfied under the netting method (such as April 15 of the following calendar year) and how interest could be calculated for the period between the date on which the refund is received by the RIC and the date on which the underpayment is deemed to be satisfied under the netting method.

The Treasury Department and the IRS also solicit comments on whether and in what respects closing agreements relating to these issues could be standardized and what information, if any, can be reasonably and uniformly relied upon for calculating the aggregate adjustment relating to such refunds at the RIC level, as opposed to at the shareholder level, when such a calculation is appropriate.

In addition, the Treasury Department and the IRS solicit comments as to

whether guidance is needed to clarify how the generally applicable rules of section 905(c) operate with respect to both a RIC that makes an election under section 853(a) and its shareholders.

Written comments may be submitted to the Office of Associate Chief Counsel (International), Attention: Larry R. Ponders, Internal Revenue Service, IR-4549, 1111 Constitution Avenue, NW, Washington, DC 20224. Alternatively, taxpayers may submit comments electronically to Notice.comments@irscounsel.treas.gov. Comments will be available for public inspection and copying. For further information regarding this notice, contact Mr. Ponders of the Office of Associate Chief Counsel (International) at (202) 317-5465 (not a toll-free number).

SECTION 8. PAPERWORK REDUCTION ACT

The collection of information contained in this notice has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-0123. 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 information in this revenue procedure is under sections 4.05 and 5.03.

This information is required to allow the IRS to verify the calculations made by the RIC, and to verify the appropriate amount of gross foreign source income and foreign tax credits available to shareholders. The likely respondents are RICs that invest in foreign securities. The estimated total annual reporting recordkeeping burden is 15,000 hours. The estimated annual burden per respondent/recordkeeper is 10 hours. The estimated number of respondents/recordkeepers is 1,500.

The estimated frequency of responses is occasional.

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.

Credit for Indian Coal Production and Inflation Adjustment Factor for Calendar Year 2015

Notice 2016-11

This notice publishes the inflation adjustment factor for calendar year 2015 for the Indian coal production credit under section 45 of the Internal Revenue Code. The 2015 inflation adjustment factor is used in determining the availability of the credit and applies to calendar year 2015 sales of Indian coal produced in the United States or a possession thereof. The inflation adjustment factor for Indian coal for calendar year 2015 was published in the Federal Register on January 20, 2016. Section 186 of Division Q of the Consolidated Appropriations Act, 2016 (Pub. L. No. 114-113) extends the credit period for the Indian coal production credit from a 9-year period beginning on January 1, 2006, to an 11-year period beginning on January 1, 2006. This provision is effective for coal produced in the United States or a possession thereof after December 31, 2014.

BACKGROUND

For calendar year 2015, section 45(e)(10)(A) provides in the case of a producer of Indian coal, the credit determined under section 45 for any taxable year is an amount equal to the applicable dollar amount per ton of Indian coal (i) produced by the taxpayer at an Indian coal production facility during the 11-year period beginning on January 1, 2006, and (ii) sold by the taxpayer (I) to an unrelated person, and (II) during such 11-year period and such taxable year.

Section 45(e)(10)(B)(i) defines “applicable dollar amount” for any taxable year as (I) \$1.50 in the case of calendar years 2006 through 2009, and (II) \$2.00 in the case of calendar years beginning after 2009.

For calendar year 2015, section 45(d)(10) provides in the case of a facility that produces Indian coal, the term “Indian coal production facility” means a facility which is placed in service before January 1, 2009.

Section 45(e)(2)(B) defines the inflation adjustment factor for a calendar year as the fraction the numerator of which is the GDP implicit price deflator for the preceding calendar year and the denominator of which is the GDP implicit price deflator for the calendar year 1992. The term “GDP implicit price deflator” means the most recent revision of the implicit price deflator for the gross domestic product as computed and published by the Department of Commerce before March 15 of the calendar year.

Under section 45(e)(10)(B)(ii), in the case of any calendar year after 2006, each of the dollar amounts under section 45(e)(10)(B)(i) shall be equal to the product of such dollar amount and the inflation adjustment factor determined under section 45(e)(2)(B) for the calendar year, except that section 45(e)(2)(B) shall be applied by substituting 2005 for 1992.

INFLATION ADJUSTMENT FACTOR

The inflation adjustment factor for calendar year 2015 for Indian coal production is 1.1772.

CREDIT AMOUNT FOR INDIAN COAL PRODUCTION

The credit for Indian coal production for calendar year 2015 under section 45(e)(10)(B) is \$2.354 per ton on the sale of Indian coal.

DRAFTING AND CONTACT INFORMATION

The principal author of this notice is Jennifer A. Records of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Ms. Records on (202) 317-6853 (not a toll-free number).

Maximum Vehicle Values for 2016 for Use With Vehicle Cents-Per-Mile and Fleet-Average Valuation Rules

Notice 2016-12

PURPOSE

This notice provides the maximum vehicle values for 2016 that taxpayers need to determine the value of personal use of employer-provided vehicles under the special valuation rules provided under section 1.61-21 (d) and (e) of the Income Tax Regulations.

MAXIMUM VEHICLE VALUES

The maximum value of employer-provided vehicles first made available to employees for personal use in calendar year 2016 for which the vehicle cents-per-mile valuation rule provided under Regulation section 1.61-21(e) may be applicable is \$15,900 for a passenger automobile and \$17,700 for a truck or van.

The maximum value of employer-provided vehicles first made available to employees for personal use in calendar year 2016 for which the fleet-average valuation rule provided under Regulation section 1.61-21(d) may be applicable is \$21,200 for a passenger automobile and \$23,100 for a truck or van.

EFFECTIVE DATE

This notice applies to employer-provided passenger automobiles first made available to employees for personal use in calendar year 2016.

DRAFTING INFORMATION

The principal author of this notice is Kathleen Edmondson of the Office of the Division Counsel/Associate Chief Counsel (Tax Exempt & Government Entities). For further information on this notice contact Ms. Edmondson on (202) 317-6798 (not a toll-free number).

Part IV. Items of General Interest

Deletions From Cumulative List of Organizations, Contributions to Which are Deductible Under Section 170 of the Code

Announcement 2016-04

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The Internal Revenue Service has revoked its determination that the organizations listed below qualify as organizations described in sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986.

Generally, the IRS will not disallow deductions for contributions made to a

listed organization on or before the date of announcement in the Internal Revenue Bulletin that an organization no longer qualifies. However, the IRS is not precluded from disallowing a deduction for any contributions made after an organization ceases to qualify under section 170(c)(2) if the organization has not timely filed a suit for declaratory judgment under section 7428 and if the contributor (1) had knowledge of the revocation of the ruling or determination letter, (2) was aware that such revocation was imminent, or (3) was in part responsible for or was aware of the activities or omissions of the organization that brought about this revocation.

If on the other hand a suit for declaratory judgment has been timely filed, con-

tributions from individuals and organizations described in section 170(c)(2) that are otherwise allowable will continue to be deductible. Protection under section 7428(c) would begin on February 8, 2016 and would end on the date the court first determines the organization is not described in section 170(c)(2) as more particularly set for in section 7428(c)(1). For individual contributors, the maximum deduction protected is \$1,000, with a husband and wife treated as one contributor. This benefit is not extended to any individual, in whole or in part, for the acts or omissions of the organization that were the basis for revocation.

NAME OF ORGANIZATION	Effective Date of Revocation	LOCATION
The Ameridream Inc.	February 5, 1999	Bethesda, MD
The Pencil Project	January 1, 2009	Austin, TX
Estes Family Educational and Charitable Foundation	January 1, 2010	Lufkin, TX
American Friends of Yeshiva Shaare Chaim, Inc.	May 1, 2008	Edison, NJ
Arseny and Olga Kovshar Private Charitable Memorial Foundation	April 30, 2004	San Francisco, CA
World Wide Water Foundation, Ltd.	January 1, 2011	Dahlonega, GA
Community Alliance for the Ethical Treatment of Youth, Inc.	January 1, 2012	Portland, OR
Birmingham Business Development Initiative, Inc.	June 1, 2010	Birmingham, AL
Yes I Can Ministry	January 1, 2013	Rialto, CA

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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¹A 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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¹A 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/.

We Welcome Comments About the Internal Revenue Bulletin

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can email us your suggestions or comments through the IRS Internet Home Page (www.irs.gov) or write to the Internal Revenue Service, Publishing Division, IRB Publishing Program Desk, 1111 Constitution Ave. NW, IR-6230 Washington, DC 20224.