

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.

Bulletin No. 2016-13
March 28, 2016

INCOME TAX

Notice 2016-22, page 488.

Notice 2016-22 provides employers with transition relief and guidance on the amendment and extension of the Work Opportunity Tax Credit (WOTC) by the Protecting Americans from Tax Hikes Act of 2015 (PATH Act). Specifically, the notice provides employers with transition relief with respect to the 28-day deadline for requesting certifications from a designated local agency (DLA) for individuals (other than qualified long-term unemployment recipients) hired on or after January 1, 2015 and on or before May 31, 2016. The notice also provides employers with guidance on the new qualified long-term unemployment recipient targeted group, and transition relief with respect to qualified long-term unemployment recipients hired on or after January 1, 2016 and on or before May 31, 2016.

Notice 2016-24, page 492.

Resident populations of the 50 states, the District of Columbia, Puerto Rico, and the insular areas for purposes of determining the 2016 calendar year (1) state housing credit ceiling under section 42(h) of the Code, (2) private activity bond volume cap under section 146, and (3) private activity bond volume limit under section 142(k) are reproduced.

EMPLOYEE PLANS

Notice 2016-25, page 493.

This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for March 2016 used under § 417(e)(3)(D), the 24-month average segment rates applicable for March 2016, and the 30-year Treasury rates. These rates reflect the application of § 430(h)(2)(C)(iv), which was added by the Moving Ahead for Progress in the 21st Century Act, Public Law 112-141 (MAP-21) and amended by section 2003 of the Highway and Transportation Funding Act of 2014 (HATFA).

EXEMPT ORGANIZATIONS

Announcement 2016-13, page 514.

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).

EMPLOYMENT TAX

Notice 2016-22, page 488.

Notice 2016-22 provides employers with transition relief and guidance on the amendment and extension of the Work Opportunity Tax Credit (WOTC) by the Protecting Americans from Tax Hikes Act of 2015 (PATH Act). Specifically, the notice provides employers with transition relief with respect to the 28-day deadline for requesting certifications from a designated local agency (DLA) for individuals (other than qualified long-term unemployment recipients) hired on or after January 1, 2015 and on or before May 31, 2016. The notice also provides employers with guidance on the new qualified long-term unemployment recipient targeted group, and transition relief with respect to qualified long-term unemployment recipients hired on or after January 1, 2016 and on or before May 31, 2016.

EXCISE TAX

Notice 2016-15, page 486.

This notice provides guidance regarding the criteria for designation of a terminal located within a secure area of an airport as a Secured Airport Terminal (SAT) for purposes of §§ 4081 and 4082. This notice also provides procedures for the IRS to maintain an approved list of airports with such SATs. In addition, this notice provides procedures for a terminal operator to request that a terminal be placed on the SAT list.

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ADMINISTRATIVE

Notice 2016–15, page 486.

This notice provides guidance regarding the criteria for designation of a terminal located within a secure area of an airport as a Secured Airport Terminal (SAT) for purposes of §§ 4081 and 4082. This notice also provides procedures for the IRS to maintain an approved list of airports with such SATs. In addition, this notice provides procedures for a terminal operator to request that a terminal be placed on the SAT list.

Rev. Proc. 2016–19, page 497.

This revenue procedure describes procedures for taxpayers and other entities under the jurisdiction of the Large Business and International (LB&I), Small Business and Self Employed (SB/SE), and Tax Exempt and Government Entities (TE/GE) Operating Divisions to submit issues for consideration under the Internal Revenue Service's Industry Issue Resolution (IIR) Program.

Rev. Proc. 2016–20, page 499.

This procedure provides specifications for the private printing of red-ink substitutes for the most recent revisions of Forms W-2c and W-3c. This procedure will be reproduced as the next revision of Publication 1223. Rev. Proc. 2014–56 is superseded.

Notice 2016–23, page 490.

This notice requests comments on the new partnership audit regime instituted as part of the Bipartisan Budget Act of 2015 ("BBA"). The Service intends to issue regulations for this new regime and wishes to collect comments prior to that issuance. This notice outlines the basic features of the BBA partnership audit regime and highlights some of the areas on which the Service would like to receive comments.

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

Treatment of Kerosene for Use in Aviation

Notice 2016-15

SECTION 1. PURPOSE

This notice provides guidance regarding the criteria for designation by the Internal Revenue Service (IRS) of a terminal located within a secure area of an airport as a Secured Airport Terminal (SAT) for purposes of §§ 4081 and 4082. This notice also provides procedures for the IRS to maintain an approved list of airports with such SATs (SAT list). In addition, this notice provides procedures for a terminal operator to request that a terminal be placed on the SAT list.

SECTION 2. BACKGROUND

The American Jobs Creation Act of 2004 (Pub. L. 108-357) and the Safe, Accountable, Flexible, Efficient Transportation Equity Act (Pub. L. 109-59) provided a new system for imposing excise tax on kerosene used in aviation. Under this system, kerosene generally is taxed at a rate of 24.3 cents per gallon (excluding the 0.1 cent per gallon imposed for the Leaking Underground Storage Tank Trust Fund (LUST) tax). However, if the kerosene is removed directly into the fuel tank of an aircraft from a terminal or refinery, it will be taxed at lower aviation rates. Furthermore, if nontaxable use kerosene is removed directly into the fuel tank of an aircraft from a terminal, the general rate of tax is reduced to zero. For purposes of these exceptions, refueler trucks, tankers, and tank wagons that meet certain conditions (“refuelers”) are treated as part of a terminal if the terminal is located within a secure area of an airport (*i.e.*, a SAT).

H.R. Conf. Rep. No. 108-755, at 692 (2005), provided an initial list of terminals located within secure areas of airports (the SAT list). In Notice 2005-4, 2005-1 C.B. 289, the IRS adopted this list, with some modifications, as its initial SAT list. Notice 2005-80, 2005-2 C.B. 953, modified the SAT list. Currently, these documents are the only public record of the SAT list.

SECTION 3. LAW

Section 4081(a)(1)(A)(i) and (ii) impose tax on the removal of taxable fuel, which includes kerosene, from any refinery or terminal.

Section 4081(a)(2)(A)(iii) prescribes a tax rate of 24.3 cents per gallon of kerosene for the tax imposed by § 4081(a)(1)(A). Section 4081(a)(2)(B) imposes an additional tax of 0.1 cent per gallon (referred to as the LUST financing rate).

Section 4081(a)(2)(C) reduces the tax rates on kerosene used in aviation under certain conditions. In the case of kerosene that is removed from any refinery or terminal directly into the fuel tank of an aircraft for use in aviation, the rate of tax under § 4081(a)(2)(A)(iii) is reduced from 24.3 cents per gallon to (i) 4.3 cents per gallon in the case of use for commercial aviation by a person registered for such use under § 4101 or (ii) 21.8 cents per gallon for use in the case of any aviation not described by § 4081(a)(2)(C)(i).

Section 4081(a)(3)(A) provides that, for purposes of § 4081(a)(2)(C), a refueler truck, tanker, or tank wagon shall be treated as part of a terminal if (i) such terminal is located within an airport, (ii) any kerosene which is loaded in such truck, tanker, or wagon at such terminal is for delivery only into aircraft at the airport in which such terminal is located, (iii) such truck, tanker, or wagon meets the requirements of § 4081(a)(3)(B) with respect to such terminal, and (iv) except in the case of exigent circumstances identified by the Secretary in regulations, no vehicle registered for highway use is loaded with kerosene at such terminal.

Section 4081(a)(3)(B) provides that refuelers meet the requirements of § 4081(a)(3) with respect to a terminal (and are therefore treated as part of a terminal) if such refueler—(i) has storage tanks, hose, and coupling equipment designed and used for the purposes of fueling aircraft, (ii) is not registered for highway use, and (iii) is operated by—(I) the terminal operator of such terminal, or (II) a person that makes a daily accounting to such terminal operator of each delivery of fuel from such refueler.

Section 4081(a)(3)(C) provides that the Secretary shall require under § 4101(d) reporting by such terminal operator of—(i) any information obtained under § 4081(a)(3)(B)(iii)(II) (that is, the daily accountings to terminal operators of fuel deliveries made by other persons operating refuelers), and (ii) any similar information maintained by such terminal operator with respect to deliveries of fuel made by refuelers operated by such terminal operator.

Section 4081(a)(3)(D) provides that (i) in the case of kerosene treated as removed from a terminal by reason of § 4081(a)(3), the rate of tax specified in § 4081(a)(2)(C)(i) (that is, 4.3 cents per gallon plus 0.1 cent per gallon LUST) applies if such terminal is located within a secured area of an airport, and (ii) in all other cases, the rate of tax specified in § 4081(a)(2)(C)(ii) (that is, 21.8 cents per gallon plus 0.1 cent per gallon LUST) applies.

Section 4082(e) provides that in the case of kerosene (other than kerosene with respect to which tax is imposed under § 4043) which is exempt from the tax imposed by § 4041(c) (other than by reason of a prior imposition of tax, for example, because of the operation of § 4041(f) or (g)) and which is removed from any refinery or terminal directly into the fuel tank of an aircraft (1) the rate of tax under § 4081(a)(2)(A)(iii) shall be zero and (2) if such aircraft is employed in foreign trade or trade between the United States and any of its possessions, the increase in such rate under § 4081(a)(2)(B) shall be zero. For purposes of § 4082(e), any removal described in § 4081(a)(3)(A) shall be treated as a removal from a terminal but only if such terminal is located within a secure area of an airport.

Section 4083(d)(1) provides that the Secretary may in administering compliance with subpart A of part III of subchapter A of chapter 32 (motor and aviation fuels), § 4041, and penalties and other administrative provisions related thereto—(A) enter any place at which taxable fuel is produced or is stored (or may be stored) for purposes of—(i) examining the equipment used to determine the amount or composition of such fuel and the equipment used to store such fuel, (ii) taking

and removing samples of such fuel, and (iii) inspecting any books and records and any shipping papers pertaining to such fuel, and (B) detain, for the purposes referred in § 4083(d)(1)(A), any container which contains or may contain any taxable fuel.

Section 48.4101-1(c)(1)(vi) of the Manufacturers and Retailers Excise Tax regulations requires a terminal operator to register under § 4101.

SECTION 4. SAT DESIGNATION CRITERIA

In order to be designated as a SAT, a terminal must meet the following criteria:

(1) The terminal operator requests that the terminal be designated as a SAT according to the procedures in § 5 of this notice;

(2) The terminal operator is registered as a terminal operator under § 4101;

(3) The terminal is a terminal within the meaning of § 48.4081-1;

(4) The terminal is located within an airport;

(5) Only authorized vehicles are allowed to enter and exit the terminal;

(6) Kerosene received, stored, and removed is exclusively for delivery into the fuel tank of an aircraft at the terminal;

(7) Kerosene delivery into the fuel tank of an aircraft is made directly from the terminal, such as through a hydrant system, or by qualifying refuelers, as defined in § 4081(a)(3) that are used only to transport and deliver kerosene into the fuel tank of an aircraft;

(8) Except in the case of exigent circumstances identified by the Secretary in regulations, no vehicle registered for highway use is loaded with kerosene at such terminal; and

(9) The terminal has security measures that are consistent with customary business security practices designed to resist access to the terminal by unauthorized personnel and unauthorized vehicles.

SECTION 5. SAT LIST MAINTENANCE PROCESS

.01 Procedures to request SAT status.

(1) The terminal operator must request, in writing, that the IRS add the terminal to the SAT list by mailing the request to Department of the Treasury, Internal Rev-

enue Service, Excise Operations Unit – Stop 5701G, Cincinnati, OH 45999. Requests must have “Excise Tax – SAT Request – Stop 5701G” written at the top center of the request and must include the following information:

- a. Name of entity making the request
- b. Employer identification number
- c. Mailing address
- d. Terminal control number (TCN)
- e. Contact person

(2) The IRS will arrange for one or more IRS representatives such as a revenue agent or a fuel compliance officer to perform an onsite inspection of the terminal to inspect for compliance with the criteria described in § 4 of this notice.

- a. If the IRS approves the request, generally within 60 days from receipt of the request, the IRS will issue the terminal operator a SAT approval letter. SAT designation is valid upon the issuance of the SAT approval letter. The IRS will also add the terminal to the SAT list.
- b. If the IRS denies the request, generally within 60 days from receipt of the request, the IRS will inform the terminal operator of the reason for the denial in writing. The applicant will have 10 business days from the date of the denial letter within which to submit a written appeal of the denial under procedures specified in § 5.01(3) of this notice. If the applicant does not appeal the denial, the applicant may submit another request for SAT designation after 10 days from the date of the denial letter. In addition to the information required in § 5.01(1) of this notice, the applicant must explain what has changed since the earlier denial to make the terminal eligible for SAT designation.

(3) The following appeal procedures will apply to contested denials:

- a. The applicant may submit a written appeal of the denial to the Chief of Excise Tax Examination for a final determination.
- b. The applicant must send the request to the address provided in § 5.01(1) of this notice and include the infor-

mation required in that section. The request must also explain why the applicant thinks the application should not be denied.

- c. If the Chief of Excise Tax Examination concurs with the denial, the IRS will issue the applicant a written letter denying its appeal for SAT designation. If the Chief of Excise Tax Examination determines that the IRS should grant the SAT designation, the IRS will issue the applicant a letter of approval.
- d. The applicant has no further administrative recourse if it disagrees with a denial on appeal and must submit another request for SAT designation under procedures described in § 5.01(2)(b) of this notice.

.02 Requirements after SAT approval

(1) A terminal operator of a SAT must notify the IRS in writing within 10 days when there are changes in business operations, including changes in refueling equipment, security measures, owners/operators, or any other change to any of the SAT designation criteria listed in § 4 of this notice.

(2) Upon receipt or discovery of information that a terminal no longer qualifies for the SAT designation, the IRS may confirm that the terminal no longer complies with the SAT criteria, and issue a written notification to the terminal operator that the terminal’s SAT status will be revoked and the terminal removed from the SAT list no earlier than 10 business days from the date of the written notification.

(3) A terminal operator may appeal the notification of revocation through the following appeal procedures:

- a. The terminal operator submits a written appeal of the notice of revocation to the Chief of Excise Tax Examination for a final determination within 10 business days from the date of the written notification.
- b. The terminal operator must send the request to the address provided in § 5.01(1) of this notice and include the information required in that section. The request must also explain why revocation would be inappropriate.

- c. If the Chief of Excise Tax Examination concurs with the revocation, the IRS will issue the terminal operator a letter in writing denying its appeal. If the Chief of Excise Tax Examination determines that the IRS should not revoke the SAT designation, the IRS will issue the terminal operator a letter withdrawing the notice of revocation.
- d. The applicant has no administrative recourse if it disagrees with a denial on appeal and must submit another request for SAT designation under the procedure described in § 5.01(2) of this notice that applies following a denial of SAT designation.

SECTION 6. THE SAT LIST

(1) As of March 8, 2016, the following airports include an approved SAT and the terminal operator does not need to request SAT approval for that terminal. The airports are listed by the airport name and the TCN of the approved SAT.

Baltimore/Washington International Airport, T-52-MD-1569;
 Bradley International Airport, T-06-CT-1271;
 Charlotte/Douglas International Airport, T-56-NC-2032;
 Cincinnati/Northern Kentucky International Airport, T-61-KY-3277;
 Cleveland Hopkins International Airport, T-31-OH-3109;
 Colorado Springs Airport, T-84-CO-4108;
 Dallas Fort Worth International Airport, T-75-TX-2673;
 Dallas Love Field Airport, T-75-TX-2663;
 Denver International Airport, T-84-CO-4111;
 Dulles International Airport, T-54-VA-1676;
 Federal Express Corporation Memphis Airport, T-62-TN-2220;
 Fort Lauderdale/Hollywood International Airport, T-65-FL-2158;
 General Mitchell International Airport, T-39-WI-3092;
 George Bush Intercontinental Airport, T-76-TX-2818;
 Honolulu International Airport, T-91-HI-4570;

John F. Kennedy International Airport, T-11-NY-1334;
 Kansas City International Airport, T-43-MO-3723;
 Lambert International Airport, T-43-MO-3722;
 Logan International Airport, T-04-MA-1171;
 Los Angeles International Airport, T-95-CA-4812;
 Louis Armstrong New Orleans International Airport, T-72-LA-2356;
 McCarren International Airport, T-86-NV-4355;
 Memphis International Airport, T-62-TN-2212;
 Mid Continent Airport, T-43-KS-3653;
 Midway Airport, T-36-IL-3376;
 Minneapolis-St. Paul International Airport, T-41-MN-3419;
 Minneapolis-St. Paul International Airport, T-41-MN-3420;
 Minneapolis-St. Paul International Airport, T-41-MN-3421;
 Nashville Metropolitan Airport, T-62-TN-2222;
 Newark Liberty International Airport, T-22-NJ-1532;
 Oakland International Airport, T-94-CA-4702;
 O'Hare International Airport, T-36-IL-3325;
 Ontario International Airport, T-33-CA-4792;
 Orlando International Airport, T-59-FL-2111;
 Philadelphia International Airport, T-23-PA-1770;
 Piedmont Triad International Airport, T-56-NC-2038;
 Pittsburgh International Airport, T-23-PA-1766;
 Portland International Airport, T-91-OR-4450;
 Raleigh/Durham International, T-56-NC-2045;
 Reno Cannon International Airport, T-86-NV-4352;
 Ronald Reagan National Airport, T-54-VA-1686;
 Salt Lake City International Airport, T-84-UT-4207;
 San Diego International Airport, T-33-CA-4788;
 San Francisco International Airport, T-94-CA-4701;

Seattle Tacoma International Airport, T-91-WA-4425;
 Sky Harbor International Airport, T-86-AZ-4302;
 Tampa/St. Petersburg International Airport, T-59-FL-2110;
 Ted Stevens International Airport, T-91-AK-4520;
 Wayne County Metropolitan Airport, T-38-MI-3018;
 William B. Hartsfield Atlanta International Airport, T-58-GA-2512;
 William B. Hartsfield Atlanta International Airport, T-58-GA-2513;
 William B. Hartsfield Atlanta International Airport, T-58-GA-2536.

(2) The IRS will maintain a current SAT list, which will be publicly available on the IRS website (in Microsoft Excel and PDF formats). The list will include the name of the airport and the TCN, or other such number the IRS may use for SAT designation, of the approved SAT.

SECTION 7. EFFECTIVE/APPLICABILITY DATES

This Notice is effective March 8, 2016.

SECTION 8. DRAFTING INFORMATION

The principal author of this notice is Rachel S. Smith of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice, please contact Ms. Smith at (202) 317-6855 (not a toll-free number).

Work Opportunity Tax Credit (WOTC) Guidance and Transition Relief

Notice 2016-22

I. PURPOSE

This notice provides guidance and transition relief for employers claiming the Work Opportunity Tax Credit (WOTC) under §§ 51 and 3111(e) of the Internal Revenue Code (Code), as extended and amended by the Protecting Americans from Tax Hikes Act of 2015, Pub. L. No. 114-113, *div. Q* (the PATH Act). Section 142(a) of the PATH Act

amended § 51(c) of the Code to extend the WOTC through December 31, 2019. Section 142(b) of the PATH Act amended § 51(d) of the Code to expand the “targeted groups” of individuals, the employment of whom may qualify the employer for a credit listed in the statute, to include qualified long-term unemployment recipients (as defined in § 51(d)(15) of the Code). This notice provides guidance and transition relief beyond the 28-day deadline in § 51(d)(13)(A)(ii) of the Code for employers that hire members of targeted groups (other than qualified long-term unemployment recipients) on or after January 1, 2015, and on or before May 31, 2016. This notice also provides guidance and transition relief beyond the 28-day deadline in § 51(d)(13)(A)(ii) of the Code for employers that hire members of the new targeted group of qualified long-term unemployment recipients on or after January 1, 2016, and on or before May 31, 2016.

II. BACKGROUND

Section 51(a) of the Code provides the WOTC to employers based on a percentage of qualified wages paid during the taxable year. Section 51(b) of the Code defines qualified wages as wages paid or incurred by an employer during the taxable year to an individual who is a member of a targeted group. Section 51(d)(1) of the Code lists the targeted groups. Pursuant to § 51(d)(13)(A) of the Code, an individual is not treated as a member of a targeted group unless (1) on or before the day the individual begins work, the employer obtains certification from the designated local agency (DLA) that the individual is a member of a targeted group; or (2) the employer completes a prescreening notice on or before the day the individual is offered employment and submits such notice to the DLA to request certification not later than 28 days after the individual begins work. To request certification from a DLA, an employer submits IRS Form 8850, *Pre-Screening Notice and Certification Request for the Work Opportunity Credit*, to the DLA no later than the 28th day after the day an individual who is a member of a targeted group begins work for the employer. An employer also must submit a Department of Labor Employment and Training Administration (ETA) Form 9061 (Individ-

ual Characteristics Form) or 9062 (Conditional Certification) to the DLA. Section 51(d)(12) of the Code provides that a DLA means a State employment security agency established in accordance with 29 U.S.C. §§ 49–49n.

Since originally enacted by § 1201 of the Small Business Job Protection Act of 1996, Pub. L. No. 104–188, the WOTC has been subject to a series of legislative extensions and modifications.

III. AMENDMENTS MADE BY THE PATH ACT

The PATH Act extends the WOTC through December 31, 2019 for taxable employers that hire members of a targeted group and for qualified tax-exempt organizations described in § 501(c) of the Code that hire qualified veterans.

The PATH Act also amends § 51(d)(1) of the Code to add qualified long-term unemployment recipients to the list of targeted groups, effective as of January 1, 2016. Section 51(d)(15) of the Code defines a qualified long-term unemployment recipient as any individual who is certified by a DLA as being in a period of unemployment which is not less than 27 consecutive weeks and includes a period in which the individual was receiving unemployment compensation under State or Federal law. This additional targeted group does not apply for purposes of qualified tax-exempt organizations taking the credit provided by § 3111(e) against an employer social security tax.

IV. GUIDANCE AND TRANSITION RELIEF

An employer must obtain certification that an individual is a member of a targeted group before the employer may claim the WOTC. As stated in Section II of this notice, § 51(d)(13)(A) of the Code provides that an individual is not treated as a member of a targeted group unless (i) on or before the day the individual begins work for the employer, the employer obtains certification from a DLA that the individual is a member of a targeted group; or (ii) on or before the day the individual is offered employment with the employer, a prescreening notice (IRS Form 8850) is completed and no later than 28 days after the individual begins work

the employer submits the prescreening notice to the DLA for certification. An employer obtains certification of an individual’s targeted group status from a DLA by submitting both the IRS Form 8850 and an ETA Form 9061 or 9062 to the DLA. Employers are encouraged to submit both the IRS Forms 8850 and the ETA Forms 9061 or 9062 together in the same submission.

A. QUALIFIED LONG-TERM UNEMPLOYMENT RECIPIENTS

The PATH Act’s amendment and expansion of the targeted groups described in § 51(d)(1) of the Code to include long-term unemployment recipients will require changes to forms used by employers to request certification for qualified long-term unemployment recipients hired on or after January 1, 2016. For purposes of this notice, a qualified long-term unemployment recipient is any individual who on the day before the individual begins work for the employer, or, if earlier, the day the individual completes the IRS Form 8850 as a prescreening notice in accordance with the certification described in § 51(d)(13)(A)(ii), is in a period of unemployment that is (i) not less than 27 consecutive weeks, and (ii) includes a period (which may be less than 27 weeks) in which the individual received unemployment compensation under State or Federal law.

The IRS Form 8850 and ETA Forms 9061 and 9062 are being modified consistent with the guidance in this notice so that they can be used to request certification by the DLAs for qualified long-term unemployment recipients. Those modified forms and instructions will indicate the information that must be provided on the forms for the employer to receive certification from the DLA that the individual is a qualified long-term unemployment recipient. The Treasury Department and the IRS anticipate that the modified forms will include a requirement that the individual signing the form attest that he or she meets the requirements to be a qualified long-term unemployment recipient and a requirement that the individual attest to the period(s) during which the individual was unemployed and the period the individual received unemployment compensation.

B. TRANSITION RELIEF

Because the PATH Act extended the WOTC retroactively for 2015 for members of targeted groups described in § 51(d)(1)(A) through (d)(1)(I) of the Code, and because the PATH Act created a new targeted group described in § 51(d)(1)(J) of the Code (qualified long-term unemployment recipients), employers need additional time to comply with the requirements of § 51(d)(13)(A)(ii) of the Code for those targeted groups. For these reasons, the Treasury Department and the IRS have determined that it is appropriate to provide employers with additional time to file IRS Form 8850 with the DLAs.

1. Additional time for employers that hired or hire members of targeted groups other than qualified long-term unemployment recipients between January 1, 2015 and May 31, 2016

An employer that hired or hires a member of a targeted group described in § 51(d)(1)(A) through (d)(1)(I) of the Code and who began or begins work for that employer on or after January 1, 2015, and on or before May 31, 2016, will be considered to have satisfied the requirements of § 51(d)(13)(A)(ii) of the Code if the employer submits the completed IRS Form 8850 to the DLA to request certification no later than June 29, 2016.

2. Additional time for employers that hired or hire long-term unemployment recipients between January 1, 2016 and May 31, 2016

An employer that hired or hires an individual who is a long-term unemployment recipient described in § 51(d)(1)(J) of the Code and who began or begins work for that employer on or after January 1, 2016, and on or before May 31, 2016, will be considered to have satisfied the requirements of § 51(d)(13)(A)(ii) if the employer submits the completed IRS Form 8850 to the DLA to request certification no later than June 29, 2016.

3. Application of 28-day requirement to individuals hired on or after June 1, 2016

An employer that hires a member of a targeted group described in § 51(d)(1)(A)

through (d)(1)(J) of the Code, including a long-term unemployment recipient, who begins work for that employer on or after June 1, 2016, is not eligible for the transition relief described in this notice with respect to any such new hire.

V. DRAFTING INFORMATION

The principal author of this notice is R. Lisa Mojiri-Azad of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding the WOTC, contact Ms. Mojiri-Azad at (202) 317-5500 (not a toll-free number).

Request for Comments Regarding Implementation of the New Partnership Audit Regime Enacted as Part of the Bipartisan Budget Act of 2015

Notice 2016–23

I. PURPOSE

The purpose of this Notice is to solicit comments regarding implementation of section 1101 of the Bipartisan Budget Act of 2015, Pub. L. No. 114–74 (“the BBA”), which was enacted into law on November 2, 2015. Section 1101 of the BBA repeals the current rules governing partnership audits and replaces them with a new centralized partnership audit regime that, in general, assesses and collects tax at the partnership level.

The repeal of the current partnership audit rules and implementation of the new partnership audit regime are generally effective for partnership taxable years beginning after December 31, 2017. See section 1101(g)(1) of the BBA. However, section 1101(g)(4) generally provides that a partnership may elect (at such time and in such form and manner as the Secretary may prescribe) for parts of the new regime to apply to partnership taxable years beginning after November 2, 2015 and before January 1, 2018.

The Department of the Treasury (“Treasury Department”) and the Internal Revenue Service (“IRS”) intend to issue guidance implementing the new partner-

ship audit regime. Specifically, guidance describing procedures for making the election to have parts of the new regime apply to taxable years beginning after November 2, 2015 and before January 1, 2018 is expected to be published in the near future. Partnerships that wish to make this election should wait until that guidance is published to ensure the election complies with the requirements for making a valid election. The guidance will be effective for taxable years beginning after November 2, 2015 and before January 1, 2018.

II. BACKGROUND

Section 1101(a) of the BBA removes subchapter C of chapter 63 of the Internal Revenue Code (“the Code”) effective for partnership taxable years beginning after December 31, 2017. Subchapter C of chapter 63 contains the unified partnership audit and litigation rules that were enacted as part of the Tax Equity and Fiscal Responsibility Act of 1982, Pub. L. 97–248. These partnership audit and litigation rules are commonly referred to as the TE-FRA partnership procedures.

Section 1101(b) of the BBA also removes subchapter D of chapter 63 and part IV of subchapter K of chapter 1 of the Code, rules applicable to electing large partnerships, effective for partnership taxable years beginning after December 31, 2017. Subchapter D contains the audit rules for electing large partnerships, and part IV of subchapter K prescribes the income tax treatment for such partnerships.

Section 1101(c) of the BBA replaces the rules to be removed by sections 1101(a) and (b) with a new partnership audit regime. Section 1101(c) adds a new subchapter C to chapter 63 of the Code, including amended Code sections 6221–6241. The BBA also makes related and conforming amendments to other provisions of the Code.

On December 18, 2015, President Obama signed into law the Protecting Americans from Tax Hikes Act of 2015, Pub. L. 114–113, div. Q (“PATH Act”). Section 411 of the PATH Act corrects and clarifies certain amendments made by the BBA. The amendments under the PATH Act are effective as if included in section 1101 of the BBA, and therefore, subject to

the effective dates in section 1101(g) of the BBA.

Section 6221(a) as amended by the BBA provides that, in general, any adjustment to items of income, gain, loss, deduction, or credit of a partnership for a partnership taxable year (and any partner's distributive share thereof) shall be determined, and any tax attributable thereto shall be assessed and collected, at the partnership level. The applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to any such item or share shall also be determined at the partnership level. Section 6221(b) as amended by the BBA provides rules for partnerships that are required to furnish 100 or fewer Schedules K-1, *Partner's Share of Income, Deductions, Credits, etc.* to elect out of this new regime. Generally, a partnership may elect out of the new regime only if each of its partners is an individual, corporation (including certain types of foreign entities), or estate. Special rules apply for purposes of determining the number of partners in the case of a partner that is an S corporation. Section 6221(b)(2)(C) provides that the Secretary by regulation or other guidance may prescribe rules for purposes of the 100-or-fewer-Schedule K-1 requirement similar to the rules for S corporations with respect to any partner that is not an individual, corporation, or estate.

Section 6222 as amended by the BBA provides rules generally requiring a partner's return to be consistent with the partnership's return.

Section 6223 as amended by the BBA sets forth the rules for designation of a partnership representative. Under this provision, a partnership representative must be a partner (or other person) with a substantial presence in the United States. If a designation is not in effect, the IRS may select any person as a partnership representative.

Section 6225 as amended by the BBA generally addresses partnership adjustments made by the IRS and the calculation of any resulting imputed underpayment. Section 6225(a) generally provides that the amount of any imputed underpayment resulting from an adjustment must be paid by the partnership. Section 6225(b) describes how an imputed underpayment is determined, and section

6225(c) describes modifications that, if approved by the IRS, may reduce the amount of an imputed underpayment. The PATH Act added to section 6225(c) a special rule addressing certain passive losses of publicly traded partnerships. Section 6233 provides rules for computation of interest and penalties on an imputed underpayment.

Section 6226 as amended by the BBA provides an exception to the general rule under section 6225(a)(1) that the partnership must pay the imputed underpayment. Under section 6226, the partnership may elect to have the reviewed year partners take into account the adjustments made by the IRS and pay any tax due as a result of those adjustments. In this case, the partnership is not required to pay the imputed underpayment. Section 6225(d)(1) defines the reviewed year to mean the partnership taxable year to which the item(s) being adjusted relates.

Under section 6227 as amended by the BBA, the partnership may request an administrative adjustment, which is taken into account in the year the administrative adjustment request is made. The partnership generally has three years from the date of filing the return to make an administrative adjustment request for that year, but may not make an administrative adjustment request for a partnership taxable year after the IRS has mailed the partnership a notice of an administrative proceeding with respect to the taxable year.

Section 6241(4) as amended by the BBA provides that no deduction is allowed under subtitle A for any payment required to be made by a partnership under the new partnership audit regime.

Section 6231 as amended by the BBA describes notices of proceedings and adjustments, including certain time frames for mailing the notices and the authority to rescind any notice of adjustment with the partnership's consent. Section 6232(a) provides that any imputed underpayment is assessed and collected in the same manner as if it were a tax imposed for the adjustment year by subtitle A, except that in the case of an administrative adjustment request that reports an underpayment that the partnership elects to pay, the underpayment shall be paid when the request is filed.

Section 6234 as amended by the BBA generally provides that a partnership may seek judicial review of the adjustments within 90 days of the date the notice of final partnership adjustment is mailed. Section 6235 provides the period of limitations on making adjustments. Section 6241 provides definitions and special rules, including rules addressing bankruptcy and treatment when a partnership ceases to exist.

III. REQUEST FOR COMMENTS

.01 The Treasury Department and the IRS intend to issue guidance to implement the new partnership audit regime under sections 6221–6241 of the Code, as amended by section 1101 of the BBA and section 411 of the PATH Act. To assist in the development of this guidance, this Notice requests public comments on issues that the guidance should address. In particular, the Treasury Department and the IRS request comments on the following issues:

(1) The election out of the new centralized partnership audit regime under section 6221(b) for partnerships that are required to furnish 100 or fewer Schedules K-1, including whether any type of partner, other than those types of partners specifically identified in section 6221(b)(1)(C), should be treated under rules similar to the special rules applicable to S corporations.

(2) Designation of the partnership representative under section 6223, including:

- a. Any limitations on who may be designated as a partnership representative;
- b. The definition of substantial presence in the United States; and
- c. Designation of the partnership representative by the IRS in cases where the partnership fails to designate a representative or the designation is not in effect.

(3) The determination of the imputed underpayment under section 6225, including:

- a. How the netting calculation under section 6225(b)(1) should work; and
- b. How character changes, restrictions, and limitations under the Code are taken into account.

(4) Modification of the imputed underpayment under section 6225(c), including:

- a. The mechanics and timing for requesting modification and documentation to be provided to support the request for modification;
 - b. Implementation of the modification, with respect to publicly-traded partnerships, for certain specified passive losses under section 469;
 - c. The effect of unrelated business taxable income of a tax-exempt entity on the modification procedure relating to tax-exempt partners; and
 - d. Any other issues and factors that should be considered when formulating the modification procedures.
- (5) How an adjustment made by the IRS under section 6225 that does not result in an imputed underpayment should be taken into account by the partnership.
- (6) The election to use the alternative to payment of the imputed underpayment by the partnership under section 6226, including:
- a. How to make the election, the time for providing information to the IRS, the information that should be required to be included with the election, and the form and content of the statement of adjustments to be provided to the partners and the IRS;
 - b. When the statements should be filed with the IRS and furnished to partners;
 - c. How the adjustments in the final notice of partnership adjustment should be reflected if the adjustments are changed as a result of a court proceeding;
 - d. Generally, how tax attributes should be taken into account for intervening years between the reviewed year and the adjustment years;
 - e. How adjustments are taken into account by partners under the alternative to payment of the imputed underpayment by the partnership under section 6226; and
 - f. The consequences that result when a partner fails to account for adjustments as required under section 6226(b), including how tax attributable to those adjustments is assessed and collected.
- (7) How a partnership makes an administrative adjustment request (“AAR”) under section 6227 and the effect of such a request, including:

- a. The circumstances in which a partnership may want to file an AAR;
 - b. The mechanics for how to file an AAR and pay any imputed underpayment;
 - c. How partnerships should account for adjustments requested as part of an AAR;
 - d. What steps the IRS should take upon receipt of an AAR; and
 - e. What opportunities the partnership has for review of IRS actions taken with respect to an AAR.
- (8) The effect of adjustments on the basis of the partners in their partnership interests and the basis of the partnership in its assets.
- (9) The rules for consistent filing of partner returns, including:
- a. The rules for notifying the IRS of an inconsistent position;
 - b. The treatment of partners that properly file such notification; and
 - c. Whether, and to what extent, the existing framework for inconsistent partner returns and notification of inconsistent partner returns under TEFRA should apply.
- (10) The effect of bankruptcy and the treatment under the new partnership audit rules where a partnership ceases to exist.
- (11) Procedural rules, including:
- a. Notices of proceedings and adjustment;
 - b. Rules regarding assessment, collection, and payment of the imputed underpayment;
 - c. The computation of penalties and interest;
 - d. Judicial review of partnership adjustments; and
 - e. The period of limitations on making adjustments under section 6235.
- (12) Any other issues relevant to the implementation of the new partnership audit rules, including topics related to any of the above listed issues but not specifically identified in the list above, e.g., the interaction of these rules with international tax provisions.
- .02 The new partnership audit rules are generally effective for tax years beginning after December 31, 2017. However, partnerships are permitted to elect to have parts of the new regime apply to tax years beginning after November 2, 2015 and before January 1, 2018. Given the scope of the guidance anticipated to be neces-

sary to implement these rules, and the need to expedite the guidance process in light of the statutory effective dates, written comments in response to this Notice are requested by April 15, 2016.

IV. ADDRESS TO SEND COMMENTS

.01 Comments responding to this Notice should be sent to:

- Internal Revenue Service
- CC:PA:LPD:PR (Notice 2016–23)
- Room 5203
- P.O. Box 7604
- Ben Franklin Station
- Washington, DC 20044

Please include “Notice 2016–23” on the cover page.

.02 Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to:

- Internal Revenue Service
- Courier’s Desk
- 1111 Constitution Ave., N.W.
- Washington, DC 20224
- Attn: CC:PA:LPD:PR
- (Notice 2016–23)

.03 Submissions may also be sent electronically to the following e-mail address: Notice.Comments@irs.counsel.treas.gov. Please include “Notice 2016–23” in the subject line.

All comments will be available for public inspection and copying.

V. DRAFTING INFORMATION

The principal author of this notice is Joy E. Gerdy Zogby of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this notice contact Joy E. Gerdy Zogby on (202) 317-6834 (not a toll-free number).

2016 Calendar Year Resident Population Figures

Notice 2016–24

This notice advises State and local housing credit agencies that allocate low-income housing tax credits under § 42 of the Internal Revenue Code, and States and other issuers of tax-exempt private activ-

ity bonds under § 141, of the population figures to use in calculating: (1) the 2016 calendar year population-based component of the State housing credit ceiling (Credit Ceiling) under § 42(h)(3)(C)(ii); (2) the 2016 calendar year volume cap (Volume Cap) under § 146; and (3) the 2016 volume limit (Volume Limit) under § 142(k)(5).

Generally, § 146(j) requires determining the population figures for the population-based component of both the Credit Ceiling and the Volume Cap for any calendar year on the basis of the most recent census estimate of the resident population of a State (or issuing authority) released by the U.S. Census Bureau before the beginning of the calendar year. Similarly, § 142(k)(5) bases the Volume Limit on the State population.

Sections 42(h)(3)(H) and 146(d)(2) require adjusting for inflation the population-based component of the Credit Ceiling and the Volume Cap. The adjustments for the 2016 calendar year are in Rev. Proc. 2015-53, 2015-44 I.R.B. 615. Section 3.09 of Rev. Proc. 2015-53 provides that, for calendar year 2016, the amount for calculating the Credit Ceiling under § 42(h)(3)(C)(ii) is the greater of \$2.35 multiplied by the State population, or \$2,690,000. Further, section 3.20 of Rev. Proc. 2015-53 provides that the amount for calculating the Volume Cap under § 146(d)(1) for calendar year 2016 is the greater of \$100 multiplied by the State population, or \$302,875,000.

For the 50 states, the District of Columbia, and Puerto Rico, the population figures for calculating the Credit Ceiling, the Volume Cap, and the Volume Limit for the 2016 calendar year are the resident population estimates released electronically by the U.S. Census Bureau on December 22, 2015, and described in Press Release CB15-215. For American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands, the population figures for the 2016 calendar year are the 2015 midyear population figures in the U.S. Census Bureau's International Data Base (IDB). The U.S. Census Bureau electronically announced an update of the IDB on July 9, 2015, in Press Release CB15-TPS.53.

For convenience, these figures are reprinted below.

<i>Resident Population Figures</i>	
Alabama	4,858,979
Alaska	738,432
American Samoa	54,343
Arizona	6,828,065
Arkansas	2,978,204
California	39,144,818
Colorado	5,456,574
Connecticut	3,590,886
Delaware	945,934
District of Columbia	672,228
Florida	20,271,272
Georgia	10,214,860
Guam	161,785
Hawaii	1,431,603
Idaho	1,654,930
Illinois	12,859,995
Indiana	6,619,680
Iowa	3,123,899
Kansas	2,911,641
Kentucky	4,425,092
Louisiana	4,670,724
Maine	1,329,328
Maryland	6,006,401
Massachusetts	6,794,422
Michigan	9,922,576
Minnesota	5,489,594
Mississippi	2,992,333
Missouri	6,083,672
Montana	1,032,949
Nebraska	1,896,190
Nevada	2,890,845
New Hampshire	1,330,608
New Jersey	8,958,013
New Mexico	2,085,109
New York	19,795,791
North Carolina	10,042,802
North Dakota	756,927
Northern Mariana Islands	52,344
Ohio	11,613,423
Oklahoma	3,911,338
Oregon	4,028,977
Pennsylvania	12,802,503
Puerto Rico	3,474,182

<i>Resident Population Figures</i>	
Rhode Island	1,056,298
South Carolina	4,896,146
South Dakota	858,469
Tennessee	6,600,299
Texas	27,469,114
Utah	2,995,919
Vermont	626,042
Virginia	8,382,993
Virgin Islands, U.S.	103,574
Washington	7,170,351
West Virginia	1,844,128
Wisconsin	5,771,337
Wyoming	586,107

The principal authors of this notice are James A. Holmes, Office of the Associate Chief Counsel (Passthroughs and Special Industries), and Timothy L. Jones, Office of the Associate Chief Counsel (Financial Institutions and Products). For further information regarding this notice, please contact Mr. Holmes at (202) 317-4137 (not a toll-free number).

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

Notice 2016-25

This notice provides guidance on the corporate bond monthly yield curve, the corresponding spot segment rates used under § 417(e)(3), and the 24-month average segment rates under § 430(h)(2) of the Internal Revenue Code. In addition, this notice provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning before 2008 and the 30-year Treasury weighted average rate under § 431(c)(6)(E)(ii)(I).

YIELD CURVE AND SEGMENT RATES

Generally, except for certain plans under sections 104 and 105 of the Pension Protection Act of 2006 and CSEC plans

under § 414(y), § 430 of the Code specifies the minimum funding requirements that apply to single-employer plans pursuant to § 412. Section 430(h)(2) specifies the interest rates that must be used to determine a plan's target normal cost and funding target. Under this provision, present value is generally determined using three 24-month average interest rates ("segment rates"), each of which applies to cash flows during specified periods. To the extent provided under § 430(h)(2)(C)(iv), these segment rates are adjusted by the applicable percentage of the 25-year average segment rates for the period ending September 30 of the year preceding the calendar year in which the plan year begins.¹ However, an election may be made under

§ 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates.

Notice 2007-81, 2007-44 I.R.B. 899, provides guidelines for determining the monthly corporate bond yield curve, and the 24-month average corporate bond segment rates used to compute the target normal cost and the funding target. Consistent with the methodology specified in Notice 2007-81, the monthly corporate bond yield curve derived from February 2016 data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of February 2016 are, respectively, 1.71, 3.98, and 5.03.

The 24-month average segment rates determined under § 430(h)(2)(C)(i) through (iii) must be adjusted pursuant to § 430(h)(2)(C)(iv) to be within the appli-

cable minimum and maximum percentages of the corresponding 25-year average segment rates. For plan years beginning before 2018, the applicable minimum percentage is 90% and the applicable maximum percentage is 110%. The 25-year average segment rates for plan years beginning in 2014, 2015, and 2016 were published in Notice 2013-58, 2013-40 I.R.B. 294, Notice 2014-50, 2014-40 I.R.B. 590, and Notice 2015-61, 2015-39 I.R.B. 408, respectively.

24-MONTH AVERAGE CORPORATE BOND SEGMENT RATES

The three 24-month average corporate bond segment rates applicable for March 2016 without adjustment for the 25-year average segment rate limits are as follows:

Applicable Month	First Segment	Second Segment	Third Segment
March 2016	1.46	3.93	4.94

Based on § 430(h)(2)(C)(iv), the 24-month averages applicable for March

2016 adjusted to be within the applicable minimum and maximum percentages of

the corresponding 25-year average segment rates, are as follows:

For Plan Years Beginning In	Adjusted 24-Month Average Segment Rates				
	Applicable Month		First Segment	Second Segment	Third Segment
2015	March	2016	4.72	6.11	6.81
2016	March	2016	4.43	5.91	6.65

30-YEAR TREASURY SECURITIES INTEREST RATES

Generally for plan years beginning after 2007, § 431 specifies the minimum funding requirements that apply to multiemployer plans pursuant to § 412. Section 431(c)(6)(B) specifies a minimum amount for the full-funding limitation described in § 431(c)(6)(A), based on the plan's current liability. Section 431(c)(6)(E)(ii)(I) provides that the interest rate used to calculate current liability

for this purpose must be no more than 5 percent above and no more than 10 percent below the weighted average of the rates of interest on 30-year Treasury securities during the four-year period ending on the last day before the beginning of the plan year. Notice 88-73, 1988-2 C.B. 383, provides guidelines for determining the weighted average interest rate. The rate of interest on 30-year Treasury securities for February 2016 is 2.62 percent. The Service determined this rate as the average of the daily determinations of

yield on the 30-year Treasury bond maturing in November 2045 determined each day through February 10, 2016 and the yield on the 30-year Treasury bond maturing in February 2046 determined each day for the balance of the month. For plan years beginning in the month shown below, the weighted average of the rates of interest on 30-year Treasury securities and the permissible range of rate used to calculate current liability are as follows:

¹Pursuant to § 433(h)(3)(A), the 3rd segment rate determined under § 430(h)(2)(C) is used to determine the current liability of a CSEC plan (which is used to calculate the minimum amount of the full funding limitation under § 433(c)(7)(C)).

For Plan Years Beginning in		30-Year Treasury Weighted Average	Permissible Range		
<i>Month</i>	<i>Year</i>		90%	to	105%
March	2016	3.10	2.79		3.25

**MINIMUM PRESENT VALUE
SEGMENT RATES**

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

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

ment rates determined for February 2016 are as follows:

First Segment	Second Segment	Third Segment
1.71	3.98	5.03

DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities). However, other personnel from the IRS participated in the development of this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-6700 or Tony Montanaro at 202-317-8698 (not toll-free numbers).

Table I
 Monthly Yield Curve for February 2016
 Derived from February 2016 Data

<i>Maturity</i>	<i>Yield</i>								
0.5	0.71	20.5	4.77	40.5	5.06	60.5	5.17	80.5	5.22
1.0	1.09	21.0	4.78	41.0	5.07	61.0	5.17	81.0	5.23
1.5	1.41	21.5	4.79	41.5	5.07	61.5	5.17	81.5	5.23
2.0	1.65	22.0	4.81	42.0	5.07	62.0	5.18	82.0	5.23
2.5	1.82	22.5	4.82	42.5	5.08	62.5	5.18	82.5	5.23
3.0	1.92	23.0	4.83	43.0	5.08	63.0	5.18	83.0	5.23
3.5	2.00	23.5	4.84	43.5	5.08	63.5	5.18	83.5	5.23
4.0	2.08	24.0	4.85	44.0	5.09	64.0	5.18	84.0	5.23
4.5	2.17	24.5	4.86	44.5	5.09	64.5	5.18	84.5	5.23
5.0	2.28	25.0	4.86	45.0	5.09	65.0	5.18	85.0	5.23
5.5	2.40	25.5	4.87	45.5	5.10	65.5	5.19	85.5	5.23
6.0	2.54	26.0	4.88	46.0	5.10	66.0	5.19	86.0	5.23
6.5	2.69	26.5	4.89	46.5	5.10	66.5	5.19	86.5	5.24
7.0	2.84	27.0	4.90	47.0	5.11	67.0	5.19	87.0	5.24
7.5	3.00	27.5	4.91	47.5	5.11	67.5	5.19	87.5	5.24
8.0	3.15	28.0	4.92	48.0	5.11	68.0	5.19	88.0	5.24
8.5	3.30	28.5	4.92	48.5	5.12	68.5	5.20	88.5	5.24
9.0	3.45	29.0	4.93	49.0	5.12	69.0	5.20	89.0	5.24
9.5	3.58	29.5	4.94	49.5	5.12	69.5	5.20	89.5	5.24
10.0	3.71	30.0	4.95	50.0	5.12	70.0	5.20	90.0	5.24
10.5	3.83	30.5	4.95	50.5	5.13	70.5	5.20	90.5	5.24
11.0	3.94	31.0	4.96	51.0	5.13	71.0	5.20	91.0	5.24
11.5	4.04	31.5	4.97	51.5	5.13	71.5	5.20	91.5	5.24
12.0	4.13	32.0	4.97	52.0	5.13	72.0	5.20	92.0	5.24
12.5	4.22	32.5	4.98	52.5	5.14	72.5	5.21	92.5	5.25
13.0	4.29	33.0	4.99	53.0	5.14	73.0	5.21	93.0	5.25
13.5	4.35	33.5	4.99	53.5	5.14	73.5	5.21	93.5	5.25
14.0	4.41	34.0	5.00	54.0	5.14	74.0	5.21	94.0	5.25
14.5	4.46	34.5	5.00	54.5	5.15	74.5	5.21	94.5	5.25
15.0	4.51	35.0	5.01	55.0	5.15	75.0	5.21	95.0	5.25
15.5	4.55	35.5	5.02	55.5	5.15	75.5	5.21	95.5	5.25
16.0	4.58	36.0	5.02	56.0	5.15	76.0	5.21	96.0	5.25
16.5	4.61	36.5	5.03	56.5	5.15	76.5	5.22	96.5	5.25
17.0	4.64	37.0	5.03	57.0	5.16	77.0	5.22	97.0	5.25
17.5	4.66	37.5	5.04	57.5	5.16	77.5	5.22	97.5	5.25
18.0	4.69	38.0	5.04	58.0	5.16	78.0	5.22	98.0	5.25
18.5	4.71	38.5	5.04	58.5	5.16	78.5	5.22	98.5	5.25
19.0	4.72	39.0	5.05	59.0	5.16	79.0	5.22	99.0	5.25
19.5	4.74	39.5	5.05	59.5	5.17	79.5	5.22	99.5	5.26
20.0	4.76	40.0	5.06	60.0	5.17	80.0	5.22	100.0	5.26

Rev. Proc. 2016–19

SECTION 1. PURPOSE

This revenue procedure describes procedures for taxpayers and other entities under the jurisdiction of the Large Business and International (LB&I), Small Business and Self Employed (SB/SE), and Tax Exempt and Government Entities (TE/GE) Operating Divisions to submit issues for consideration under the Internal Revenue Service's Industry Issue Resolution (IIR) Program. The objective of the IIR Program is to identify and resolve frequently disputed or burdensome tax issues that are common to a significant number of entities. Resolving issues through pre-filing guidance rather than post-filing examination is a goal of the Internal Revenue Service (IRS) and the Office of Chief Counsel.

SECTION 2. BACKGROUND

.01. In Notice 2000–65, 2000–2 C.B. 599, the IRS announced the Industry Issue Resolution Pilot Program. The objective of the pilot program was to establish a procedure to address through pre-filing guidance rather than post-filing examination frequently disputed tax issues that are common to a significant number of large or mid-size business taxpayers. After evaluating the success of the pilot program, the IRS announced in Notice 2002–20, 2002–1 C.B. 732, that the IIR Program would be made permanent. In addition, Notice 2002–20 expanded the IIR Program to address issues common to small businesses, as well as large and mid-size businesses, and to address opportunities to reduce burden for all business taxpayers.

.02. Revenue Procedure 2003–36, 2003–1 C.B. 859, superseded Notice 2002–20 and revised procedures for business taxpayers, industry associations, and other interested parties to allow issues to be submitted at any time for consideration under the IIR Program. Revenue Procedure 2003–36 limited IIR Program submissions to taxpayers under the jurisdiction of the LB&I (formerly Large and Mid-Size Business) and SB/SE Operating Divisions.

.03. This revenue procedure supersedes Revenue Procedure 2003–36, 2003–1 C.B. 859. It expands the availability of the IIR Program to issues with respect to en-

ties under the jurisdiction of the TE/GE Operating Division, and updates, revises, and clarifies the procedures.

SECTION 3. SCOPE

.01. *Issues appropriate for the program.*

The types of issues most appropriate for consideration under the IIR Program will have two or more of the following characteristics:

- (1) The proper tax treatment of a common factual situation is uncertain;
- (2) The uncertainty results in frequent, and often repetitive, examinations of the same issue;
- (3) Frequent, and often repetitive, examinations require significant resources from both the IRS and impacted entities;
- (4) The issue is significant and impacts a large number of entities;
- (5) The issue requires extensive factual development; and
- (6) Collaboration would facilitate proper resolution of the tax issues by promoting an understanding of entities' views and business practices.

.02. *Additional criteria for accountable plans.*

Notice 2005–59, 2005–2 C.B. 443, provides additional criteria for evaluating proposed IIR Program issues for accountable plans and is incorporated by reference into this revenue procedure. With respect to IIR Program issues for accountable plans, the criteria set forth in Notice 2005–59 apply in addition to the requirements set forth in this revenue procedure.

.03. *Issues not appropriate for the program.*

The following types of issues are generally not appropriate for consideration under the IIR Program:

- (1) Issues unique to one or a small number of entities;
- (2) Issues not under the jurisdiction of the LB&I, SB/SE, or TE/GE Operating Divisions;
- (3) Issues involving transactions that lack a bona fide business purpose, or transactions with a significant pur-

- pose of improperly reducing or avoiding federal taxes; and
- (4) Issues involving transfer pricing or international tax treaties.

.04. *Requesters.*

In general, a requester should be an organization or a group of entities that represents a significant number and cross section of the entities with the particular tax issue or issues. For example, a retail industry group that represents large, nationwide retailers as well as independent retailers might request pre-filing guidance through the IIR Program on a section 263(a) capitalization issue common to all member retailers.

SECTION 4. SELECTION PROCESS

.01. A requester may submit an IIR Program request at any time during the calendar year.

.02. An IRS representative will notify the requester when the IRS decides to select or reject an IIR Program request.

.03. The IRS will make public, at least annually, all IIR Program requests received and those selected. The announcement will include the name of an IRS official to contact for information regarding the selected IIR Program requests.

SECTION 5. GUIDANCE FOR SELECTED IIR PROGRAM REQUESTS

Selected IIR Program requests may result in published guidance, such as a regulation, revenue ruling, revenue procedure, or notice. Alternatively, selected requests may result in new or revised administrative procedures such as an LB&I Operating Division directive or a revision to an Internal Revenue Manual provision. In some situations, the guidance may require taxpayers to file a request for a change in method of accounting before changing the manner in which they treat an issue.

SECTION 6. ADDITIONAL INFORMATION ABOUT THE IIR PROGRAM

.01. *IIR team.*

If an IIR Program request is selected, the IRS will establish a team (IIR team) to

analyze the issues and develop the appropriate guidance. IIR team members will include appropriate personnel from the requester and from the IRS. IRS team members may be drawn from the LB&I, SB/SE, or TE/GE Operating Divisions, as well as Appeals, the Office of Chief Counsel, and the Treasury Department. An issue may not be selected for the IIR Program if the requester does not provide appropriate personnel to participate as IIR team members.

.02. Expectations regarding information and meetings.

Consideration of an IIR Program request is intended to be a collaborative effort that fosters constructive dialogue in an attempt to address issues in a manner that enhances good tax administration. This collaboration requires open and transparent discussion of the concerns and goals of all IIR team members. Resolution of an IIR Program request will require multiple and timely exchanges of information, which may include books and records of specific taxpayers, and meetings. However, because these activities are not undertaken for the purpose of examination or inspection within the meaning of section 7605(b), information provided in the context of the IIR Program will not constitute information furnished as part of an examination or inspection within the meaning of section 7605(b).

.03. Disclosure of information.

IIR Program requests and any additional information provided by a requestor in connection with a request are subject to the Freedom of Information Act. All submissions under the IIR Program will be made available for public inspection and copying. Submissions, therefore, should not include confidential or taxpayer specific information that is not intended to be disclosed.

SECTION 7. SUBMITTING IIR REQUESTS

.01. No required format.

An IIR Program request is not required to be submitted in a particular format. The submission should, however, include an issue statement, a description of why the

issue is appropriate for the IIR Program, an explanation of the need for guidance, an estimate of the number of entities affected by the issue, a description of how the requester relates to those entities, and the name and telephone number of an individual to contact if additional information is needed. The submission may also include a recommendation as to how the issue may be resolved.

.02. Where to submit IIR requests.

Interested parties should submit IIR requests by e-mail to *IIR@IRS.GOV*.

SECTION 8. EFFECT ON OTHER DOCUMENTS

This revenue procedure supersedes Rev. Proc. 2003-36.

SECTION 9. EFFECTIVE DATE

This revenue procedure is effective April 25, 2016.

SECTION 10. 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 1545-1837.

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 and 7. This information is required to submit a request for the IRS to consider an issue under the IIR Program and to consider an issue that has been selected for resolution under the IIR Program. This information will be used to enable the IRS to determine whether the issue is suitable for resolution under the IIR Program and for resolution of selected issues. The collections of information are voluntary to obtain a benefit. The likely respondents are business or other for-profit institutions, exempt organizations, employee plans, and government entities.

The estimated total annual reporting burden is 2,000 hours.

The estimated annual burden per respondent varies from 4 hours to 200 hours, depending on individual circumstances, with an estimated average of 40 hours. The estimated number of respondents is 50.

The estimated annual frequency of responses is on occasion.

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

SECTION 11. CONTACT INFORMATION

The principal author of this revenue procedure is Sarah McLemore of the Office of Associate Chief Counsel (Procedure and Administration). Ms. McLemore may be contacted at 202-317-6844 (not a toll free number). For information regarding the IIR Program, please contact the IIR Senior Program Analyst by email at *IIR@IRS.GOV*. Questions will be routed to the appropriate Operating Division for response.

Note. This revenue procedure will be reproduced as the next revision of IRS Publication 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c.

26 CFR 601.602: Tax forms and instructions.

(Also Part I, Sections 6041, 6051, 6071, 6081, 6091; 1.6041-1, 1.6041-2, 31.6051-1, 31.6051-2, 31.6071(a)-1, 31.6081(a)-1, 31.6091-1.)

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Section 1.1 – Purpose

.01 The purpose of this revenue procedure is to state the requirements of the Internal Revenue Service (IRS) and the Social Security Administration (SSA) regarding the preparation and use of substitute forms for Form W-2c, Corrected Wage and Tax Statement, and Form W-3c, Transmittal of Corrected Wage and Tax Statements.

.02 The official IRS Form W-2c is a six-part form and the official IRS Form W-3c is a one-part form. Red-ink substitute forms that completely conform to the specifications contained in this document may be privately printed without the prior approval of the IRS or the SSA. Only the substitute black-and-white Form (Copy A) and substitute black-and-white W-3c forms need to be submitted to the SSA for approval.

Note. Both paper substitute forms filed with the SSA, and those furnished to employees, that do not totally conform to these specifications are not acceptable. Forms W-2c (Copy A) and Forms W-3c that do not conform may be returned. In addition, penalties may be assessed by the IRS.

.03 Substitute red-ink forms should not be submitted to either the IRS or the SSA for specific approval. If you are uncertain of any specification and want clarification, do the following.

1. Submit a letter to the appropriate address below citing the specification.
2. State your understanding of the specification; enclose an example.
3. Be sure to include your name, complete address, phone number, and, if applicable, your email address with your correspondence.

.04 Any questions about the red-ink Form W-2c (Copy A) and Form W-3c, should be emailed to substituteforms@irs.gov. Please enter “Substitute Forms” on the subject line. Or send your questions to:

Internal Revenue Service
Attn: Substitute Forms Program
SE:W:CAR:MP:P:TP
5000 Ellin Road, C6-440
Lanham, MD 20706

Any questions about the substitute black-and-white Form W-2c (Copy A) and W-3c should be emailed to copy.a.forms@ssa.gov or sent to:

Social Security Administration
Direct Operations Center
Attn: Substitute Black-and-White Copy A Forms, Room 341
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997

Do not mail **completed** Forms W-2c (Copy A) to the Substitute Black-and-White Copy A Forms address. Submitters should use the address shown on the Form W-3c.

Note. You should receive a response from either the IRS or the SSA within 30 days.

.05 Some Forms W-2c that include logos, slogans, and advertisements (including advertisements for tax preparation software) may be confused with questionable Forms W-2c. An employee may not recognize the importance of the employee copy for tax reporting purposes due to the use of logos, slogans, and advertisements. Thus, the IRS has determined that logos, slogans, and advertising will not be allowed on Copy A of Forms W-2c, Forms W-3c, or any employee copies reporting wages paid during the 2014 calendar year, and thereafter, with the following exceptions for the employee copies:

- Forms may include the exact name of the employer or agent, primary trade name, trademark, service mark, or symbol of the employer or agent.
- Presentation may be in any typeface, font, stylized fashion, or print color normally used by the employer or agent; and used in a non-intrusive manner.
- These items do not materially interfere with the ability of the recipient to recognize, understand, and use the tax information on the employee copies.
- Corrected information on information returns and employee copies that was shown on Forms W-2c for amounts paid before January 1, 2014.

The IRS e-file logo on the IRS official employee copies may be included, but it is not required, on any of the substitute form copies.

The information return and employee copies must clearly identify the employer's name associated with its employer identification number.

Forms W-2c and W-3c are subject to annual review and possible change. If you have comments about the prohibition against including slogans, advertising, and logos on information returns and employee copies, email or send your comments to: substituteforms@irs.gov or Internal Revenue Service, Attn: Substitute Forms Program, SE:W:CAR:MP:P:TP, 5000 Ellin Road, C6-440, Lanham, MD 20706.

.06 The Internal Revenue Service/Information Returns Branch (IRS/IRB) maintains a centralized customer service call site to answer questions related to information returns (Forms W-2, W-3, W-2c, W-3c, 1099 series, 1096, etc.). You can call at 1-866-455-7438 (toll-free) or 304-263-8700 (not a toll-free number). The Telecommunication Device for the Deaf (TDD) number is 304-579-4827 (not a toll-free number). You may also send questions via email at mccirp@irs.gov.

IRS/IRB does not process information returns which are filed on paper forms. IRS/IRB does not process Forms W-2c (Copy A). Forms W-2c (Copy A) prepared on paper or electronically must be filed with the SSA.

Do not submit employee information via email, because electronic mail may not be secure and the employee's information may be compromised.

.07 The following form instructions and publications provide more detailed filing procedures for certain information returns.

- General Instructions for Forms W-2 and W-3 (Including Forms W-2AS, W-2cM, W-2GU, W-2VI, W-3SS, W-2c, and W-3c).
- Publication 1141, General Rules and Specifications for Substitute Forms W-2 and W-3.

Section 1.2 – What's New

.01 The following changes have been made to Publication 1223. The major changes include the following.

- **Form W-3c—Kind of Payer.** The far right box in the top row of boxes was changed to "944."
- **Form W-3c—Bold font.** The text in the box under box d changed to bold font.
- **Form W-3c—Box h.** The text in box h was changed to "Employer's **originally reported** Federal EIN."
- **Form W-3c—W-2c Online.** Under E-filing, "W-2 Online" was changed to "W-2c Online."
- **SSA address change.** Inquiries about the substitute black-and-white Form W-2c Copy A and substitute black-and-white Form W-3c, should be sent to the SSA at: Social Security Administration Direct Operations Center, Attn: Substitute Black-and-White Copy A Forms, Room 341, 1150 E. Mountain Drive, Wilkes-Barre, PA 18702-7997.
- **Editorial changes.** We made editorial changes. Redundancies were eliminated as much as possible.

Section 1.3 – Filing Forms W-2c and W-3c Electronically

.01 Employers must file electronically with the SSA if they file 250 or more Forms W-2c (Copy A) during a calendar year unless the IRS granted you a waiver. For details, see the General Instructions for Forms W-2 and W-3 (Including Forms W-2AS, W-2cM, W-2GU, W-2VI, W-3SS, W-2c, and W-3c). SSA publication EFW2C, Specifications for Filing Forms W-2c Electronically, contains specifications and procedures for filing Forms W-2c. Employers are cautioned to obtain the most recent revision of EFW2C (and supplements) due to any subsequent changes in specifications and procedures.

Note. For purposes of the electronic filing requirement, the 250 form threshold applies separately to both original and corrected forms. For example, if an employer files 800 Forms W-2 and later files 70 Forms W-2c, the Forms W-2c may be filed on paper since they fall under the 250 threshold.

.02 You may obtain a copy of the EFW2C by:

- Accessing the SSA website at www.socialsecurity.gov/employer.

.03 Electronic filers do not file a paper Form W-3c. SSA creates this for you when Forms W-2c are submitted electronically. See the SSA publication EFW2 for guidance on transmitting Form W-2c (Copy A) information to the SSA electronically.

.04 Employers with fewer than 250 Forms W-2 to be corrected are encouraged to electronically file Forms W-2c (Copy A) with the SSA. Doing so will enhance the timeliness and accuracy of forms processing.

.05 Employers who do not comply with the electronic filing requirements for Form W-2c (Copy A) and who are not granted a waiver by the IRS may be subject to penalties. Employers who file Form W-2c information with the SSA electronically must not send the same data to the SSA on paper Forms W-2c (Copy A). Any duplicate reporting may subject filers to unnecessary contacts by the SSA or the IRS.

Section 1.4—Specifications for Red-Ink Substitute Forms W-2c (Copy A) and W-3c Filed With the SSA

.01 The official IRS-printed red dropout ink Form W-2c (Copy A) and W-3c and their exact substitutes are referred to as red-ink in this revenue procedure. Employers may file substitute Forms W-2c (Copy A) and W-3c with the SSA. The substitute forms must be exact replicas of the official IRS forms with respect to layout and content because they will be read by scanner equipment. Even the slightest deviation can result in incorrect scanning, and may affect money amounts reported for employees.

.02 Color and paper quality for Form W-2c (Copy A) (cut sheets and continuous pin-fed forms) and Form W-3c, as specified by JCP Code 0-25 dated November 29, 1978, must be white 100% bleached chemical wood, optical character recognition (OCR) bond. The contractor must initiate or have a quality control program to assure OCR ink density.

Acidity: Ph value, average, not less than	4.5
Basis weight: 17 x 22 inches 500 cut sheets, pound	18-20
Metric equivalent—gm./sq. meter (a tolerance of +5 pct. is allowed)	68-75
Stiffness: Average, each direction, not less than—milligrams Cross direction	50-80
Machine direction	
Tearing strength: Average, each direction, not less than—grams	40
Opacity: Average, not less than—percent	82
Reflectivity: Average, not less than—percent	68
Thickness: Average—inch	0.0038
Metric equivalent—mm. (a tolerance of +0.0005 inch (0.0127 mm) is allowed) Paper cannot vary more than 0.0004 inch (0.0102 mm) from one edge to the other	0.097
Porosity: Average, not less than—seconds	10
Finish (smoothness): Average, each side—seconds	20-55
(For information only) the Sheffield equivalent—units	170-d200
Dirt: Average, each side, not to exceed—parts per million	8

Note. Reclaimed fiber in any percentage is permitted, provided the requirements of this standard are met.

.03 All printing of substitute Forms W-2c (Copy A) and W-3c must be in Flint red OCR dropout ink except as specified below. The following must be printed in nonreflective black ink:

- Identifying number “44444” or “55555” at the top of the forms.
- The four (4) corner register marks on the forms.
- The form identification number (“W-3c”) at the bottom of Form W-3c.
- All the instructions below Form W-3c beginning with “Purpose of Form” to the end of Form W-3c.

.04 The vertical and horizontal spacing on Forms W-2c and W-3c must meet specifications. See Exhibits A and B.

- On Form W-3c and Form W-2c (Copy A), all the perimeter rules must be 1-point (0.014-inch), while all other rules must be one-half point (0.007-inch). Vertical rules must be parallel to the left edge of the form; horizontal rules parallel to the top edge.
- The left and top margins on Form W-2c (Copy A) and Form W-3c must be 0.50 inches. The width of a substitute Form W-2c (Copy A) or W-3c must be 7.50 inches. See Exhibits A and B.
- The first three columns on Form W-2c (Copy A) and Form W-3c must measure 1.90 inches in width.
- The last column on Form W-2c (Copy A) and Form W-3c must measure 1.80 inches in width.

.05 The official red-ink Form W-3c and Form W-2c (Copy A) are 7.50 inches wide. Employers filing Forms W-2c (Copy A) with the SSA on paper must also file a Form W-3c. One Form W-2c (Copy A) or Form W-3c is contained on a standard-size, 8.5 x 11-inch page.

.06 The top, left, and right margins for the Form W-2c (Copy A) and Form W-3c are 0.50 inches (½ inch). All margins must be free of printing except for the words “DO NOT CUT, FOLD, OR STAPLE THIS FORM” on red-ink Form W-2c (Copy A) and on red-ink Form W-3c.

.07 The identifying numbers are “44444” for Form W-2c and “55555” for Form W-3c. No printing should appear anywhere near the identifying numbers.

Note. The identifying number must be printed in nonreflective black ink in OCR-A font of 10 characters per inch.

.08 Continuous pin-fed Forms W-2c (Copy A) must be separated into 11-inch deep pages. The pin-fed strips must be removed when Forms W-2c (Copy A) are filed with the SSA.

.09 Box 12 of Form W-2c (Copy A) contains four entry boxes—12a, 12b, 12c, and 12d. Do not make more than one entry per box. Enter your first code in box 12a (for example, enter Code D in box 12a, not 12d, if it is your first entry). If more than four items need to be reported in box 12, use a second Form W-2c to report the additional items. Do not report the same federal tax data to the SSA on more than one Form W-2c (Copy A). However, repeat the identifying information (employee’s name, address, and SSN; employer’s name, address, and EIN) on each additional form.

.10 The checkboxes in box 13 of Form W-2c (Copy A) must be 0.14 inches each; there must be 0.20 inches to the first checkbox each; the space between the first checkbox and second checkbox should be 0.36 inches each; the space between the second and third checkboxes should be 0.44 inches each; and the space between the third checkbox to the margin of box 13 should be 0.48 inches. The checkboxes in box c of Form W-3c must also be 0.14 inches.

Note. More than 50% of an applicable checkbox must be covered by an “X.”

.11 All substitute Forms W-2c (Copy A) and W-3c in the red-ink format must have the form number and form title printed on the bottom face of each form using type identical or a close approximation to that of the official IRS form. The red-ink substitute must have the form producer’s (not the form filer’s) EIN entered in red in place of the Cat. No. (directly to the left of “Department of the Treasury” on Form W-2c (Copy A) and at the bottom on Form W-3c).

.12 The words “For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.” must be printed on all Forms W-2c (Copy A) and Forms W-3c.

.13 The Office of Management and Budget (OMB) Number must be printed on substitute Forms W-3c and W-2c (Copy A) (on each ply) in the same location as on the official IRS forms.

.14 All substitute Forms W-3c must include the instructions that are printed on the same sheet below the official IRS form.

.15 The appropriate SSA addresses must be printed on the front of Form W-3c below the body of the form.

If you use the U.S. Postal Service, the address is:

Social Security Administration
Direct Operations Center
P.O. Box 3333
Wilkes-Barre, PA 18767-3333

If you use a carrier other than the U.S. Postal Service, the address is:

Social Security Administration
Direct Operations Center
Attn: W-2c Process
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997

.16 The back of substitute Form W-2c (Copy A) and Form W-3c must be free of all printing.

.17 All copies must be clearly legible. Fading must be minimized to assure legibility.

.18 Chemical transfer paper is permitted for Form W-2c (Copy A) only if the following standards are met:

- Only chemically-backed paper is acceptable for Form W-2c (Copy A). Front and back chemically-treated paper cannot be processed properly by scanning equipment.
- Chemically-transferred images must be black.
- Carbon-coated forms are not permitted.

.19 The Government Printing Office (GPO) symbol and the Catalog Number (Cat. No.) must be deleted from substitute Form W-2c (Copy A) and Form W-3c.

.20 The sequence for assembling the copies of Form W-2c is as follows.

- Copy A—For Social Security Administration
- Copy 1—State, City, or Local Tax Department
- Copy B—To Be Filed with Employee's FEDERAL Tax Return
- Copy C—For EMPLOYEE's RECORDS
- Copy 2—To Be Filed with Employee's State, City, or Local Income Tax Return
- Copy D—For Employer

Section 1.5—Specifications for Substitute Black-and-White Forms W-2c (Copy A) and W-3c Filed With the SSA

.01 The SSA-approved substitute black-and-white Forms W-2c (Copy A) and W-3c are referred to as substitute black-and-white Form W-2c (Copy A) and W-3c. Specifications for the substitute black-and-white Form W-2c (Copy A) and W-3c are similar to the red-ink forms (Section 4) except for the items that follow (see Exhibits C and D). You may contact the SSA via email at copy.a.forms@ssa.gov for more information.

Note. Exhibits are samples only and must not be downloaded to meet tax obligations.

1. Forms must be printed on 8.5 x 11-inch single-sheet paper only, not on continuous pin-fed paper. There must be one Form W-2c (Copy A) or W-3c printed on a page.
2. All forms and data must be printed in nonreflective black ink only.
3. The data and forms must be programmed to print simultaneously. Forms cannot be produced separately from wage data entries.
4. The forms must not contain corner register marks.
5. The forms must not contain any shaded areas including those boxes that are entirely shaded on the red-ink forms.

6. Identifying numbers on both Form W-2c (Copy A) (“44444”) and Form W-3c (“55555”) must be preprinted in 14-point Arial bold font or a close approximation.
7. The form numbers (“W-2c” and “W-3c”) must be in 18-point Arial font or a close approximation.
8. No part of the box titles or the data printed on the forms may touch any of the vertical or horizontal lines, nor should any of the data intermingle with the box titles. The data should be centered in the boxes.
9. Do not print any information in the margins of the black-and-white forms (for example, do not print “DO NOT CUT, FOLD, OR STAPLE” in the top margin of Form W-3c).
10. The word “Code” must not appear in box 12 on Form W-2c (Copy A).
11. A 4-digit vendor code (not filer code) preceded by four zeros and a slash (for example, 0000/9876) must appear in 12-point Arial font, or a close approximation, in place of the Cat. No. to the left of “Department of the Treasury” on Form W-2c (Copy A) and in the bottom right corner of Form W-3c.

Note. Do not display the form producer’s EIN. The vendor code will be used to identify the form producer.

12. Do not print Catalog Numbers (Cat. No.) on either Form W-2c (Copy A) or Form W-3c.
13. Do not print dollar signs. If there are no money amounts being reported, the entire field should be left blank.

.02 The dimensions for the substitute black-and-white Forms W-2c (Copy A) and W-3c are as follows. See Exhibits C and D.

1. The left and top margins on Form W-2c (Copy A) and Form W-3c must measure $\frac{1}{2}$ (0.50) inch.
2. The distance from the top line of Form W-3c to the bottom line of the form must measure $7\frac{3}{16}$ (7.19) inches.
3. The distance from the top line of Form W-2c (Copy A) to the bottom line of the form must measure $9\frac{1}{3}$ (9.33) inches.
4. Each box on Form W-2c (Copy A) and Form W-3c must measure $\frac{1}{3}$ (0.33) inch in height.
5. Box b on Form W-3c must measure one (1.00) inch in height.
6. Box a on Form W-2c (Copy A) must measure $1\frac{1}{3}$ (1.33) inches in height and box 14 must measure $\frac{5}{6}$ (0.83) inch in height.
7. The first three columns on the right of Form W-2c (Copy A) and Form W-3c must measure $1\frac{9}{10}$ (1.90) inches in width.
8. The last column on the right of Form W-2c (Copy A) and Form W-3c must measure $1\frac{8}{10}$ (1.80) inches in width.
9. The “Explain decreases here” box must measure $\frac{1}{3}$ (0.33) inch and the “Signature” box on Form W-3c must measure $\frac{1}{2}$ (0.50) inch in height.

.03 You must submit samples of your black-and-white substitute forms to the SSA. Only black-and-white substitute Forms W-2c (Copy A) and W-3c will be accepted for approval by the SSA. Questions regarding other forms (that is, red-ink Forms W-2, W-2c, W-3, W-3c, 1099 series, 1096, etc.) must be directed to the IRS. Also, see IRS Publications 1141 and 1179.

.04 You will be required to send one set of blank and one set of dummy-data substitute black-and-white Form W-2c (Copy A) and W-3c for approval. Sample data entries should be filled in to the maximum length for each box entry, preferably using numeric data or alpha data, depending upon the type required to be entered. Include in your submission the name, telephone number, fax number, and email address of a contact person who can answer questions regarding your sample forms.

.05 To receive approval, you may first contact the SSA at copy.a.forms@ssa.gov to obtain a template and further instructions in **PDF** format. Do not mail **completed** Forms W-2c (Copy A) and W-3c to the Substitute Black-and-White Forms (Copy A) address. Submitters should use the address shown on the Form W-3c. You may also send your sample substitute black-and-white forms to:

Social Security Administration
Direct Operations Center
Attn: Substitute Black-and-White Copy A Forms, Room 341
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997

Send your sample forms via private mail carrier or certified mail in order to verify their receipt. You may send your sample forms via electronic mail to copy.a.forms@ssa.gov.

.06 The 4-digit vendor code preceded by four zeros and a slash (0000/9876) must be preprinted on the sample black-and-white substitute forms. Forms not containing a vendor code will be rejected and will not be submitted for testing or approval. If you have a valid vendor code provided to you through the National Association of Computerized Tax Processors, you should use that code. If you do not have a valid vendor code, contact the SSA at copy.a.forms@ssa.gov to obtain an SSA-issued code. (Additional information on vendor codes may be obtained from the SSA or the National Association of Computerized Tax Processors via email at <http://nactp.org/>.)

Note. Vendor codes are only required by those companies producing the W-2 family of forms as part of a product for resale to be used by multiple employers and payroll professionals. Employers developing Forms W-2c or W-3c to be used only for their individual company do not require a vendor code.

.07 If you use forms produced by a vendor and have questions concerning approval, do not send the forms to the SSA for approval. Instead, you may contact the software vendor to obtain a copy of SSA's dated approval notice supplied to that vendor.

Section 1.6—Requirements for Substitute Privately-Printed Forms W-2c (Copies B, C, and 2) Furnished to Employees

.01 All employers (including those who file electronically) must furnish employees with at least two copies of Form W-2c (three or more for employees required to file a state, city, or local income tax return). Employee copies do not require approval as long as these requirements are followed.

Note. Although substitute Copy 1 of Form W-2c can be printed in black instead of the red dropout ink, it should conform as closely as possible to Copy A of the official IRS form in content, format, and layout in order to satisfy state and local reporting requirements.

.02 Chemical transfer paper for employee copies must be clearly legible, have the capability to be photocopied, and not fade to such a degree as to preclude legibility and the ability to photocopy.

.03 The paper for all copies must be white and printed in black ink. The substitute Copy B (or its equal), which employees are instructed to attach to their federal income tax returns, as well as all other copies furnished to employees, must be 17 x 22 inches - 500 cut sheets, as described in Section 1.4.02. Additional information on trim size and margins can also be found in this section.

.04 Type must be substantially identical in size and shape to that on the official form.

.05 Substitute forms for employees need to contain only the payment boxes and captions that are applicable. These boxes, box numbers, and box titles must, when applicable, match the IRS-printed form. In all cases, the employee name, address, and SSN, as well as the employer name, address, and EIN, must be present.

.06 The dimensions of the boxes on these copies (Copies B, C, and 2), but not Copy A, may be adjusted to allow space for conveying additional information. This may permit the employer to eliminate other statements or notices that would otherwise be furnished to employees.

.07 The maximum allowable dimensions for employee copies of Form W-2c are no more than 11.00 inches deep by 8.50 inches wide. The minimum allowable dimensions for employee copies of Form W-2c are 2.67 inches deep by 4.25 inches wide.

Note. These maximum and minimum size specifications are subject to future change.

.08 Either horizontal or vertical format is permitted for substitute employee copies of Forms W-2c. That is, the width of the form may be either greater or less than the depth of the form.

.09 All copies of Form W-2c must clearly and prominently display the form number and the form title together in one area of the form. It is recommended (but not required) that this be located on the bottom left of Form W-2c. The reference to the “Department of the Treasury–Internal Revenue Service” must be on all copies of Form W-2c. It is recommended (but not required) that this be located on the bottom right of Form W-2c.

.10 If the substitute Forms W-2c are not labeled as to the disposition of the copies, then written notification must be provided to each employee as specified below.

- The first copy of Form W-2c (Copy B) is filed with the employee’s federal tax return.
- The second copy of Form W-2c (Copy C) is for the employee’s records.
- If applicable, the third copy (Copy 2) of Form W-2c is filed with the employee’s state, city, or local income tax return.

If the substitute Forms W-2c are labeled, the forms must contain the applicable description as stated on the official form.

.11 Instructions similar to those on the back of Form W-2c (Copy C) of the official form must be provided to each employee.

Section 1.7–Instructions for Employers

.01 Privately-printed substitute Forms W-2c are not required to contain a copy to be retained by employers (Copy D). However, employers must retain copies of the Forms W-2c (Copy A) filed with SSA or have the ability to reconstruct the data for at least four years. Employers must be able to generate a facsimile of Form W-2c (Copy A), in case of loss.

.02 If Copy D is provided for the employer, instructions contained on the back of Copy D of the official form must appear on the back of the substitute form. If Copy D is not provided, these instructions must be furnished to the employer on a separate statement.

.03 Only originals or compliant substitute copies of Forms W-2c (Copy A) and Forms W-3c may be filed with the SSA. Carbon copies and photocopies are unacceptable.

.04 Employers should type or machine print entries on non-laser generated forms whenever possible and provide good quality data entries by using a high quality type face, inserting data in the middle of blocks that are well separated from other printing and guidelines, and taking any other measures that will guarantee clear, sharp images.

.05 Because employers must file a machine-scannable Form W-2c, they should meet the following requirements.

- Use 12-point Arial font or a close approximation for data entries.
- Proportional-spaced fonts are unacceptable.
- Do not print any data in the top margin of the forms.

.06 The employer must also furnish payee copies of Forms W-2c (Copies B, C, and 2) that are legible and capable of being photocopied (by the employee).

.07 When Forms W-2c or W-3c are typed, black ink must be used with no script type, inverted font, italics, or dual-case alpha characters.

.08 Forms W-2c (Copy A) require decimal entries for wage data. Do not print dollar signs with money amounts on Forms W-2c (Copy A) and Form W-3c.

.09 The filer's employer identification number (EIN) must be entered in box (b) of Form W-2c and box (e) of Form W-3c.

.10 The employer's name, address, EIN, and state ID number may be preprinted.

Section 1.8-OMB Requirements for Both Red-Ink and Black-and-White Copy A and W-3c Substitute Forms

.01 The Paperwork Reduction Act (the Act) of 1995 (Public Law 104-13) requires the following.

- The Office of Management and Budget (OMB) approves all IRS tax forms that are subject to the Act.
- Each IRS form contains (in or near the upper right corner) the OMB approval number, if assigned. (The official OMB numbers may be found on the official IRS printed forms and are also shown on the forms in the exhibits.)
- Each IRS form (or its instructions) states:
 1. Why the IRS needs the information,
 2. How it will be used, and
 3. Whether or not the information is required to be furnished to the IRS.

.02 This information must be provided to any users of official or substitute IRS forms or instructions.

.03 The OMB requirements for substitute IRS Form W-2c (Copy A) and Form W-3c are the following.

- Any substitute form or substitute statement to a recipient must show the OMB number as it appears on the official IRS form.
- For Form W-3c and Form W-2c (Copy A), the OMB number (1545-0008) must appear exactly as shown on the official IRS form.
- For any copy of Form W-3c or Form W-2c, other than Copy A, the OMB number must use one of the following formats.
 1. OMB No. 1545-xxxx (preferred) or
 2. OMB # 1545-xxxx (acceptable).

.04 Any substitute Form W-3c and Form W-2c (Copy A only) must state "For Privacy Act and Paperwork Reduction Act Notice, see separate instructions." If no instructions are provided to users of your forms, you must furnish them the exact text of the Privacy Act and Paperwork Reduction Act Notice.

Section 1.9-Order Forms and Instructions

.01 You can order official IRS Forms W-2c, Forms W-3c, and the General Instructions for Forms W-2 and W-3 (Including Forms W-2AS, W-2cM, W-2GU, W-2VI, W-3SS, W-2c, and W-3c), online at IRS.gov. Click on the *Forms and Pubs* link and then follow the *Order Forms and Pubs* link, or go to www.IRS.gov/businesses and then click the *Online Ordering for Information Returns and Employer Returns* link.

Only contact the IRS, not the SSA, for forms.

.02 Copies of Form W-2c (Copy A) and Form W-3c downloaded from IRS.gov cannot be used for filing with the SSA. These copies of Forms W-2c and W-3c are for information purposes only.

Section 1.10–Effect on Other Documents

.01 Revenue Procedure 2014–56, 2014–45 I.R.B. (reprinted as Publication 1223, Rev. 11–2014), is superseded.

Section 1.11–Exhibits

Exhibit A — Form W-2c (Copy A) (Red-Ink) 08-2014

Exhibit B — Form W-3c (Red-Ink) 11-2015

Exhibit C — Form W-2c (Copy A) (Substitute Laser/Black-and-White)

08-2014

Exhibit D — Form W-3c (Substitute Laser/Black-and-White) 11-2015

Exhibit B
Form W-3c
Red-Ink

DO NOT CUT, FOLD, OR STAPLE

55555		a Tax year/Form corrected / W-		For Official Use Only OMB No. 1545-0008	
b Employer's name, address, and ZIP code		c Kind of Payer (Check one)		Kind of Employer (Check one)	
		941/941-SS Military 943 944 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> CT-1 Hshld. Medicare <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> gov't. emp.		None apply 501c non-govt. <input type="checkbox"/> <input type="checkbox"/> State/local State/local Federal <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> gov't.	
				Third-party sick pay <small>(Check if applicable)</small>	
				<input type="checkbox"/>	
d Number of Forms W-2c		e Employer's Federal EIN		f Establishment number	
g Employer's state ID number		h Employer's originally reported Federal EIN		i Incorrect establishment number	
j Employer's incorrect state ID number		Total of amounts previously reported as shown on enclosed Forms W-2c.		Total of corrected amounts as shown on enclosed Forms W-2c.	
1 Wages, tips, other compensation		1 Wages, tips, other compensation		2 Federal income tax withheld	
2 Federal income tax withheld		3 Social security wages		3 Social security wages	
3 Social security wages		4 Social security tax withheld		4 Social security tax withheld	
4 Social security tax withheld		5 Medicare wages and tips		5 Medicare wages and tips	
5 Medicare wages and tips		6 Medicare tax withheld		6 Medicare tax withheld	
6 Medicare tax withheld		7 Social security tips		7 Social security tips	
7 Social security tips		8 Allocated tips		8 Allocated tips	
8 Allocated tips		9		9	
9		10 Dependent care benefits		10 Dependent care benefits	
10 Dependent care benefits		11 Nonqualified plans		11 Nonqualified plans	
11 Nonqualified plans		12a Deferred compensation		12a Deferred compensation	
12a Deferred compensation		14 Inc. tax w/h by third-party sick pay payer		14 Inc. tax w/h by third-party sick pay payer	
14 Inc. tax w/h by third-party sick pay payer		16 State wages, tips, etc.		16 State wages, tips, etc.	
16 State wages, tips, etc.		17 State income tax		17 State income tax	
17 State income tax		18 Local wages, tips, etc.		18 Local wages, tips, etc.	
18 Local wages, tips, etc.		19 Local income tax		19 Local income tax	
19 Local income tax		Explain decreases here:		Explain decreases here:	
Explain decreases here:		Has an adjustment been made on an employment tax return filed with the Internal Revenue Service? <input type="checkbox"/> Yes <input type="checkbox"/> No		Has an adjustment been made on an employment tax return filed with the Internal Revenue Service? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Has an adjustment been made on an employment tax return filed with the Internal Revenue Service? <input type="checkbox"/> Yes <input type="checkbox"/> No		If "Yes," give date the return was filed ▶		If "Yes," give date the return was filed ▶	
If "Yes," give date the return was filed ▶		Under penalties of perjury, I declare that I have examined this return, including accompanying documents, and, to the best of my knowledge and belief, it is true, correct, and complete.		Under penalties of perjury, I declare that I have examined this return, including accompanying documents, and, to the best of my knowledge and belief, it is true, correct, and complete.	
Under penalties of perjury, I declare that I have examined this return, including accompanying documents, and, to the best of my knowledge and belief, it is true, correct, and complete.		Signature ▶ Title ▶		Date ▶	
Signature ▶ Title ▶		Employer's telephone number		For Official Use Only	
Employer's telephone number		Employer's tax number		Employer's email address	
Employer's tax number		Employer's email address		Employer's email address	

Form W-3c (Rev. 11-2015) **Transmittal of Corrected Wage and Tax Statements** Department of the Treasury Internal Revenue Service

Purpose of Form
Use this form to transmit Copy A of the most recent version of Form(s) W-2c, Corrected Wage and Tax Statement. Make a copy of Form W-3c and keep it with Copy D (For Employer) of Forms W-2c for your records. File Form W-3c even if only one Form W-2c is being filed or if those Forms W-2c are being filed only to correct an employee's name and social security number (SSN) or the employer identification number (EIN). See the General Instructions for Forms W-2 and W-3 for information on completing this form.

E-Filing
The SSA strongly suggests employers report Form W-3c and Forms W-2c Copy A electronically instead of on paper. The SSA provides two free e-filing options on its Business Services Online (BSO) website:
 • **W-2c Online.** Use fill-in forms to create, save, print, and submit up to 25 Forms W-2c at a time to the SSA.
 • **File Upload.** Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA's *Specifications for Filing Forms W-2c Electronically (EFW2C)*.
 For more information, go to www.socialsecurity.gov/employer. First time filers, select "Go to Register"; returning filers select "Go To Log In."

For Paperwork Reduction Act Notice, see separate instructions.

When To File
File this form and Copy A of Form(s) W-2c with the Social Security Administration as soon as possible after you discover an error on Forms W-2, W-2AS, W-2GU, W-2CM, W-2VI, or W-2c. Provide Copies B, C, and 2 of Form W-2c to your employees as soon as possible.

Where To File
If you use the U.S. Postal Service, send Forms W-2c and W-3c to the following address:
Social Security Administration
Data Operations Center
P.O. Box 3333
Wilkes-Barre, PA 18767-3333
 If you use a carrier other than the U.S. Postal Service, send Forms W-2c and W-3c to the following address:
Social Security Administration
Data Operations Center
Attn: W-2c Process
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997

Cat. No. 10164R

**Exhibit C
Form W-2c
(Copy A)**

Substitute
Laser/Blk-Wht

DO NOT CUT, FOLD, OR STAPLE THIS FORM

44444		For Official Use Only ▶ OMB No. 1545-0008	
a Employer's name, address, and ZIP code		c Tax year/Form corrected / W-2	d Employee's correct SSN
		e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.) <input type="checkbox"/>	
		Complete boxes f and/or g only if incorrect on form previously filed ▶	
b Employer's Federal EIN		f Employee's previously reported SSN	
		g Employee's previously reported name	
		h Employee's first name and initial	Last name
Note. Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the General Instructions for Forms W-2 and W-3, under Specific Instructions for Form W-2c, boxes 5 and 6).			
i Employee's address and ZIP code			
Previously reported		Correct information	
1 Wages, tips, other compensation	1 Wages, tips, other compensation	2 Federal income tax withheld	2 Federal income tax withheld
3 Social security wages	3 Social security wages	4 Social security tax withheld	4 Social security tax withheld
5 Medicare wages and tips	5 Medicare wages and tips	6 Medicare tax withheld	6 Medicare tax withheld
7 Social security tips	7 Social security tips	8 Allocated tips	8 Allocated tips
9	9	10 Dependent care benefits	10 Dependent care benefits
11 Nonqualified plans	11 Nonqualified plans	12a See instructions for box 12	12a See instructions for box 12
13 Statutory employee Retirement plan Third-party sick pay	13 Statutory employee Retirement plan Third-party sick pay	12b	12b
14 Other (see instructions)	14 Other (see instructions)	12c	12c
		12d	12d
State Correction Information			
Previously reported		Correct information	
15 State	15 State	15 State	15 State
Employer's state ID number	Employer's state ID number	Employer's state ID number	Employer's state ID number
16 State wages, tips, etc.	16 State wages, tips, etc.	16 State wages, tips, etc.	16 State wages, tips, etc.
17 State income tax	17 State income tax	17 State income tax	17 State income tax
Locality Correction Information			
Previously reported		Correct information	
18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.
19 Local income tax	19 Local income tax	19 Local income tax	19 Local income tax
20 Locality name	20 Locality name	20 Locality name	20 Locality name

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Copy A - For Social Security Administration

Form **W-2c** (Rev. 8-2014)

Corrected Wage and Tax Statement

Cat. No. 61437D

Department of the Treasury
Internal Revenue Service

Part IV. Items of General Interest

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

Announcement 2016-13

Table of Contents

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 March 28, 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
Bushwick Stuyvesant Heights Rehabilitation Center, Inc.	January 1, 2013	Brooklyn, NY

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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