

# INTERNAL REVENUE BULLETIN



## HIGHLIGHTS OF THIS ISSUE

**Bulletin No. 2018–20**  
**May 14, 2018**

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.

### Administrative

#### **Notice 2018–43, page 590.**

The Department of the Treasury and the Internal Revenue Service invite public comment on recommendations for items that should be included on the 2018–2019 Priority Guidance Plan.

#### **Rev. Proc. 2018–28, page 592.**

This procedure provides issuers of qualified mortgage bonds (QMBs) and qualified mortgage certificates (MCCs) with average area purchase price safe harbors for statistical areas in the United States and with a nationwide average purchase price for residences in the United States for purposes of QMB rules under section 143 of the Code and the MCC rules under section 25.

### Excise Tax

#### **Notice 2018–39, page 582.**

This notice extends the dyed fuel relief provided in Section 3.02 of Notice 2017–30, 2017–21 I.R.B. 1248. This extension also expands relief to permit claims for refund for fuel that is initially taxed upon removal from a terminal in Madison and later removed from a Green Bay terminal as dyed fuel. The relief provided in this notice takes effect beginning May 4, 2018 and ending December 31, 2018.

### Income Tax

#### **Notice 2018–27, page 580.**

This notice provides relief for employers that properly claimed the credit under section 45R for all or part of the 2016 taxable year, or that properly claim the credit for all or part of a later

taxable year, but are unable to offer employees a qualified health plan (QHP) through a Small Business Health Options Program (SHOP) Exchange for all or part of the remainder of the credit period because the employer's principal business address is in a county in which a QHP through a SHOP Exchange is not available. With respect to those employers, this notice provides transition relief allowing employers to calculate the credit for such subsequent portion of the credit period by treating health insurance coverage as qualifying for the credit if that coverage would have qualified for the credit under the section 45R rules applicable before January 1, 2014.

#### **Notice 2018–36, page 582.**

The inflation adjustment factor is used to determine the amount of the Indian Coal production tax credit. The inflation adjustment factor applies to calendar year 2017 sales of Indian coal produced in the United States or a possession thereof.

#### **Notice 2018–40, page 583.**

This notice publishes the inflation adjustment factor for the carbon oxide sequestration credit under § 45Q for calendar year 2018.

#### **Notice 2018–41, page 584.**

This notice announces that the Department of the Treasury and the Internal Revenue Service intend to issue proposed regulations providing guidance to assist taxpayers in complying with information reporting obligations for reportable policy sales of life insurance contracts under § 6050Y, which was added by section 13520 of “[a]n Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018,” P.L. 115–97 (the “Act”). The proposed regulations also will provide guidance on an exception to the transfer for valuable consideration rules for life insurance contracts added to § 101(a) by section 13522 of the Act. This notice describes the anticipated guidance and requests public comments on the implementation of these provisions of the Act.

**Rev. Proc. 2018–27, page 591.**

The revenue procedure provides relief for taxpayers with family coverage under high deductible health plans with respect to health savings accounts under Code section 223 for the 2018 taxable year. It allows taxpayers to continue to treat the 2018 limit as \$6,900. It also provides clarification for taxpayers who have already received a distribution from a health savings account of an excess contribution based on the \$6,850 deduction limit previously published in Rev. Proc. 2018–18.

**Rev. Rul. 2018–12, page 575.**

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 1274, 1288, and other sections of the Code, tables set forth the rates for May 2018.

**Rev. Rul. 2018–13, page 576.**

This revenue ruling supplements the schedules of prevailing state assumed interest rates set forth in Rev. Rul. 92–19, 1992–1 C.B. 227, for purposes of § 807 of the Internal Revenue Code, for certain insurance products issued in 2017. These rates apply to taxable years beginning after December 31, 2016, and on or before December 31, 2017. This revenue ruling also describes the amendments to § 807 by section 13517 of “[a]n Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018,” P.L. 115–97.

# The IRS Mission

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

## Introduction

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

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

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

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

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

The Bulletin is divided into four parts as follows:

### **Part I.—1986 Code.**

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

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

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

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

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

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

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

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

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

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

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

(Also Sections 42, 280G, 382, 467, 468, 482, 483, 1288, 7520.)

### Rev. Rul. 2018-12

This revenue ruling provides various prescribed rates for federal income tax purposes for May 2018 (the current

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

income housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 2018-12 TABLE 1  
Applicable Federal Rates (AFR) for May 2018

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
		<i>Short-term</i>		
AFR	2.18%	2.17%	2.16%	2.16%
110% AFR	2.40%	2.39%	2.38%	2.38%
120% AFR	2.62%	2.60%	2.59%	2.59%
130% AFR	2.84%	2.82%	2.81%	2.80%
		<i>Mid-term</i>		
AFR	2.69%	2.67%	2.66%	2.66%
110% AFR	2.96%	2.94%	2.93%	2.92%
120% AFR	3.23%	3.20%	3.19%	3.18%
130% AFR	3.50%	3.47%	3.46%	3.45%
150% AFR	4.05%	4.01%	3.99%	3.98%
175% AFR	4.72%	4.67%	4.64%	4.63%
		<i>Long-term</i>		
AFR	2.94%	2.92%	2.91%	2.90%
110% AFR	3.24%	3.21%	3.20%	3.19%
120% AFR	3.53%	3.50%	3.48%	3.47%
130% AFR	3.84%	3.80%	3.78%	3.77%

REV. RUL. 2018-12 TABLE 2  
Adjusted AFR for May 2018

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.66%	1.65%	1.65%	1.64%
Mid-term adjusted AFR	2.04%	2.03%	2.02%	2.02%
Long-term adjusted AFR	2.23%	2.22%	2.21%	2.21%

REV. RUL. 2018-12 TABLE 3

Rates Under Section 382 for May 2018

Adjusted federal long-term rate for the current month	2.23%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	2.30%

REV. RUL. 2018-12 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for May 2018

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

Appropriate percentage for the 70% present value low-income housing credit	7.65%
Appropriate percentage for the 30% present value low-income housing credit	3.28%

REV. RUL. 2018-12 TABLE 5

Rate Under Section 7520 for May 2018

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	3.2%
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### Section 42.—Low-Income Housing Credit

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

### Section 280G.—Golden Parachute Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

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

The adjusted applicable federal long-term rate is set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

### Section 482.—Allocation of Income and Deductions Among Taxpayers

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

### Section 483.—Interest on Certain Deferred Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

### Section 7520.—Valuation Tables

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

### Section 807.—Rules for Certain Reserves

#### Rev. Rul. 2018–13

For purposes of § 807(d)(4) of the Internal Revenue Code, for taxable years beginning after December 31, 2016, and on or before December 31, 2017, this ruling supplements the schedules of prevailing state assumed interest rates set forth in Rev. Rul. 92–19, 1992–1 C.B. 227. This information is to be used by insurance companies in computing their reserves for (1) life insurance and supplementary total and permanent disability benefits, (2) individual annuities and pure endowments, and (3) group annuities and pure endowments. For taxable years beginning on or before December 31, 2017, under § 807(d), the amount of the life insurance reserves for any contract is the greater of the net surrender value of such contract or the reserve determined by using (1) the tax reserve method applicable to such contract, (2) the greater of (i) the applicable federal interest rate, or (ii) the prevailing state assumed interest rate, and (3) the

prevailing commissioners' standard tables for mortality and morbidity adjusted as appropriate to reflect the risks (such as substandard risks) incurred under the contract which are not otherwise taken into account.

Section 13517 of "[a]n Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," P.L. 115-97 (the "Act"), amended § 807(d) for taxable years beginning after December 31, 2017. For each taxable year beginning after December 31, 2017, the amount of the life insurance reserves for any contract (other than variable contracts described in § 807(d)(1)(B), as amended by section 13517 of the Act) is the greater of the net surrender value of such contract, or 92.81 percent of the reserve determined by using the tax reserve method applicable to such contract. The amount of the life insurance reserves for any variable contract for each taxable year beginning after December 31, 2017, is the sum of (1) the greater of (i) the net surrender value of such contract or (ii) the portion of the reserve that is separately accounted for under § 817, plus (2) 92.81 percent of the excess (if any) of the reserve determined by using the tax reserve method applicable to such contract.

For taxable years beginning after December 31, 2017, § 807(d), as amended by

section 13517 of the Act, no longer requires life insurance reserves to be computed using the greater of (1) the applicable federal interest rate or (2) the prevailing state assumed interest rate. For this reason, this revenue ruling only provides the prevailing state assumed interest rates for certain insurance products issued in 2017 to be used by insurance companies in computing their reserves for taxable years beginning after December 31, 2016, and on or before December 31, 2017.

Following are supplements to schedule A to Part III of Rev. Rul. 92-19, addressing the change in law; to schedules B, C, and D to Part III of Rev. Rul. 92-19, providing prevailing state assumed interest rates for insurance products with different features issued in 2017; and to the table in Part IV of Rev. Rul. 92-19, addressing the change in law. This ruling does not supplement Parts I and II of Rev. Rul. 92-19.

This is the twenty-sixth and final supplement to the interest rates provided in Rev. Rul. 92-19. Earlier supplements were published in Rev. Rul. 93-58, 1993-2 C.B. 241 (interest rates for insurance products issued in 1992 and 1993); Rev. Rul. 94-11, 1994-1 C.B. 196 (1993 and 1994); Rev. Rul. 95-4, 1995-1 C.B. 141 (1994 and 1995); Rev. Rul. 96-2,

1996-1 C.B. 141 (1995 and 1996); Rev. Rul. 97-2, 1997-1 C.B. 134 (1996 and 1997); Rev. Rul. 98-2, 1998-1 C.B. 259 (1997 and 1998); Rev. Rul. 99-10, 1999-1 C.B. 671 (1998 and 1999); Rev. Rul. 2000-17, 2000-1 C.B. 842 (1999 and 2000); Rev. Rul. 2001-11, 2001-1 C.B. 780 (2000 and 2001); Rev. Rul. 2002-12, 2002-1 C.B. 624 (2001 and 2002); Rev. Rul. 2003-24, 2003-1 C.B. 557 (2002 and 2003); Rev. Rul. 2004-14, 2004-1 C.B. 511 (2003 and 2004); Rev. Rul. 2005-29, 2005-1 C.B. 1080 (2004 and 2005); Rev. Rul. 2006-25, 2006-1 C.B. 882 (2005 and 2006); Rev. Rul. 2007-10, 2007-1 C.B. 660 (2006 and 2007); Rev. Rul. 2008-19, 2008-1 C.B. 669 (2007 and 2008); Rev. Rul. 2009-3, 2009-5 I.R.B. 382 (2008 and 2009); Rev. Rul. 2010-7, 2010-8 I.R.B. 417 (2009 and 2010); Rev. Rul. 2011-23, 2011-43 I.R.B. 585 (2010 and 2011); Rev. Rul. 2012-6, 2012-6 I.R.B. 349 (2011 and 2012); Rev. Rul. 2013-4, 2013-9 I.R.B. 520 (2012 and 2013); Rev. Rul. 2014-4, 2014-5 I.R.B. 449 (2013 and 2014); Rev. Rul. 2015-2, 2015-3 I.R.B. 321 (2014 and 2015); Rev. Rul. 2016-02, 2016-4 I.R.B. 284 (2015 and 2016); and Rev. Rul. 2017-03, 2017-4 I.R.B. 522 (2016 and 2017).

**Part III. Prevailing State Assumed Interest Rates — Products Issued in Years After 1982.\***

**Schedule A**

*STATUTORY VALUATION INTEREST RATES BASED ON THE 1980 AMENDMENTS TO THE NAIC STANDARD VALUATION LAW*

A. Life insurance valuation:

*Guarantee Duration (years)*

10 or fewer

More than 10 but not more than 20

More than 20

*Calendar Year of Issue 2018*

N/A\*\*

N/A\*\*

N/A\*\*

\*The terms used in the schedules in this ruling and in Part III of Rev. Rul. 92-19 are those used in the Standard Valuation Law; the terms are defined in Rev. Rul. 92-19.

\*\*For taxable years beginning after December 31, 2017, § 807(d), as amended by section 13517 of the Act, no longer requires life insurance reserves to be computed using the greater of (1) the applicable federal interest rate or (2) the prevailing state assumed interest rate. Section 807(d), as amended, requires use of the rate used for statutory reserving, as life insurance reserves for taxable years beginning after December 31, 2017, are determined, in part, based on the reserve computed as required by the National Association of Insurance Commissioners (NAIC) at the time the reserve is determined. For taxable years beginning after December 31, 2016, and on or before December 31, 2017, the prevailing state assumed interest rates for this product for calendar year of issue 2017 were provided in Rev. Rul. 2017-03.

**Part III, Schedule B**

*STATUTORY VALUATION INTEREST RATES BASED ON THE 1980 AMENDMENTS TO THE NAIC STANDARD VALUATION LAW*

B. Single premium immediate annuities and annuity benefits involving life contingencies arising from other annuities with cash settlement options and from guaranteed interest contracts with cash settlement options:

<i>Calendar Year of Issue</i>	<i>Valuation Interest Rate</i>
2017	3.75*

Source: Rates calculated from the monthly averages, ending June 30, 2017, of Moody's Composite Yield on Seasoned Corporate Bonds.

\*As this prevailing state assumed interest rate exceeds the applicable federal interest rate for 2017 of 1.46 percent, the valuation interest rate of 3.75 percent is to be used for this product under § 807.

**Part III, Schedule C24 — 2017**

*STATUTORY VALUATION INTEREST RATES BASED ON NAIC STANDARD VALUATION LAW FOR 2017 CALENDAR YEAR BUSINESS GOVERNED BY THE 1980 AMENDMENTS*

C. Valuation interest rates for other annuities and guaranteed interest contracts that are valued on an issue year basis:

<i>Cash Settlement Options?</i>	<i>Future Interest Guarantee?</i>	<i>Guarantee Duration (years)</i>	<i>Valuation Interest Rate For Plan Type</i>		
			<i>A</i>	<i>B</i>	<i>C</i>
Yes	Yes	5 or fewer	3.75*	3.75*	3.50*
		More than 5, but not more than 10	3.75*	3.75*	3.50*
		More than 10, but not more than 20	3.75*	3.50*	3.50*
		More than 20	3.50*	3.25*	3.25*
Yes	No	5 or fewer	4.00*	3.75*	3.50*
		More than 5, but not more than 10	3.75*	3.75*	3.50*
		More than 10, but not more than 20	3.75*	3.50*	3.50*
		More than 20	3.50*	3.50*	3.50*
No	Yes or No	5 or fewer	3.75*		
		More than 5, but not more than 10	3.75*	NOT APPLICABLE	
		More than 10, but not more than 20	3.75*		
		More than 20	3.50*		

Source: Rates calculated from the monthly averages, ending June 30, 2017, of Moody's Composite Yield on Seasoned Corporate Bonds.

\*As these rates exceed the applicable federal interest rate for 2017 of 1.46 percent, the valuation interest rate to be used for this product under § 807 is the applicable rate specified in the above table.

**Part III, Schedule D24 — 2017**

*STATUTORY VALUATION INTEREST RATES BASED ON NAIC STANDARD VALUATION LAW FOR 2017 CALENDAR YEAR BUSINESS GOVERNED BY THE 1980 AMENDMENTS*

D. Valuation interest rates for other annuities and guaranteed interest contracts that are contracts with cash settlement options and that are valued on a change in fund basis:

<i>Cash Settlement Options?</i>	<i>Future Interest Guarantee?</i>	<i>Guarantee Duration (years)</i>	<i>Valuation Interest Rate For Plan Type</i>		
			<i>A</i>	<i>B</i>	<i>C</i>
Yes	Yes	5 or fewer	4.00*	4.00*	3.50*
		More than 5, but not more than 10	4.00*	4.00*	3.50*
		More than 10, but not more than 20	3.75*	3.75*	3.50*
		More than 20	3.75*	3.75*	3.50*
Yes	No	5 or fewer	4.00*	4.00*	3.75*
		More than 5, but not more than 10	4.00*	4.00*	3.75*
		More than 10, but not more than 20	4.00*	3.75*	3.50*
		More than 20	3.75*	3.75*	3.50*

Source: Rates calculated from the monthly averages, ending June 30, 2017, of Moody’s Composite Yield on Seasoned Corporate Bonds.

\* As these rates exceed the applicable federal interest rate for 2017 of 1.46 percent, the valuation interest rate to be used for this product under § 807 is the applicable rate specified in the above table.

**Part IV. Applicable Federal Interest Rates.**

*TABLE OF APPLICABLE FEDERAL INTEREST RATES FOR PURPOSES OF § 807*

<i>Year</i>	<i>Interest Rate</i>
2017	1.46
2018	N/A*

Sources: Rev. Rul. 2004-106, 2004-2 C.B. 893, for the 2005 rate; Rev. Rul. 2005-77, 2005-2 C.B. 1071, for the 2006 rate; Rev. Rul. 2006-61, 2006-2 C.B. 1028, for the 2007 rate; Rev. Rul. 2007-70, 2007-2 C.B. 1158, for the 2008 rate; Rev. Rul. 2008-53, 2008-2 C.B. 1231, for the 2009 rate; Rev. Rul. 2009-38, 2009-49 I.R.B. 736, for the 2010 rate; Rev. Rul. 2010-29, 2010-50 I.R.B. 818, for the 2011 rate; Rev. Rul. 2011-31, 2011-49 I.R.B. 829, for the 2012 rate; Rev. Rul. 2012-31, 2012-49 I.R.B. 636, for the 2013 rate; Rev. Rul. 2013-26, 2013-50 I.R.B. 628, for the 2014 rate; Rev. Rul. 2014-31, 2014-50 I.R.B. 935, for the 2015 rate; Rev. Rul. 2015-25, 2015-49 I.R.B. 695, for the 2016 rate; and Rev. Rul. 2016-27, 2016-49 I.R.B. 781, for the 2017 rate.

\*For taxable years beginning after December 31, 2017, § 807(d), as amended by section 13517 of the Act, no longer requires life insurance reserves to be computed using the greater of (1) the applicable federal interest rate or (2) the prevailing state assumed interest rate.

**EFFECT ON OTHER REVENUE RULINGS**

Rev. Rul. 92–19 is supplemented by the addition to Part III of that ruling of prevailing state assumed interest rates un-

der § 807 for certain insurance products issued in 2017.

**DRAFTING INFORMATION**

The principal author of this revenue ruling is Kathryn M. Sneade of the Office

of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue ruling, contact Ms. Sneade at (202) 317-6995 (not a toll-free number).

# Part III. Administrative, Procedural, and Miscellaneous

## Section 45R—Relief with Respect to the Tax Credit for Employee Health Insurance Expenses of Certain Small Employers for 2017 and Later Years

### Notice 2018–27

#### I. PURPOSE

This notice provides guidance on section 45R of the Internal Revenue Code (Code). Specifically, this notice provides relief for employers that properly claimed a credit under section 45R (the credit) for all or part of the 2016 taxable year, or that properly claim the credit for all or part of a later taxable year, but are unable to offer employees a qualified health plan (QHP) through a Small Business Health Options Program (SHOP) Exchange for all or part of the remainder of the credit period (as defined in section 45R(e)(2) and the regulations thereunder) because the employer's principal business address is in a county in which a QHP through a SHOP Exchange is not available. This notice provides that such employers may calculate the credit for such subsequent portion of the credit period by treating health insurance coverage provided for that portion of the credit period as qualifying for the credit if that coverage would have qualified for the credit under the section 45R rules applicable before January 1, 2014.

The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) previously have issued notices providing transition relief under section 45R for certain small employers with a principal business address in a county in which no QHPs were offered through a SHOP Exchange for 2014, 2015, and 2016. See Notice 2014–6, 2014–2 I.R.B. 279, Notice 2015–08, 2015–1 I.R.B. 589, and Notice 2016–75, 2016–51 I.R.B. 832. Nothing in this notice is intended to modify or otherwise

affect the transition relief provided in those notices.

#### II. BACKGROUND

Section 45R was added to the Code by section 1421 of the Patient Protection and Affordable Care Act, enacted March 23, 2010, Pub. L. No. 111–148 (PPACA). Section 45R offers a tax credit to certain small employers that provide health insurance coverage to their employees (eligible small employers). The credit was first available for taxable years beginning after December 31, 2009.

For taxable years beginning after December 31, 2013,<sup>1</sup> the credit is available only for the credit period, which is the two-consecutive-taxable year period beginning with the first taxable year that an eligible small employer claims the credit. In addition, the credit is available only with respect to premiums paid by an eligible small employer for a QHP offered by the employer to its employees through a SHOP Exchange. An eligible small employer claims the credit by filing a federal income tax return and attaching Form 8941, “Credit for Small Employer Health Insurance Premiums” (or for eligible small employers that are tax-exempt organizations, by filing Form 990–T, “Exempt Organization Business Income Tax Return,” and attaching Form 8941).

The Treasury Department and the IRS issued final regulations under section 45R on June 30, 2014 (79 FR 36640). The regulations provide guidance on determining eligibility for the credit and calculating and claiming the credit.

The Department of Health and Human Services (HHS) advised the Treasury Department and the IRS that for calendar years 2014, 2015, and 2016, in certain counties, SHOP Exchanges would not have any QHPs available for eligible small employers to offer to employees. Under HHS regulations governing employer eligibility for SHOP Exchanges, an employer may either (1) offer coverage to

all of its full-time employees through the SHOP whose service area includes the employer's principal business address, or (2) offer coverage to each eligible employee through the SHOP whose service area includes that employee's primary worksite. 45 CFR 155.710(b)(3). As a result, absent transition relief for these years, an otherwise eligible small employer with its principal business address in a county without any QHP available through the SHOP Exchange may have been unable to claim the credit.

To permit otherwise eligible small employers with principal business addresses in counties in which no QHP was available through a SHOP Exchange for 2014, 2015, and 2016 to claim the credit, the Treasury Department and the IRS provided relief under which those employers were permitted to calculate the credit by treating health insurance coverage provided for the plan year beginning in 2014, 2015, or 2016, as applicable, as qualifying for the credit, provided that the coverage would have qualified for the credit under the rules applicable before January 1, 2014.

HHS has advised the Treasury Department and the IRS that, for calendar years 2017 and 2018, SHOP Exchanges in an increasing number of counties across the United States do not have any QHPs available for otherwise eligible small employers to offer to employees. However, given the number of years for which small employers may already have been eligible for the credit and the period of time since the enactment of section 45R, the Treasury Department and the IRS have determined that a more limited type of relief, as described in section III of this notice, is appropriate for otherwise eligible small employers in counties with no SHOP Exchange coverage available after 2016.

#### III. RELIEF FOR 2017 AND LATER YEARS

This notice provides relief for an eligible small employer that properly claimed

<sup>1</sup>Certain provisions of section 45R differ depending on whether the employer's taxable year began on or before December 31, 2013, or after December 31, 2013. In 2010, the Treasury Department and the IRS published two notices addressing the application of section 45R upon which taxpayers may rely for taxable years beginning before 2014: (1) Notice 2010–44, 2010–22 I.R.B. 717 (addressing the eligibility requirements and the process for calculating and claiming the credit, and providing transition relief for taxable years beginning in 2010 for qualifying arrangements); and (2) Notice 2010–82, 2010–51 I.R.B. 857 (further guidance on the eligibility requirements, the uniform percentage requirement, and the application of the average premium cap).

or claims the credit for all or part of a taxable year beginning after December 31, 2015, but that for all or part of the remainder of the credit period has a principal business address in a county in which a QHP through a SHOP Exchange is not available. To properly claim the credit, the employer must offer coverage through a SHOP Exchange or coverage meeting the requirements for relief under Notice 2016-75, if applicable, and must comply with all other applicable guidance. Except as provided in section IV of this notice, such an employer may calculate the credit for the remainder of the credit period by treating health insurance coverage provided for the plan year(s) in which a QHP is not available through a SHOP Exchange as qualifying for the credit, provided that the coverage would have qualified for the credit under the section 45R rules applicable before January 1, 2014. This relief does not alter the credit period under section 45R; that is, even if a plan year to which the relief applies extends into a third taxable year, the employer may not claim the credit for a third taxable year.

To see whether a particular county had coverage available through a SHOP Exchange for 2017, see <https://www.irs.gov/newsroom/small-business-health-care-tax-credit-questions-and-answers-who-gets-the-tax-credit>. To see whether a particular county has coverage available through a SHOP Exchange for 2018 and beyond, employers may refer to the See Plans and Prices Tool on [www.healthcare.gov/small-business](http://www.healthcare.gov/small-business). When employers arrive at [www.healthcare.gov/small-business](http://www.healthcare.gov/small-business), they should select “Get Coverage” and then “See Plans and Prices”. Employers in states operating a State-based SHOP may visit their State-based SHOP’s website directly, or use the See Plans and Prices Tool on [www.healthcare.gov/small-business](http://www.healthcare.gov/small-business) to be redirected to their State-based SHOP to see whether a particular county has coverage available for 2018 and beyond.

The following examples illustrate the relief in this notice. The examples assume that the employer is an eligible small employer.

*Example 1 (Relief Applies – SHOP Exchange Coverage Provided for First Year of Credit Period).* (i) Facts. Employer has a 2016 health plan year and a 2016 taxable year that both begin January 1, 2016, and end December 31, 2016. Employer provides

health insurance coverage through a SHOP Exchange from January 1, 2016, through December 31, 2016, that qualifies Employer for the credit. Employer claims the credit for taxable year 2016. On January 1, 2017, Employer’s principal business address is in a county that has no QHPs available through a SHOP Exchange. From January 1, 2017, through December 31, 2017, Employer provides health insurance coverage to its employees that would have qualified Employer for the credit under the rules applicable to taxable years beginning before January 1, 2014.

(ii) Conclusion. Employer may claim the credit for coverage provided for the entire 2017 taxable year. The 2017 taxable year is the second, and final, year of the credit period.

*Example 2 (Relief Applies – Relief under Notice 2016-75 Applies for First Year of Credit Period).* (i) Facts. Employer has a 2016 health plan year and a 2016 taxable year that both begin January 1, 2016, and end December 31, 2016. Employer’s principal business address is in a county listed in Notice 2016-75 as having no QHPs available on the SHOP Exchange in 2016, and from January 1, 2016, through December 31, 2016, Employer provides health insurance coverage to its employees that would have qualified Employer for the credit under the rules applicable to taxable years beginning before January 1, 2014. Employer claims the credit for the 2016 taxable year based on Notice 2016-75. On January 1, 2017, Employer’s principal business address is in a county that again has no QHPs available on the SHOP Exchange. From January 1, 2017, through December 31, 2017, Employer provides health insurance coverage to its employees that would have qualified Employer for the credit under the rules applicable to taxable years beginning before January 1, 2014.

(ii) Conclusion. Employer may claim the credit for coverage provided for the entire 2017 taxable year. The 2017 taxable year is the second, and final, year of the credit period.

*Example 3 (Relief Does Not Apply).* (i) Facts. Employer has a 2016 health plan year and a 2016 taxable year that both begin January 1, 2016, and end December 31, 2016. Employer does not qualify for, or claim, the credit for the 2016 taxable year. On January 1, 2017, Employer’s principal business address is in a county with no QHPs available on the SHOP Exchange. From January 1, 2017, through December 31, 2017, Employer provides health insurance coverage to its employees that would have qualified for the credit under the rules applicable to taxable years beginning before January 1, 2014.

(ii) Conclusion. Employer may not claim the credit for the 2017 taxable year.

*Example 4 (Application of Relief to Non-Calendar Year Plan Year).* (i) Facts. Employer has a 2016 taxable year that begins January 1, 2016, and ends December 31, 2016, and a 2016 health plan year that begins April 1, 2016, and ends March 31, 2017. From April 1, 2016 through March 31, 2017, Employer provides health insurance coverage through the SHOP Exchange that qualifies Employer for the credit. On April 1, 2017, Employer’s principal business address is in a county that has no QHPs available on the SHOP Exchange. Employer pro-

vides health insurance coverage to its employees from April 1, 2017, through March 31, 2018, that would have qualified Employer for the credit under the rules applicable to taxable years beginning before January 1, 2014.

(ii) Conclusion. Employer may claim the credit for coverage provided from April 1, 2016, through December 31, 2016, and for coverage provided from January 1, 2017 through December 31, 2017, but may not claim the credit for any portion of 2018, including the part of the 2017 plan year that ends in 2018, because the credit period ends on December 31, 2017. The relief provided in this notice applies to the credit claimed for coverage provided from April 1, 2017, through December 31, 2017.

*Example 5 (Applicability of Relief to New Employer).* (i) Facts. Employer is a new employer, first in existence on January 1, 2017. Employer has a health plan year and a taxable year that both begin January 1, 2017 and end December 31, 2017. Employer’s principal business address is in a county that has no QHPs available on the SHOP Exchange for 2017. From January 1, 2017, through December 31, 2017, Employer provides coverage to its employees that would have qualified Employer for the credit under the rules applicable to taxable years beginning before January 1, 2014.

(ii) Conclusion. Employer may not claim the credit for the 2017 taxable year.

#### **IV. AFFORDABLE CARE ACT SECTION 1332 WAIVERS**

Section 1332 of the PPACA permits a state to waive certain PPACA provisions, including the requirement to operate a SHOP Exchange, as part of an application for a State Innovation Waiver to pursue innovative strategies for providing their residents with access to high quality, affordable health insurance while retaining the basic protections of the PPACA. To fund their reforms, states may receive the aggregate amount of subsidies, including the credit, that would have otherwise gone to the state’s residents.

On December 30, 2016, Hawaii’s application for a 5-year State Innovation Waiver was approved. As a result, Hawaii is not required to operate a SHOP Exchange for 2017–2021 and employers in Hawaii may not claim the credit for plan years beginning during this five-year period. For more information on the waiver, visit [www.cms.gov](http://www.cms.gov).

This notice does not affect the Hawaii State Innovation Waiver and, therefore, Hawaii is not required to operate a SHOP Exchange and employers in Hawaii continue to be unable to claim the credit for plan years beginning in calendar years 2017–2021. In addition, any future State

Innovation Waivers that provide that a state is not required to operate a SHOP Exchange and that employers in the affected state may not claim the credit will supersede the relief provided in this notice.

## V. EFFECTIVE DATE

This notice is effective as of April 27, 2018 and applies to periods after December 31, 2016.

## VI. DRAFTING INFORMATION

The principal author of this notice is Stephanie Caden of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice contact Stephanie Caden at (202) 317-5500 (not a toll-free number).

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# Credit for Indian Coal Production and Inflation Adjustment Factor for Calendar Year 2017

## Notice 2018-36

This notice publishes the inflation adjustment factor for calendar year 2017 for the Indian coal production credit under section 45 of the Internal Revenue Code. The 2017 inflation adjustment factor is used in determining the availability of the credit and applies to calendar year 2017 sales of Indian coal produced in the United States or a possession thereof. The inflation adjustment factor for Indian coal for calendar year 2017 was published in the Federal Register on (March 27, 2018). Section 40408 of Division A of the Bipartisan Budget Act of 2018 (Pub. L. No. 115-123) extends the credit period for the Indian coal production credit from an 11-year period beginning on January 1, 2006, to a 12-year period beginning on January 1, 2006. This provision is effective for coal produced in the United States or a possession thereof after December 31, 2016.

## BACKGROUND

For calendar year 2017, section 45(e)(10)(A) provides in the case of a

producer of Indian coal, the credit determined under section 45 for any taxable year is an amount equal to the applicable dollar amount per ton of Indian coal (i) produced by the taxpayer at an Indian coal production facility during the 12-year period beginning on January 1, 2006, and (ii) sold by the taxpayer (I) to an unrelated person, and (II) during such 12-year period and such taxable year.

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

Section 45(d)(10) provides the term “Indian coal production facility” means a facility that produces Indian coal. Section 45(c)(9) provides that the term “Indian coal means coal which is produced from coal reserves which, on June 14, 2005 – (i) were owned by an Indian tribe, or (ii) were held in trust by the United States for the benefit of an Indian tribe or its members.

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

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

## INFLATION ADJUSTMENT FACTOR

The inflation adjustment factor for calendar year 2017 for Indian coal production is 1.2115.

## CREDIT AMOUNT FOR INDIAN COAL PRODUCTION

The credit for Indian coal production for calendar year 2017 under section 45(e)(10)(B) is \$2.423 per ton on the sale of Indian coal.

## DRAFTING AND CONTACT INFORMATION

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

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# Extension of Temporary Relief for Fuel Removals Destined for Nontaxable Use Due to West Shore Pipeline Shutdown

## Notice 2018-39

### SECTION 1. PURPOSE

This notice provides an extension of the temporary dyed fuel relief provided in section 3.02 of Notice 2017-30, 2017-21 I.R.B.1248, published on May 22, 2017. The extended relief will be available beginning May 4, 2018, and ending December 31, 2018. A claimant may submit a refund claim for the Internal Revenue Code (Code) § 4081(a)(1) tax imposed on undyed diesel fuel and kerosene for fuel that is 1) removed from a Milwaukee or Madison terminal; 2) entered into a Green Bay terminal within 24 hours of removal from the Milwaukee or Madison terminal; and 3) subsequently dyed and removed from that Green Bay terminal.

### SECTION 2. BACKGROUND

In section 3.02 of Notice 2017-30, the Department of the Treasury and the Internal Revenue Service provided a temporary refund mechanism for the § 4081(a)(1) tax imposed upon removal of undyed diesel fuel and kerosene from a Milwaukee terminal when such fuel is subsequently removed from a Green Bay terminal as dyed fuel destined for a nontaxable use. This relief is

available for the period beginning on October 31, 2017, and ending on May 3, 2018.

Notice 2017-59, 2017-45 I.R.B. 484, provides guidance on how persons eligible for relief under section 3.02 of Notice 2017-30 may submit claims for refund. The conditions and procedures for making such claims can be found in sections 3.02, 3.03, and 3.04 of Notice 2017-59.

This notice extends the relief that section 3.02 of Notice 2017-30 provides. This notice also expands the relief to permit claims for refund for fuel that is initially taxed upon removal from a terminal in Madison and later removed from a Green Bay terminal as dyed fuel.

### **SECTION 3. EXTENSION OF TEMPORARY DYED FUEL RELIEF**

For the period beginning on May 4, 2018, and ending on December 31, 2018, if any person (that is, the position holder) that removes diesel fuel or kerosene that satisfies the requirements of § 4082 from a Green Bay terminal establishes to the satisfaction of the Secretary that a prior tax was paid with respect to the removal of such fuel from a Milwaukee or Madison terminal, then an amount equal to the prior tax paid shall be allowed as a refund (without interest) to the position holder in the same manner as if it were an overpayment of tax imposed by § 4081.

The relief described in this section is not available with respect to any transaction for which one or more conditions set forth in section 3.02 of Notice 2017-59 are not satisfied or for any refund claim that fails to comply with the procedures set forth in sections 3.03 and 3.04 of Notice 2017-59. For purposes of this notice, any reference in Notice 2017-59 to removals from a Milwaukee terminal shall be read to also include removals from a Madison terminal.

### **SECTION 4. EFFECTIVE DATE**

The temporary dyed fuel relief described in section 3 of this notice applies to removals of dyed diesel fuel and kerosene from Green Bay terminals on or after May 4, 2018, and on or before December 31, 2018.

### **SECTION 5. DRAFTING INFORMATION**

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

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## **Credit for Carbon Oxide Sequestration 2018 Section 45Q Inflation Adjustment Factor**

### **Notice 2018-40**

#### **SECTION 1. PURPOSE**

This notice publishes the inflation adjustment factor for the credit for carbon oxide sequestration under § 45Q of the Internal Revenue Code (§ 45Q credit) for calendar year 2018. The inflation adjustment factor is used to determine the amount of the credit allowable under § 45Q. This notice also publishes the aggregate amount of qualified carbon oxide taken into account for purposes of § 45Q.

#### **SECTION 2. BACKGROUND**

Section 45Q was enacted by § 115 of the Energy Improvement and Extension Act of 2008, Pub. L. No. 110-343, 122 Stat. 3829 (October 3, 2008), and amended by § 1131 of the American Recovery and Reinvestment Tax Act of 2009, Division B of Pub. L. 111-5, 123 Stat 115 (February 17, 2009). Section 41119 of the Bipartisan Budget Act of 2018, Pub. L. No. 115-23 (February 9, 2018) significantly increased and extended the § 45Q credit for the sequestration of carbon dioxide.

Section 45Q(a)(1) allows a credit of \$20 per metric ton of qualified carbon oxide captured by the taxpayer using carbon capture equipment which is originally placed in service at a qualified facility before the date of the enactment of the Bipartisan Budget Act of 2018, is disposed of by the taxpayer in secure geological storage, and is not used by the taxpayer as a tertiary injectant in a quali-

fied enhanced oil or natural gas recovery project.

Section 45Q(a)(2) allows a credit of \$10 per metric ton of qualified carbon oxide captured by the taxpayer using carbon capture equipment which is originally placed in service at a qualified facility before the date of the enactment of the Bipartisan Budget Act of 2018, and is used by the taxpayer as a tertiary injectant in a qualified enhanced oil or natural gas recovery project and disposed of by the taxpayer in secure geological storage, or utilized by the taxpayer in a manner described in § 45Q(f)(5).

Section 45Q(a)(3) allows a credit of the applicable dollar amount (as determined under § 45Q(b)(1)) per metric ton of qualified carbon oxide captured by the taxpayer using carbon capture equipment which is originally placed in service at a qualified facility on or after the date of the enactment of the Bipartisan Budget Act of 2018, during the 12-year period beginning on the date the equipment was originally placed in service. The taxpayer must dispose of the qualified carbon oxide in secure geological storage, not use the qualified carbon oxide as a tertiary injectant in a qualified enhanced oil or natural gas recovery project, and not utilize it in a manner described in § 45Q(f)(5).

Section 45Q(a)(4) allows credit of the applicable dollar amount (as determined under § 45Q(b)(1)) per metric ton of qualified carbon oxide captured by the taxpayer using carbon capture equipment which is originally placed in service at a qualified facility on or after the date of the enactment of the Bipartisan Budget Act of 2018, during the 12-year period beginning on the date the equipment was originally placed in service. The taxpayer must dispose of the qualified carbon oxide in secure geological storage, and use the qualified carbon oxide as a tertiary injectant in a qualified enhanced oil or natural gas recovery project, or utilize it in a manner described in § 45Q(f)(5).

Section 45Q(c) defines the term “qualified carbon oxide” as (1) any carbon dioxide which is captured from an industrial source by carbon capture equipment which is originally placed in service before the date of the enactment of the Bipartisan Budget Act of 2018, which would otherwise be released into the atmosphere

as industrial emission of greenhouse gas or lead to such release, and is measured at the source of capture and verified at the point of disposal, injection, or utilization; (2) any carbon dioxide or other carbon oxide which is captured from an industrial source by carbon capture equipment which is originally placed in service on or after the date of the enactment of the Bipartisan Budget Act of 2018, which would otherwise be released into the atmosphere as industrial emission of greenhouse gas or lead to such release, and is measured at the source of capture and verified at the point of disposal, injection, or utilization; or (3) in the case of a direct air capture facility, any carbon dioxide which is captured directly from the ambient air, and is measured at the source of capture and verified at the point of disposal, injection, or utilization.

Section 45Q(d) defines the term “qualified facility” any industrial facility or direct air capture facility (1) the construction of which begins before January 1, 2024, and (A) construction of carbon capture equipment begins before such date, or (B) the original planning and design for such facility includes installation of carbon capture equipment; and (2) which captures (A) in the case of a facility which emits not more than 500,000 metric tons of carbon oxide into the atmosphere during the taxable year, not less than 25,000 metric tons of qualified carbon oxide during the taxable year which is utilized in a manner described in § 45Q(f)(5), (B) in the case of an electricity generating facility which is not described in § 45Q(d)(2)(A), not less than 500,000 metric tons of qualified carbon oxide during the taxable year, or (C) in the case of a direct air capture facility or any facility not described in § 45Q(d)(2) (A) or (B), not less than 100,000 metric tons of qualified carbon oxide during the taxable year.

Under § 45Q(f)(7), for taxable years beginning in a calendar year after 2009, the dollar amounts contained in § 45Q(a)(1) and (2) must be adjusted for inflation by multiplying such dollar amount by the inflation adjustment factor for such calendar year determined under § 43(b)(3)(B), determined by substituting “2008” for “1990.”

Section 43(b)(3)(B) defines the term “inflation adjustment factor” as, with respect to any calendar year, a fraction the

numerator of which is the GNP implicit price deflator for the preceding calendar year and the denominator of which is the GNP implicit price deflator for 1990. For purposes of § 45Q(f)(7), for the 2018 calendar year, the inflation adjustment factor is a fraction the numerator of which is the GNP implicit price deflator for 2017 (113.500) and the denominator of which is the GNP implicit price deflator for 2008 (99.239).

Section 45Q(g) provides that in the case of any carbon capture equipment placed in service before the date of the enactment of the Bipartisan Budget Act of 2018, the credit under § 45Q shall apply with respect to qualified carbon oxide captured using such equipment before the end of the calendar year in which the Secretary, in consultation with the Administrator of the Environmental Protection Agency, certifies that, during the period beginning after October 3, 2008, a total of 75,000,000 metric tons of qualified carbon oxide have been taken into account in accordance with (1) § 45Q(a), as in effect on the day before the date of the enactment of the Bipartisan Budget Act of 2018, and (2) § 45Q(a)(1) and (2).

### **SECTION 3. INFLATION ADJUSTMENT FACTOR**

The inflation adjustment factor for calendar year 2017 is 1.1437. The § 45Q credit for calendar year 2018 is \$22.87 per metric ton of qualified carbon oxide under § 45Q(a)(1) and \$11.44 per metric ton of qualified carbon oxide under § 45Q(a)(2).

### **SECTION 4. TAX CREDIT UTILIZATION**

Section 6 of Notice 2009–83 requires taxpayers to file annual reports that provide (among other information) the amounts (in metric tons) of qualified CO<sub>2</sub> for the taxable year that has been taken into account for purposes of claiming the § 45Q credit. The annual reports must be filed with the Service not later than the last day of the second calendar month following the month during which the tax return on which the § 45Q credit is claimed was due (including extensions).

Based on the most recent annual reports filed with the Internal Revenue Ser-

vice, the aggregate amount of qualified carbon oxide taken into account for purposes of § 45Q is 59,767,924 metric tons.

## **SECTION 5. DRAFTING INFORMATION**

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

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## **Information Reporting for Certain Life Insurance Contract Transactions and a Modification to the Transfer for Valuable Consideration Rules**

### **Notice 2018–41**

#### **SECTION 1. PURPOSE**

This notice announces that the Department of the Treasury (“Treasury”) and the Internal Revenue Service (“IRS”) intend to issue proposed regulations providing guidance to assist taxpayers in complying with new information reporting obligations for certain life insurance contract transactions under § 6050Y, which was added to the Internal Revenue Code (the “Code”) by section 13520 of “[a]n Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018,” P.L. 115–97 (the “Act”). The proposed regulations also will provide guidance on a modification to the transfer for valuable consideration rules for life insurance contracts added to § 101(a) by section 13522 of the Act. This notice requests public comments on the implementation of these provisions of the Act.

This notice also provides transitional guidance under § 6050Y. Specifically, as provided in section 3.A.iv. of this notice, to ensure efficient administration of this new provision, reporting will not be required under § 6050Y until final regulations are issued. For reportable policy sales and payments of reportable death benefits occurring after December 31, 2017, and before the date final regulations

under § 6050Y are published in the Federal Register, Treasury and the IRS intend to allow additional time after the date final regulations are published to file the returns and furnish the written statements required by § 6050Y.

## SECTION 2. BACKGROUND

### A. Sales of Life Insurance Contracts

A life insurance policyholder who sells a life insurance contract may have taxable gain on the sale.<sup>2</sup> Rev. Rul. 2009–13, 2009–21 I.R.B. 1029, holds that gain on the sale of a life insurance contract is included in gross income under § 61(a)(3). The gain is capital gain, except to the extent of the amount that would be recognized as ordinary income if the contract were surrendered, which is ordinary income under the substitute for ordinary income doctrine. See Rev. Rul. 2009–13; see also Rev. Rul. 2009–14, 2009–21 I.R.B. 1031. The amount that would be recognized as ordinary income under § 72(e)(5) if the contract were surrendered is the “inside buildup” – the excess of the amount that would be received upon surrender over the investment in the contract as defined in § 72(e)(6).<sup>3</sup> Section 72(e)(6) defines the “investment in the contract” as of any date as the aggregate amount of premiums or other consideration paid for the contract before that date, less the aggregate amount received under the contract before that date to the extent that such amount was excludable from gross income.

Life insurance contracts may be sold in transactions known as life settlement transactions. In a typical life settlement transaction, the policyholder, often the individual insured under the life insurance contract, sells his or her life insurance contract to an unrelated person. The consideration paid generally is a lump-sum cash payment that is less than the death benefit on the policy, but more than the amount that would be received by the policyholder upon surrender of the life insurance contract. In general, life settlement transactions may be arranged by a life settlement broker, who negotiates the

sale of a life insurance contract on behalf of the policyholder in exchange for a fee or commission.

Over 40 states regulate life settlement transactions. State law may require that life settlement brokers be licensed and that the contract of sale (the life settlement contract) only be entered into by the policyholder and a licensed life settlement provider. A life settlement provider may purchase a life insurance contract on its own behalf. Alternatively, the life settlement provider may purchase a life insurance contract on behalf of the ultimate beneficial owner (for example, a financing entity that provides the funds to purchase the life insurance contract). The ultimate beneficial owner of the life insurance contract may continue to pay the premiums on the life insurance contract and receive death benefits under the contract on the death of the insured, or may, in a separate transaction, sell the life insurance contract to another investor in life insurance contracts.

A viatical settlement, a subset of life settlement transactions, may involve the sale of a life insurance contract, but may not be taxed as a sale. Under a viatical settlement, a policyholder may sell or assign a life insurance contract after the insured has become terminally ill or chronically ill. If any portion of the death benefit under a life insurance contract on the life of an insured who is terminally ill or chronically ill (within the meaning of § 101(g)) is sold (through the sale of the life insurance contract) or assigned in a viatical settlement to a viatical settlement provider, the amount paid for the sale or assignment of that portion is treated as an amount paid under the life insurance contract by reason of the death of the insured, rather than gain from the sale or assignment. See §§ 101(a) and (g). Amounts received under a life insurance contract paid by reason of the death of the insured are excluded from federal income tax. See § 101(a)(1). For this purpose, a viatical settlement provider is a person regularly engaged in the trade or business of purchasing, or taking assignments of, life insurance contracts insuring the lives of ter-

minally ill or chronically ill individuals (provided certain requirements are met). See Rev. Rul. 2002–82, 2002–51 I.R.B. 978.

### B. Information Reporting for Certain Life Insurance Contract Transactions

Section 13520 of the Act added § 6050Y to the Code. In general, § 6050Y imposes information reporting requirements on the acquirer and issuer in the case of the acquisition, or notice of the acquisition, of an existing life insurance contract in a reportable policy sale, and on each person who makes a payment (the “payor”) of reportable death benefits. The reporting requirements set forth in § 6050Y are effective for reportable policy sales that occur after December 31, 2017, and for reportable death benefits paid after December 31, 2017.

The term “reportable policy sale” is defined in § 6050Y(d)(2), by cross-reference to § 101(a)(3)(B), which was added by section 13522 of the Act, to mean “the acquisition of an interest in a life insurance contract, directly or indirectly, if the acquirer has no substantial family, business, or financial relationship with the insured apart from the acquirer’s interest in such life insurance contract.” Section 101(a)(3)(B) provides that, for purposes of determining whether an acquisition of an interest in a life insurance contract is a reportable policy sale, “the term ‘indirectly’ applies to the acquisition of an interest in a partnership, trust, or other entity that holds an interest in the life insurance contract.” The term “reportable death benefits” is defined in § 6050Y(d)(4) to mean “amounts paid by reason of the death of the insured under a life insurance contract that has been transferred in a reportable policy sale.”

Section 6050Y(a) imposes reporting requirements on every person who acquires a life insurance contract, or any interest in a life insurance contract, in a reportable policy sale during the taxable year (the “acquirer”). Under § 6050Y(a)(1), the acquirer must file a return with the IRS setting forth (1) the acquirer’s name, address, and taxpayer identification number (TIN); (2) the name, address, and TIN of each recipient of payment

<sup>2</sup>In this notice, a reference to a sale of a life insurance contract includes a sale of any interest in a life insurance contract.

<sup>3</sup>For some contracts, such as term life insurance contracts, the amount that would be received upon surrender of the contract is zero and the policyholder therefore has no ordinary income on the sale of the contract.

in the reportable policy sale; (3) the date of the sale; (4) the name of the issuer of the life insurance contract sold and the policy number of such contract; and (5) the amount of each payment. Under § 6050Y(a)(2), the acquirer must furnish written statements to each payment recipient and the issuer named in the return required by § 6050Y(a)(1). The statement furnished by the acquirer to any payment recipient must include items (1) through (5), above. The statement furnished by the acquirer to the issuer must include items (1) through (4), above; however, the statement is not required to include item (5) (the amount of each payment). The statements furnished by the acquirer to each payment recipient and the issuer must also include the name, address, and phone number of the acquirer's information contact. The term "payment" is defined by § 6050Y(d)(1) with respect to any reportable policy sale as "the amount of cash and the fair market value of any consideration transferred in the sale." The term "issuer" is defined by § 6050Y(d)(3) as "any life insurance company that bears the risk with respect to a life insurance contract on the date any return or statement is required to be made under this section."

Section 6050Y(b) imposes reporting requirements on an issuer of a life insurance contract upon the receipt of a written statement furnished by an acquirer under § 6050Y(a)(2), or upon any notice of the transfer of a life insurance contract to a foreign person. Under § 6050Y(b)(1), the issuer must file a return with the IRS setting forth (1) the name, address, and TIN of the seller who transfers any interest in such contract in such sale; (2) the seller's investment in the contract within the meaning of § 72(e)(6); and (3) the policy number of the contract. Under § 6050Y(b)(2), the issuer must furnish the seller with a written statement that includes items (1) through (3), above, as well as the name, address, and phone number of the issuer's information contact.

Section 6050Y(c) imposes reporting requirements on every person who makes a payment of reportable death benefits during any taxable year. Under § 6050Y(c)(1), the payor must file a return with the IRS setting forth (1) the payor's name, address, and

TIN; (2) the name, address, and TIN of each recipient of such payment; (3) the date of each such payment; (4) the gross amount of each such payment; and (5) the payor's estimate of the buyer's investment in the contract within the meaning of § 72(e)(6). Under § 6050Y(c)(2), the payor must furnish to each recipient of such payment a written statement that includes items (1) through (5), above, as well as the name, address, and phone number of the payor's information contact.

#### *C. Proceeds of Life Insurance Contracts Payable by Reason of Death*

Generally, amounts received under a life insurance contract that are paid by reason of death of the insured are excluded from federal income tax. *See* § 101(a)(1). However, if a life insurance contract is sold or otherwise transferred for valuable consideration (such as in a life settlement transaction or viatical settlement), the excludable portion of the amount paid by reason of the death of the insured is limited. *See* § 101(a)(2). In general, under the § 101(a)(2) limitation, the excludable amount following a transfer for valuable consideration may not exceed the sum of (1) the actual value of the consideration paid by the transferee to acquire the life insurance contract and (2) the premiums and other amounts subsequently paid by the transferee. The second sentence of § 101(a)(2) provides that the § 101(a)(2) limitation does not apply if (1) the transferee's basis in the contract is determined in whole or in part by reference to the transferor's basis in the contract or (2) the transfer is to the insured, to a partner of the insured, to a partnership in which the insured is a partner, or to a corporation in which the insured is a shareholder or officer. *See* § 101(a)(2).

Rev. Rul. 2009-14 holds that a portion of the death benefit received by a buyer of a life insurance contract on the death of the insured is included in income under § 101(a)(2). The portion included in income is the excess of the death benefit over the premiums or other consideration the buyer paid for the contract. Rev. Rul. 2009-14 holds that the receipt of a death benefit from the issuer under the terms of the contract does not produce a capital gain and, therefore, the income recog-

nized by the buyer upon the receipt of death benefits under the contract is ordinary income.

#### *D. A Modification to the Transfer for Valuable Consideration Rules*

Section 13522 of the Act added § 101(a)(3), which provides that the exception to the § 101(a)(2) limitation provided in the second sentence of § 101(a)(2) does not apply in the case of a reportable policy sale. Accordingly, in the case of a reportable policy sale, the amount of death benefits excluded from gross income under § 101(a)(1) shall not exceed an amount equal to the sum of the actual value of the consideration the buyer paid for the contract and the premiums or other amounts subsequently paid by the buyer. As a result, some portion of the death benefit ultimately payable under such a contract may be includable in income under § 101(a)(2) (for example, if the life insurance contract is transferred for valuable consideration and the death benefit exceeds the sum of the actual value of the consideration and the premiums or other amounts subsequently paid by the transferee of the contract). The modification to the rules for transfers for valuable consideration is effective for transfers occurring after December 31, 2017.

### **SECTION 3. INTENDED PROPOSED GUIDANCE**

#### *A. Information Reporting for Certain Life Insurance Contract Transactions*

Section 6050Y provides that each of the returns required by § 6050Y are to be made "at such time and in such manner as the Secretary shall prescribe." Treasury and the IRS intend to propose regulations under § 6050Y describing the manner by which and time at which the reporting requirements of § 6050Y must be satisfied. The proposed regulations will also clarify which parties are subject to the reporting requirements and other definitional issues. For example, Treasury and the IRS intend to define the term "reportable policy sale" in the proposed regula-

tions to include a viatical settlement.<sup>4</sup> In addition, Treasury and the IRS intend to clarify the extent to which § 6050Y applies to sales or acquisitions effected by transferors and transferees outside the U.S. and to sellers and issuers that are foreign persons for purposes of reporting under § 6050Y(b) or (c).

*i. Section 6050Y(a) Reporting of Payments by Acquirer in a Reportable Policy Sale*

Treasury and the IRS intend to propose regulations under § 6050Y(a)(1) requiring every person who acquires a life insurance contract or any interest in a life insurance contract in a reportable policy sale to file an information return, to be made according to forms and instructions to be published by the IRS, reporting the following information to the IRS: (1) the acquirer's name, address, and TIN; (2) the name, address, and TIN of each recipient of payment in the reportable policy sale; (3) the date of the sale; (4) the name of the issuer of the life insurance contract sold and the policy number of such contract; and (5) the amount of each payment.

Treasury and the IRS intend to propose regulations under § 6050Y(a)(2) requiring every person required to file a return under § 6050Y(a)(1) to furnish written statements to each payment recipient and issuer whose name is required to be set forth in such return. The statements will be required to set forth the name, address, and phone number of the information contact of the acquirer, together with the information required to be reported to the IRS under § 6050Y(a)(1), except that the amount of each payment and the name, address, and TIN of payment recipients other than the seller need not be reported to the issuer. The requirement to provide such statements may be satisfied by furnishing a copy of the information return provided to the IRS (provided the return includes the name, address, and phone number of the acquirer's information contact, or this information is added to the copy furnished to the payment recipient), or an acceptable substitute statement.

Treasury and the IRS intend to propose regulations that will define "acquirer" for

purposes of § 6050Y to be any person who acquires a life insurance contract, or an interest in a life insurance contract, directly or indirectly, and who has no substantial family, business, or financial relationship with the insured apart from the acquirer's interest in such life insurance contract. The proposed regulations may further refine the definition of an "acquirer" for purposes of § 6050Y. For example, the proposed regulations may define "acquirer" in a reportable policy sale to include any person, including the life settlement or viatical settlement provider or financing entity, that takes title or possession for state law purposes or acquires a beneficial interest in the life insurance contract at any time. The statute defines "indirectly," for purposes of a reportable policy sale, as the acquisition of an interest in a partnership, trust, or other entity that holds an interest in the life insurance contract. The proposed regulations may further refine the definition of "indirectly" for purposes of § 6050Y reporting.

Treasury and the IRS intend to propose regulations regarding the definition of a reportable payment for purposes of § 6050Y. Section 6050Y(d)(1) defines "payment," with respect to any reportable policy sale, as "the amount of cash and the fair market value of any consideration transferred in the sale." Treasury and the IRS intend to clarify that a reportable payment may include payments to persons other than the seller, such as brokers and, potentially, life settlement providers acting as intermediaries. Additionally, Treasury and the IRS intend to clarify that the "payment" to the seller reported under § 6050Y(a) is the seller's net proceeds. The net proceeds equal the gross proceeds minus any selling expenses (for example, broker's fees and commissions).

*ii. Section 6050Y(b) Reporting of Transferor's Investment in the Contract by Issuer (Reportable Policy Sale or Transfer to a Foreign Person)*

Treasury and the IRS intend to propose regulations implementing reporting obligations under § 6050Y(b) on any issuer of a life insurance contract who has either

(1) received the statement required by § 6050Y(a)(2) to be furnished by the acquirer in a reportable policy sale or (2) has received notice of a transfer of a life insurance contract to a foreign person.

Section 6050Y(d)(3) defines "issuer" to mean "any life insurance company that bears the risk with respect to a life insurance contract on the date any return or statement is required to be made under this section." Treasury and the IRS intend to limit the information reporting obligations imposed under § 6050Y(b) to the life insurance company that is responsible for administering the contract, including paying death benefits under the life insurance contract. Under the proposed regulations, the reporting obligations would not apply, for instance, to a reinsurer in an indemnity contract covering all or a portion of the risks that the original issuer (and continuing contract administrator) might otherwise have incurred with respect to a life insurance contract. This proposed definition of "issuer" will reduce the burden on reporting life insurance companies and prevent duplicative reporting.

Treasury and the IRS intend to propose regulations under § 6050Y(b)(1) requiring issuers who have received a statement under § 6050Y(a)(2) reporting a reportable policy sale or notice of a transfer of a life insurance contract to a foreign person to file an information return, to be made according to forms and instructions to be published by the IRS, reporting the following information to the IRS: (1) the name, address, and TIN of each seller who transfers an interest in a life insurance contract; (2) the investment in the contract (as defined in § 72(e)(6)) with respect to such seller; (3) the policy number of such contract; and (4) the amount that would have been received by the policyholder upon surrender of the contract. Treasury and the IRS intend to propose regulations requiring the issuer to report the amount that would have been received by the policyholder upon surrender of the contract because this information is needed to determine the amount of the seller's gain that is ordinary income. *See* Rev. Rul. 2009-13; *see also* Rev. Rul. 2009-14.

Treasury and the IRS intend to propose regulations under § 6050Y(b)(2) requiring

<sup>4</sup>Treasury and the IRS are also considering how to distinguish viatical settlements from other life settlement transactions for information reporting purposes.

every issuer required to make a return under § 6050Y(b)(1) to furnish written statements to each seller whose name is required to be set forth in a return made under § 6050Y(b)(1). The statements will be required to set forth the name, address, and phone number of the information contact of the issuer, together with the information required to be reported to the IRS under § 6050Y(b)(1) and the proposed regulations. The requirement to provide such statements may be satisfied by furnishing a copy of the information return provided to the IRS (provided the return includes the name, address, and phone number of the issuer's information contact, or this information is added to the copy furnished to the seller), or an acceptable substitute statement.

Treasury and the IRS intend to propose regulations defining "seller" for purposes of § 6050Y(b) to include any person who transfers an interest in a life insurance contract to an acquirer in a reportable policy sale or to a foreign person.

Treasury and the IRS intend to define the term "investment in the contract" that is required to be reported by the issuer with respect to a seller. Section 6050Y(b) requires an issuer to report the "investment in the contract (as defined in section 72(e)(6)) with respect to such seller." Section 72(e)(6) defines the "investment in the contract" as of any date as the aggregate amount of premiums or other consideration paid for the contract before that date, less the aggregate amount received under the contract before that date to the extent that amount was excludable from gross income. With respect to the original policyholder, the issuer will have all of the information required to determine the seller's investment in the contract. With respect to a seller other than the original policyholder, an issuer may not have all the information required to determine the seller's investment in the contract, as defined in § 72(e)(6), because the acquirer of the contract from the original policyholder is not required under § 6050Y(a) to report to the issuer the amount paid for the contract. For this reason, the issuer's obligation to report the "investment in the contract" on any date will be limited to the information that is known to the issuer (in general, the amount of premiums received from the seller for the

contract before that date, less the aggregate amount paid to the seller under the contract before that date).

Treasury and the IRS intend to propose regulations defining notice of a transfer of a life insurance contract to a foreign person for purposes of § 6050Y(b) as any notice, including information provided for nontax purposes such as change of address notices for purposes of sending statements or for other purposes, or information relating to loans, premiums, or death benefits with respect to the contract. *See* H.R. Rep. No. 115-466, at 485 (2017) (Conf. Rep.).

Issuers of life insurance contracts acquired by a domestic person in a reportable policy sale are subject to the reporting obligations of § 6050Y(b) only if the issuer receives the statement required by § 6050Y(a)(2) to be furnished by the acquirer in a reportable policy sale to the issuer. Treasury and the IRS intend to propose regulations providing that issuers who have not received a written statement from an acquirer under § 6050Y(a)(2), but who have received notice of a transfer of a life insurance contract to a domestic person, may optionally file a return with the IRS under § 6050Y(b)(1) and furnish written statements to sellers under § 6050Y(b)(2), unless the issuer knows the transfer is not a reportable policy sale.

### *iii. Section 6050Y(c) Reporting of Reportable Death Benefits by Payor*

Treasury and the IRS intend to propose regulations related to the reporting obligations under § 6050Y(c) on persons making payments of reportable death benefits during any taxable year. Every person making payments of reportable death benefits during any taxable year is subject to the reporting obligations of § 6050Y(c), regardless of whether such person received a statement from the acquirer in the reportable policy sale under § 6050Y(a)(2).

Treasury and the IRS intend to propose regulations under § 6050Y(c)(1) requiring a payor of reportable death benefits to file an information return, to be made according to forms and instructions to be published by the IRS, reporting the following information to the IRS: (1) the payor's name, address, and TIN; (2) the name, address, and TIN of each recipi-

ent of such payment; (3) the date of each such payment; (4) the gross amount of each such payment; and (5) the payor's estimate of the investment in the contract (as defined in § 72(e)(6)) with respect to the buyer.

Treasury and the IRS intend to propose regulations under § 6050Y(c)(2) requiring every person required to file a return under § 6050Y(c)(1) to furnish written statements to each recipient of reportable death benefits whose name is required to be set forth in a return made under § 6050Y(c)(1). The statements will be required to set forth the name, address, and phone number of the information contact of the payor, together with the information required to be reported to the IRS under § 6050Y(c)(1). The requirement to provide such statements may be satisfied by furnishing a copy of the information return provided to the IRS (provided the return includes the name, address, and phone number of the payor's information contact, or this information is added to the copy furnished to the payment recipient), or an acceptable substitute statement.

Treasury and the IRS intend to define the term "estimate of the investment in the contract" that is required to be reported by the payor with respect to a buyer to include only the amount of premiums paid by the buyer under the contract, less the aggregate amount received by the buyer under the contract. In addition, Treasury and the IRS intend to define "buyer" in the proposed regulations. For example, the proposed regulations may define "buyer" to include any person either holding a beneficial interest in the life insurance contract or taking title or possession for state law purposes.

Section 6050Y(d)(4) defines "reportable death benefits" as "amounts paid by reason of the death of the insured under a life insurance contract that has been transferred in a reportable policy sale." The definition of "reportable policy sale" applies only to transfers made after December 31, 2017. Accordingly, death benefits are "reportable death benefits" under § 6050Y(d)(4), and are subject to the reporting requirements of § 6050Y(c), only if the death benefits are paid by reason of the death of the insured under a life insurance contract transferred after December 31, 2017, in a reportable policy sale.

#### *iv. Timing of Section 6050Y Reporting*

Among other requirements, § 6050Y(a) requires the acquirer in a reportable policy sale to report the amount of each payment made in a reportable policy sale to the IRS and each payment recipient. Section 6050Y(b) requires each issuer of a life insurance contract who receives notice of a reportable policy sale via receipt of a statement required under § 6050Y(a)(2), or who receives notice of a transfer of a life insurance contract to a foreign person, to report the seller's investment in the life insurance contract to the IRS and the seller. Section 6050Y(c) requires the payor of a reportable death benefit to report the payment to the IRS and each payment recipient.

The recipients of the written statements required to be furnished under § 6050Y may use the information therein to determine their taxable income. To facilitate recipients' proper tax reporting, Treasury and the IRS intend to require that an acquirer furnish the written statements required under § 6050Y(a)(2) to an issuer by the later of (1) 20 days after the reportable policy sale, or (2) 5 days after the end of the applicable state law rescission period, if any, but in no event later than January 15 of the year following the calendar year in which the reportable policy sale occurs. Treasury and the IRS intend to require that all other written statements required under §§ 6050Y(a)(2), (b)(2), and (c)(2) be furnished to the recipients identified in the statute and regulations no later than January 31 of the year following the calendar year in which the reportable policy sale or reportable death benefit payment occurs. The earlier deadline for acquirers to furnish issuers with the written statements required under § 6050Y(a)(2) is needed because reporting under § 6050Y(b) is contingent on the issuer receiving either notice of a reportable policy sale via a written statement furnished under § 6050Y(a)(2) or notice of the transfer of a life insurance contract to a foreign person.

Treasury and the IRS intend to propose regulations requiring the returns required by §§ 6050Y(a)(1), (b)(1), and (c)(1) to be filed with the IRS no later than February 28 of the year following the calendar year

in which the reportable policy sale or reportable death benefit payment occurs, for paper returns, and no later than March 31 of the year following the calendar year in which the reportable policy sale or reportable death benefit payment occurs, for electronically filed returns.

Treasury and the IRS intend to propose regulations regarding reporting obligations upon the rescission of a reportable policy sale or transfer to a foreign person. Upon receiving notice of the rescission, any person who has filed a return required by § 6050Y with respect to the reportable policy sale or transfer would have 15 days to file a corrected return. Upon receiving notice of the rescission, any person who has furnished a written statement under § 6050Y with respect to the reportable policy sale or transfer would have 15 days to furnish the recipient of that statement with a corrected statement reporting the rescission.

The reporting requirements of § 6050Y apply to reportable policy sales that occur after December 31, 2017, and reportable death benefits paid after December 31, 2017. For reportable policy sales and payments of reportable death benefits occurring after December 31, 2017, and before the date final regulations under § 6050Y are published in the Federal Register, Treasury and the IRS intend to allow additional time after the date final regulations are published to file the returns and furnish the written statements required by § 6050Y.

#### *B. A Modification to the Transfer for Valuable Consideration Rules*

Treasury and the IRS intend to propose amendments to § 1.101-1 to reflect the addition of § 101(a)(3) by section 13522 of the Act.

#### **SECTION 4. REQUEST FOR COMMENTS**

Treasury and the IRS request comments on the proposed rules described in this notice and on any additional issues that should be addressed by the regulations, including the following:

(a) The time and manner for reporting certain life insurance contract transactions under § 6050Y, including the timing of reporting under the transition relief for

reportable policy sales and payment of reportable death benefits occurring prior to the issuance of final regulations;

(b) Identification of the "acquirer" in a reportable policy sale for purposes of § 6050Y reporting; whether for purposes of § 6050Y there might be more than one person taking title or possession for state law purposes of an insurance contract or acquiring a beneficial interest in a life insurance contract with respect to a series of transfers involving a reportable policy sale and, if so, how § 6050Y should apply; and whether the proposed definition of "acquirer" would lead to duplicate reporting of payments in reportable policy sales;

(c) If each person who takes possession or title as owner or beneficial owner of a life insurance contract as part of a series of transactions is required to report under § 6050Y(a), should the proposed regulations allow each person's reporting obligation to be discharged through one unified reporting by one of the persons or a third party information reporting contractor;

(d) The application of the rules in § 6050Y(a) to the series of prearranged transfers of an insurance contract as part of the initial reportable policy sale, also known as a secondary market sale, and whether these title and ownership transfers should be aggregated into one reportable policy sale or whether each transfer should be treated as a separate reporting event for purposes of § 6050Y(a);

(e) The application of the rules in § 6050Y(a) to a reportable policy sale that occurs after an initial reportable policy sale, also known as a tertiary market policy sale;

(f) Identification of "payment recipients" in reportable policy sales, other than the seller, for purposes of § 6050Y(a); whether requiring reporting of payments to such persons would duplicate existing information reporting; whether payments to multiple payment recipients in a reportable policy sale should be reported on a single return; and what information reported on the return should be provided to each payment recipient;

(g) Whether there could be payments to payment recipients other than the seller in a reportable policy sale that are not selling expenses, and if so, whether the seller's net proceeds would include or be

net of those amounts, and the extent to which the acquirer would have knowledge of all such payments;

(h) The definition of “reportable policy sale” set forth in § 101(a)(3)(B) and the need for additional guidance regarding the definition (for example, the types of transactions covered by the term, as well as the extent to which the definition should exclude sales or acquisitions effected by transferors and transferees outside the U.S.), as well as how to distinguish viatical settlements from other life settlement transactions for information reporting purposes;

(i) The rules under § 6050Y(b), including the definition of “issuer,” “seller,” and of “notice of a transfer to a foreign person”;

(j) The definition of “buyer” for purposes of § 6050Y(c), including whether it should include the beneficial owner of the life insurance contract and the person holding title or possession for state law purposes, and identification of the person or persons holding the information necessary to determine the investment in the contract made by the “buyer”;

(k) The definition of “investment in the contract” for purposes of §§ 6050Y(b) and (c);

(l) Documentation requirements that should be applied by acquirers and issuers to determine whether a payment recipient/seller is a non-U.S. person for purposes of excluding their respective reporting under § 6050Y, including addressing any foreign sellers that might be included in the reporting and presumption rules to be applied in the absence of reliable documentation establishing a seller’s non-U.S. status (to the extent permitted for excluding reporting); and

(m) Rules to coordinate any of the provisions of § 6050Y with other sections of the Code addressing withholding and reporting requirements, including coordination with the provisions of chapters 3 and 4 of the Code.

Comments should be submitted in writing on or before June 13, 2018, and should contain reference to this Notice 2018–41. All comments will be available for public inspection and copying. Comments may be submitted in one of three ways:

- (1) By mail to Internal Revenue Service, CC:PA:LPD:PR (Notice 2018–41), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.
- (2) Electronically to *Notice.Comments@irscounsel.treas.gov*. Please include “Notice 2018–41” in both the body of the comment and on the subject line of any electronic communications.
- (3) By hand-delivery Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (Notice 2018–41), Courier’s Desk, Internal Revenue Service, 1111 Constitution Ave., NW, Washington, DC 20224.

## DRAFTING INFORMATION

The principal author of this notice is Kathryn M. Sneade of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this notice, contact Ms. Sneade at (202) 317-6995 (not a toll-free number).

## Section 101.—Certain death benefits

26 C.F.R. 1.101-1: Exclusion from gross income of proceeds of life insurance contracts payable by reason of death.

Information reporting obligations with respect to amounts paid by reason of the death of the insured under a life insurance contract that has been transferred in a reportable policy sale. See Notice 2018-41, page 584.

## Public Comment Invited on Recommendations for 2018–2019 Priority Guidance Plan

### Notice 2018–43

The Department of the Treasury (Treasury Department) and the Internal Revenue Service (Service) invite public comment on recommendations for items that should be included on the 2018–2019 Priority Guidance Plan.

The Treasury Department’s Office of Tax Policy and the Service use the Priority Guidance Plan each year to identify

and prioritize the tax issues that should be addressed through regulations, revenue rulings, revenue procedures, notices, and other published administrative guidance. The 2018–2019 Priority Guidance Plan will identify guidance projects that the Treasury Department and the Service intend to work on as priorities during the period from July 1, 2018, through June 30, 2019.

The Treasury Department and the Service recognize the importance of public input in formulating a Priority Guidance Plan that focuses resources on guidance items that are most important to taxpayers and tax administration. Published guidance plays an important role in increasing voluntary compliance by helping to clarify ambiguous areas of the tax law. The published guidance process is most successful if the Treasury Department and the Service have the benefit of the experience and knowledge of taxpayers and practitioners who must apply the rules implementing the internal revenue laws.

On December 22, 2017, P.L. 115–97, “An Act to provide for the reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018,” commonly referred to as the Tax Cuts and Jobs Act (the Act), was enacted. Since that time the Treasury Department and the Service have focused their efforts on guidance projects necessary to implement the Act.

The Treasury Department and the Service expect to continue to concentrate on guidance implementing the Act for the balance of the current plan year and during the 2018–2019 plan year. As a result, the Treasury Department and the Service do not expect to be able to complete a number of the guidance projects on the 2017–2018 Priority Guidance Plan, but they currently expect that many of these projects will be carried over to the 2018–2019 Priority Guidance Plan.

In reviewing recommendations and selecting additional projects for inclusion on the 2018–2019 Priority Guidance Plan, the Treasury Department and the Service will consider the following:

1. Whether the recommended guidance resolves significant issues relevant to many taxpayers;
2. Whether the recommended guidance reduces controversy and lessens the burden on taxpayers or the Service;

3. Whether the recommendation involves existing regulations or other guidance that is outdated, unnecessary, ineffective, insufficient, or unnecessarily burdensome and that should be modified, streamlined, expanded, replaced, or withdrawn;
4. Whether the recommended guidance would be in accordance with Executive Order 13771, Executive Order 13777 (82 FR 12285), or other executive orders.
5. Whether the recommended guidance promotes sound tax administration;
6. Whether the Service can administer the recommended guidance on a uniform basis; and
7. Whether the recommended guidance can be drafted in a manner that will enable taxpayers to easily understand and apply the guidance.

Since the enactment of the Act, the Treasury Department and the IRS have received a number of letters specifically asking for guidance related to the implementation of provisions in the Act. These suggestions have informed the projects that are currently in development and will also be considered in formulating the 2018–2019 Priority Guidance Plan, as will any additional recommendations for guidance related to the Act.

Please submit recommendations by June 15, 2018, for possible inclusion on the original 2018–2019 Priority Guidance Plan. Taxpayers may, however, submit recommendations for guidance at any time during the year. The Treasury Department and the Service will update the 2018–2019 Priority Guidance Plan periodically to reflect additional guidance that the Treasury Department and the Service intend to publish during the plan year. The periodic updates allow the Treasury Department and the Service to respond to the need for additional guidance that may arise during the plan year.

Taxpayers are not required to submit recommendations for guidance in any particular format. Taxpayers should, however, briefly describe the recommended guidance and explain the need for the guidance. In addition, taxpayers may include an analysis of how the issue should be resolved. For recommendations to modify, streamline, or withdraw existing regulations or other guidance, taxpayers

should explain how the changes would reduce taxpayer cost and/or burden or benefit tax administration. It would be helpful if taxpayers suggesting more than one guidance project prioritize the projects by order of importance. If a large number of projects are being suggested, it would be helpful if the projects were grouped by subject matter and then in terms of high, medium, or low priority. Requests for guidance in the form of petitions for rulemaking will be considered with other recommendations for guidance in accordance with the considerations described in this notice.

Taxpayers may mail comments to:

Internal Revenue Service  
 Attn: CC:PA:LPD:PR (Notice 2018–43) Room 5203  
 P.O. Box 7604  
 Ben Franklin Station  
 Washington, D.C. 20044

or hand deliver comments Monday through Friday between the hours of 8 a.m. and 4 p.m. to:

Courier’s Desk  
 Internal Revenue Service  
 Attn: CC:PA:LPD:PR (Notice 2018–43)  
 1111 Constitution Avenue, N.W.  
 Washington, D.C. 20224

Alternatively, taxpayers may submit comments electronically via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (type IRS–2018–0010 in the search field on the regulations.gov homepage to find this notice and submit comments). All recommendations for guidance submitted by the public in response to this notice will be available for public inspection and copying in their entirety. For further information regarding this notice, contact Emily M. Lesniak of the Office of the Associate Chief Counsel (Procedure and Administration) at (202) 317-3400 (not a toll-free number).

## Rev. Proc. 2018–27

### SECTION 1. PURPOSE

This revenue procedure modifies the annual limitation on deductions for contributions to Health Savings Accounts (HSAs) allowed for individuals with fam-

ily coverage under a high deductible health plan (HDHP) for calendar year 2018 announced in Revenue Procedure 2018–18, 2018–10 I.R.B. 392. For 2018, taxpayers may treat \$6,900 as the annual limitation on the deduction for an individual with family coverage under an HDHP pursuant to section 223(b)(2)(B) of the Internal Revenue Code. This revenue procedure makes no other changes to Rev. Proc. 2018–18.

### SECTION 2. BACKGROUND

On May 4, 2017, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) released Revenue Procedure 2017–37, 2017–21 I.R.B. 1252, which provided the 2018 inflation adjusted amounts for HSAs as determined under section 223. Under Rev. Proc. 2017–37, the annual limitation on deductions under section 223(b)(2)(B) for an individual with family coverage under an HDHP was \$6,900.

Subsequently, statutory amendments by “An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018” (the Act), Pub. L. 115–97, 131 Stat. 2504, enacted December 22, 2017, modified the inflation adjustments for certain provisions of the Internal Revenue Code, including the inflation adjustments under section 223. On March 2, 2018, the Treasury Department and the IRS released Rev. Proc. 2018–18, which superseded Rev. Proc. 2017–37, to reflect the statutory amendments to the inflation adjustments under the Act. Under section 4 of Rev. Proc. 2018–18, the annual limitation on deductions under section 223(b)(2)(B) for an individual with family coverage under an HDHP was \$6,850 for 2018 — a \$50 reduction from the limitation announced in Rev. Proc. 2017–37. Rev. Proc. 2018–18 did not change any other annual limitation or any other requirement under section 223 for calendar year 2018.

In response to Rev. Proc. 2018–18, stakeholders informed the Treasury Department and the IRS that implementing the \$50 reduction to the limitation on deductions for individuals with family coverage would impose numerous unanticipated administrative and financial burdens. Specifically, stakeholders noted that some individuals with

family coverage under an HDHP made the maximum HSA contribution for the 2018 calendar year before the issuance of Rev. Proc. 2018–18 reducing the deduction limitation, and that many other individuals made annual salary reduction elections for HSA contributions through their employers’ cafeteria plans based on the \$6,900 limit for an individual with family coverage under an HDHP. Further, stakeholders informed the Treasury Department and the IRS that the costs of modifying the various systems to reflect the reduced maximum, as well as the costs associated with distributing a \$50 excess contribution (and earnings), would be significantly greater than any tax benefit associated with an unreduced HSA contribution (and in some instances may exceed \$50). Some stakeholders also pointed to section 223(g)(1), which requires annual inflation adjustments for HSAs to be published by June 1 of the preceding calendar year, as another indication that a current year change would be unduly burdensome.

In response to these concerns, the Treasury Department and the IRS have determined that it is in the best interest of sound and efficient tax administration to allow taxpayers to treat the \$6,900 annual limitation originally published in Rev. Proc. 2017–37 as the 2018 inflation adjusted limitation on HSA contributions for eligible individuals with family coverage under an HDHP.

### **SECTION 3. PROCEDURE**

For calendar year 2018, taxpayers may treat \$6,900 as the annual limitation on deductions under section 223(b)(2)(B) for an individual with family coverage under an HDHP.

An individual who receives a distribution from an HSA of an excess contribution (with earnings) based on the \$6,850 deduction limit published in Rev. Proc. 2018–18 may repay the distribution to the HSA and treat the distribution as the result of a mistake of fact due to reasonable cause under Q&A-37 of Notice 2004–50, 2004–2 C.B. 196. Accordingly, the portion of a distribution (including earnings) that an individual repays to an HSA by April 15, 2019, is not included in the individual’s gross income under section 223(f)(2) or subject to the 20 percent additional tax under section 223(f)(4), and the repayment is not subject to the

excise tax on excess contributions under section 4973(a)(5). Mistaken distributions that are repaid to an HSA are not required to be reported on Form 1099–SA or Form 8889 and are not required to be reported as additional HSA contributions. However, in accordance with Q&A-76 of Notice 2004–50, a trustee or custodian is not required to allow individuals to repay mistaken distributions.

Alternatively, an individual who receives a distribution from an HSA of an excess contribution (with earnings) based on the \$6,850 deduction limit published in Rev. Proc. 2018–18 and does not repay the distribution to the HSA may treat the distribution in accordance with section 223(f)(3), which describes the treatment of excess contributions returned before the due date of return. Thus, the excess contribution generally would not be included in gross income under section 223(f)(2) or subject to the 20 percent additional tax under section 223(f)(4), provided the distribution is received on or before the last day prescribed by law (including extensions of time) for filing the individual’s 2018 tax return.

The tax treatment described in the preceding paragraph does not apply to distributions from an HSA that are attributable to employer contributions (pursuant to a cafeteria plan election or otherwise) if the employer does not include any portion of the contributions in the employee’s wages because the employer treats \$6,900 as the annual limitation on deductions under section 223(b)(2)(B). In that case, unless the distribution from the HSA is used to pay qualified medical expenses, the distribution is includible in the employee’s gross income under section 223(f)(2) and subject to the 20 percent additional tax under section 223(f)(4).

### **SECTION 4. EFFECT ON OTHER DOCUMENTS**

This revenue procedure modifies and supersedes the second sentence of section 4 of Rev. Proc. 2018–18, which for calendar year 2018 addresses the annual limitation on deductions under section 223(b)(2)(B) for an individual with family coverage under an HDHP.

### **SECTION 5. EFFECTIVE DATE**

This revenue procedure applies for calendar year 2018.

### **SECTION 6. DRAFTING INFORMATION**

The principal author of this revenue procedure is Karen Levin of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this revenue procedure contact Karen Levin on (202) 317-5500 (not a toll-free number).

*26 CFR 6a.103A–2: Qualified mortgage bond*

## **Rev. Proc. 2018–28**

### **SECTION 1. PURPOSE**

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

### **SECTION 2. BACKGROUND**

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

.02 Section 143(a)(1) provides that the term “qualified mortgage bond” means a bond that is issued as part of a qualified mortgage issue. Section 143(a)(2)(A) provides that the term “qualified mortgage issue” means an issue of one or more bonds by a state or political subdivision

thereof, but only if: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve) are to be used to finance owner-occupied residences; (ii) the issue meets the requirements of subsections (c), (d), (e), (f), (g), (h), (i), and (m)(7) of section 143; (iii) the issue does not meet the private business tests of paragraphs (1) and (2) of section 141(b); and (iv) with respect to amounts received more than 10 years after the date of issuance, repayments of \$250,000 or more of principal on mortgage financing provided by the issue are used by the close of the first semiannual period beginning after the date the prepayment (or complete repayment) is received to redeem bonds that are part of the issue.

#### *Average Area Purchase Price*

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

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

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

.06 Section 143(k)(2)(A) provides that the term “statistical area” means (i) a metropolitan statistical area (MSA), and (ii) any county (or the portion thereof) that is not within an MSA. Section 143(k)(2)(C) further provides that if sufficient recent

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

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

#### *Qualified Mortgage Credit Certificate Program*

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

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

.09 Section 143(f) imposes limitations on the income of mortgagors for whom financing may be provided by qualified mortgage bonds. In addition, section 25(c)(2)(A)(iii)(IV) provides that holders of mortgage credit certificates must meet the income requirement of section 143(f). Generally, under sections 143(f)(1) and 25(c)(2)(A)(iii)(IV), the income requirement is met only if all owner-financing under a qualified mortgage bond and all mortgage credit certificates issued under a qualified mortgage credit certificate program are provided to mortgagors whose family income is 115 percent or less of the applicable median family income. Section 143(f)(5), however, generally provides for an upward adjustment to the percentage limitation in high housing cost areas. High housing cost areas are defined in section 143(f)(5)(C) as any statistical area for which the housing cost/income ratio is greater than 1.2.

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

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

.11 Average area purchase price safe harbors for each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam were last published in Rev. Proc. 2017-27, 2017-14 I.R.B. 1042.

.12 The nationwide average purchase price limitation was last published in section 4.02 of Rev. Proc. 2017-27. Guidance with respect to the United States and area median

gross income figures that are to be used in computing the housing cost/income ratio described in section 143(f)(5) was last published in Rev. Proc. 2017–35, 2017–21 I.R.B. 1250.

.13 This revenue procedure uses FHA loan limits for a given statistical area to calculate the average area purchase price safe harbor for that area. FHA sets limits on the dollar value of loans it will insure based on median home prices and conforming loan limits established by the Federal Home Loan Mortgage Corporation. In particular, FHA sets an area’s loan limit at 95 percent of the median home sales price for the area, subject to certain floors and caps measured against conforming loan limits.

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

.15 The average area purchase price safe harbors listed in section 4.01 of this revenue procedure are based on FHA loan limits released November 28, 2017. FHA loan limits are available for statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam. See section 3.03 of this revenue procedure with respect to FHA loan limits revised after November 28, 2017.

.16 OMB Bulletin No. 03–04, dated and effective June 6, 2003, revised the definitions of the nation’s metropolitan ar-

reas and recognized 49 new metropolitan statistical areas. The OMB bulletin no longer includes primary metropolitan statistical areas.

### SECTION 3. APPLICATION

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

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

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

.03 If the FHA revises the FHA loan limit for any statistical area after November 28, 2017, an issuer of qualified mortgage bonds or mortgage credit certificates may use the revised FHA loan limit for that statistical area to compute (as provided in the next sentence) a revised average area purchase price safe harbor for the statistical area provided that the issuer maintains records evidencing the revised FHA loan limit. The revised average area purchase price safe harbor for that statistical area is computed by dividing the revised FHA loan limit by .9775.

.04 If, pursuant to section 6a.103A–2(f)(5)(i), an issuer uses more accurate and comprehensive data to determine the average area purchase price for a statisti-

cal area, the issuer must make separate average area purchase price determinations for new and existing residences. Moreover, when computing the average area purchase price for a statistical area that is an MSA, as defined in OMB Bulletin No. 03–04, the issuer must make the computation for the entire applicable MSA. When computing the average area purchase price for a statistical area that is not an MSA, the issuer must make the computation for the entire statistical area and may not combine statistical areas. Thus, for example, the issuer may not combine two or more counties.

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

#### *Nationwide Average Purchase Price*

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

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

.08 If, pursuant to section 6.02 of this revenue procedure, an issuer relies on the average area purchase price safe harbors contained in Rev. Proc. 2017–27, the issuer must use the nationwide average purchase price set forth in section 4.02 of Rev. Proc. 2017–27 in computing the housing cost/income ratio under section 143(f)(5). Likewise, if, pursuant to section 6.04 of this revenue procedure, an issuer

relies on the nationwide average purchase price published in Rev. Proc. 2017-27, the issuer may not rely on the average area purchase price safe harbors published in this revenue procedure.

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

.01 Average area purchase prices for single-family and two to four-family residences in MSAs, and for certain counties

and county equivalents are set forth below. The safe harbor for “ALL OTHER AREAS” (found at the end of the table below) may be used for a statistical area that is not listed below.

**2018 Average Area Purchase Prices for Mortgage Revenue Bonds**

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
HALE	AL	\$338,824	\$433,760	\$524,297	\$651,560
PICKENS	AL	\$338,824	\$433,760	\$524,297	\$651,560
TUSCALOOSA	AL	\$338,824	\$433,760	\$524,297	\$651,560
ALEUTIANS WEST	AK	\$394,118	\$504,552	\$609,872	\$757,903
ANCHORAGE MUNIC	AK	\$405,882	\$519,591	\$628,082	\$780,563
BRISTOL BAY BOR	AK	\$321,176	\$411,151	\$496,982	\$617,647
DENALI BOROUGH	AK	\$304,706	\$390,077	\$471,509	\$585,985
DILLINGHAM CENS	AK	\$304,706	\$390,077	\$471,509	\$585,985
JUNEAU CITY AND	AK	\$437,647	\$560,256	\$677,238	\$841,637
KETCHIKAN GATEW	AK	\$345,882	\$442,762	\$535,243	\$665,166
KODIAK ISLAND B	AK	\$390,588	\$500,000	\$604,399	\$751,151
MATANUSKA-SUSIT	AK	\$405,882	\$519,591	\$628,082	\$780,563
NOME CENSUS ARE	AK	\$400,000	\$512,072	\$618,977	\$769,207
NORTH SLOPE BOR	AK	\$340,000	\$435,243	\$526,138	\$653,862
PETERSBURG CENS	AK	\$340,000	\$435,243	\$526,138	\$653,862
SITKA CITY AND	AK	\$469,412	\$600,921	\$726,394	\$902,711
SKAGWAY MUNICIP	AK	\$424,706	\$543,683	\$657,187	\$816,726
WRANGELL CITY A	AK	\$340,000	\$435,243	\$526,138	\$653,862
YAKUTAT CITY AN	AK	\$430,588	\$551,202	\$666,292	\$828,082
COCONINO	AZ	\$370,588	\$474,425	\$573,453	\$712,685
ALAMEDA	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
CONTRA COSTA	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
LOS ANGELES	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
MARIN	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
NAPA	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ORANGE	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SAN BENITO	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SAN FRANCISCO	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SAN MATEO	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SANTA CLARA	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SANTA CRUZ	CA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ALPINE	CA	\$474,118	\$606,957	\$733,657	\$911,765
AMADOR	CA	\$340,000	\$435,243	\$526,138	\$653,862
CALAVERAS	CA	\$382,353	\$489,463	\$591,662	\$735,294
EL DORADO	CA	\$529,412	\$677,749	\$819,233	\$1,018,107
HUMBOLDT	CA	\$335,294	\$429,207	\$518,824	\$644,808

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
INYO	CA	\$377,647	\$483,427	\$584,399	\$726,240
MARIPOSA	CA	\$329,412	\$421,688	\$509,719	\$633,504
MENDOCINO	CA	\$403,529	\$516,573	\$624,450	\$776,010
MONO	CA	\$541,176	\$692,788	\$837,442	\$1,040,716
MONTEREY	CA	\$629,412	\$805,780	\$973,964	\$1,210,435
NEVADA	CA	\$488,235	\$625,013	\$755,499	\$938,926
PLACER	CA	\$529,412	\$677,749	\$819,233	\$1,018,107
PLUMAS	CA	\$344,706	\$441,279	\$533,402	\$662,916
RIVERSIDE	CA	\$415,294	\$531,662	\$642,660	\$798,619
SACRAMENTO	CA	\$529,412	\$677,749	\$819,233	\$1,018,107
SAN BERNARDINO	CA	\$415,294	\$531,662	\$642,660	\$798,619
SAN DIEGO	CA	\$664,706	\$850,946	\$1,028,593	\$1,278,312
SAN JOAQUIN	CA	\$400,000	\$512,072	\$618,977	\$769,207
SAN LUIS OBISPO	CA	\$629,412	\$805,780	\$973,964	\$1,210,435
SANTA BARBARA	CA	\$668,235	\$855,448	\$1,034,066	\$1,285,064
SIERRA	CA	\$311,765	\$399,079	\$482,404	\$599,540
SOLANO	CA	\$470,588	\$602,404	\$728,184	\$904,962
SONOMA	CA	\$663,529	\$849,412	\$1,026,752	\$1,276,010
STANISLAUS	CA	\$329,412	\$421,688	\$509,719	\$633,504
SUTTER	CA	\$305,882	\$391,560	\$473,299	\$588,235
TUOLUMNE	CA	\$338,824	\$433,760	\$524,297	\$651,560
VENTURA	CA	\$688,235	\$881,074	\$1,065,013	\$1,323,529
YOLO	CA	\$529,412	\$677,749	\$819,233	\$1,018,107
YUBA	CA	\$305,882	\$391,560	\$473,299	\$588,235
EAGLE	CO	\$695,294	\$890,256	\$1,076,087	\$1,337,263
GARFIELD	CO	\$695,294	\$890,256	\$1,076,087	\$1,337,263
PITKIN	CO	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SAN MIGUEL	CO	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SUMMIT	CO	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ADAMS	CO	\$541,176	\$692,788	\$837,442	\$1,040,716
ARAPAHOE	CO	\$541,176	\$692,788	\$837,442	\$1,040,716
BOULDER	CO	\$591,765	\$757,545	\$915,703	\$1,138,005
BROOMFIELD	CO	\$541,176	\$692,788	\$837,442	\$1,040,716
CHAFFEE	CO	\$308,235	\$394,578	\$476,982	\$592,737
CLEAR CREEK	CO	\$541,176	\$692,788	\$837,442	\$1,040,716
DENVER	CO	\$541,176	\$692,788	\$837,442	\$1,040,716
DOUGLAS	CO	\$541,176	\$692,788	\$837,442	\$1,040,716
ELBERT	CO	\$541,176	\$692,788	\$837,442	\$1,040,716
EL PASO	CO	\$311,765	\$399,079	\$482,404	\$599,540
GILPIN	CO	\$541,176	\$692,788	\$837,442	\$1,040,716
GRAND	CO	\$382,353	\$489,463	\$591,662	\$735,294
GUNNISON	CO	\$365,882	\$468,389	\$566,189	\$703,632
HINSDALE	CO	\$437,647	\$560,256	\$677,238	\$841,637
JEFFERSON	CO	\$541,176	\$692,788	\$837,442	\$1,040,716
LA PLATA	CO	\$400,000	\$512,072	\$618,977	\$769,207
LARIMER	CO	\$411,765	\$527,110	\$637,187	\$791,867

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
OURAY	CO	\$435,294	\$557,238	\$673,606	\$837,084
PARK	CO	\$541,176	\$692,788	\$837,442	\$1,040,716
ROUTT	CO	\$649,412	\$831,355	\$1,004,910	\$1,248,900
TELLER	CO	\$311,765	\$399,079	\$482,404	\$599,540
WELD	CO	\$367,059	\$469,872	\$567,980	\$705,882
FAIRFIELD	CT	\$615,294	\$787,673	\$952,123	\$1,183,274
HARTFORD	CT	\$361,176	\$462,353	\$558,875	\$694,578
LITCHFIELD	CT	\$365,882	\$468,389	\$566,189	\$703,632
MIDDLESEX	CT	\$361,176	\$462,353	\$558,875	\$694,578
NEW HAVEN	CT	\$312,941	\$400,614	\$484,246	\$601,790
TOLLAND	CT	\$361,176	\$462,353	\$558,875	\$694,578
WINDHAM	CT	\$321,176	\$411,151	\$496,982	\$617,647
DISTRICT OF COLUMBIA	DC	\$695,294	\$890,256	\$1,076,087	\$1,337,263
NEW CASTLE	DE	\$394,118	\$504,552	\$609,872	\$757,903
SUSSEX	DE	\$323,529	\$414,169	\$500,614	\$622,148
BAKER	FL	\$351,765	\$450,332	\$544,348	\$676,471
BROWARD	FL	\$352,941	\$451,816	\$546,138	\$678,721
CLAY	FL	\$351,765	\$450,332	\$544,348	\$676,471
COLLIER	FL	\$461,176	\$590,384	\$713,657	\$886,905
DUVAL	FL	\$351,765	\$450,332	\$544,348	\$676,471
MANATEE	FL	\$305,882	\$391,560	\$473,299	\$588,235
MARTIN	FL	\$323,529	\$414,169	\$500,614	\$622,148
MIAMI-DADE	FL	\$352,941	\$451,816	\$546,138	\$678,721
MONROE	FL	\$541,176	\$692,788	\$837,442	\$1,040,716
NASSAU	FL	\$351,765	\$450,332	\$544,348	\$676,471
OKALOOSA	FL	\$363,529	\$465,371	\$562,506	\$699,079
PALM BEACH	FL	\$352,941	\$451,816	\$546,138	\$678,721
ST. JOHNS	FL	\$351,765	\$450,332	\$544,348	\$676,471
ST. LUCIE	FL	\$323,529	\$414,169	\$500,614	\$622,148
SARASOTA	FL	\$305,882	\$391,560	\$473,299	\$588,235
WALTON	FL	\$363,529	\$465,371	\$562,506	\$699,079
BARROW	GA	\$368,235	\$471,407	\$569,821	\$708,133
BARTOW	GA	\$368,235	\$471,407	\$569,821	\$708,133
BUTTS	GA	\$368,235	\$471,407	\$569,821	\$708,133
CARROLL	GA	\$368,235	\$471,407	\$569,821	\$708,133
CHEROKEE	GA	\$368,235	\$471,407	\$569,821	\$708,133
CLARKE	GA	\$328,235	\$420,205	\$507,928	\$631,202
CLAYTON	GA	\$368,235	\$471,407	\$569,821	\$708,133
COBB	GA	\$368,235	\$471,407	\$569,821	\$708,133
COWETA	GA	\$368,235	\$471,407	\$569,821	\$708,133
DAWSON	GA	\$368,235	\$471,407	\$569,821	\$708,133

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
DEKALB	GA	\$368,235	\$471,407	\$569,821	\$708,133
DOUGLAS	GA	\$368,235	\$471,407	\$569,821	\$708,133
FAYETTE	GA	\$368,235	\$471,407	\$569,821	\$708,133
FORSYTH	GA	\$368,235	\$471,407	\$569,821	\$708,133
FULTON	GA	\$368,235	\$471,407	\$569,821	\$708,133
GREENE	GA	\$527,059	\$674,731	\$815,601	\$1,013,606
GWINNETT	GA	\$368,235	\$471,407	\$569,821	\$708,133
HARALSON	GA	\$368,235	\$471,407	\$569,821	\$708,133
HEARD	GA	\$368,235	\$471,407	\$569,821	\$708,133
HENRY	GA	\$368,235	\$471,407	\$569,821	\$708,133
JASPER	GA	\$368,235	\$471,407	\$569,821	\$708,133
LAMAR	GA	\$368,235	\$471,407	\$569,821	\$708,133
MADISON	GA	\$328,235	\$420,205	\$507,928	\$631,202
MERIWETHER	GA	\$368,235	\$471,407	\$569,821	\$708,133
MORGAN	GA	\$368,235	\$471,407	\$569,821	\$708,133
NEWTON	GA	\$368,235	\$471,407	\$569,821	\$708,133
OCONEE	GA	\$328,235	\$420,205	\$507,928	\$631,202
OGLETHORPE	GA	\$328,235	\$420,205	\$507,928	\$631,202
PAULDING	GA	\$368,235	\$471,407	\$569,821	\$708,133
PICKENS	GA	\$368,235	\$471,407	\$569,821	\$708,133
PIKE	GA	\$368,235	\$471,407	\$569,821	\$708,133
ROCKDALE	GA	\$368,235	\$471,407	\$569,821	\$708,133
SPALDING	GA	\$368,235	\$471,407	\$569,821	\$708,133
WALTON	GA	\$368,235	\$471,407	\$569,821	\$708,133
HONOLULU	HI	\$737,647	\$944,297	\$1,141,483	\$1,418,568
KAUAI	HI	\$729,412	\$933,760	\$1,128,747	\$1,402,711
HAWAII	HI	\$376,471	\$481,944	\$582,558	\$723,990
KALAWAO	HI	\$672,941	\$861,483	\$1,041,330	\$1,294,118
MAUI	HI	\$672,941	\$861,483	\$1,041,330	\$1,294,118
TETON	ID	\$695,294	\$890,256	\$1,076,087	\$1,337,263
BLAINE	ID	\$661,176	\$846,445	\$1,023,120	\$1,271,509
CAMAS	ID	\$661,176	\$846,445	\$1,023,120	\$1,271,509
LINCOLN	ID	\$661,176	\$846,445	\$1,023,120	\$1,271,509
BOONE	IL	\$347,059	\$444,297	\$537,033	\$667,417
COOK	IL	\$374,118	\$478,926	\$578,926	\$719,437
DEKALB	IL	\$374,118	\$478,926	\$578,926	\$719,437
DUPAGE	IL	\$374,118	\$478,926	\$578,926	\$719,437
GRUNDY	IL	\$374,118	\$478,926	\$578,926	\$719,437
KANE	IL	\$374,118	\$478,926	\$578,926	\$719,437
KENDALL	IL	\$374,118	\$478,926	\$578,926	\$719,437
LAKE	IL	\$374,118	\$478,926	\$578,926	\$719,437
MCHENRY	IL	\$374,118	\$478,926	\$578,926	\$719,437
WILL	IL	\$374,118	\$478,926	\$578,926	\$719,437
WINNEBAGO	IL	\$347,059	\$444,297	\$537,033	\$667,417

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
BOONE	IN	\$329,412	\$421,688	\$509,719	\$633,504
BROWN	IN	\$329,412	\$421,688	\$509,719	\$633,504
CLARK	IN	\$311,765	\$399,079	\$482,404	\$599,540
FLOYD	IN	\$311,765	\$399,079	\$482,404	\$599,540
HAMILTON	IN	\$329,412	\$421,688	\$509,719	\$633,504
HANCOCK	IN	\$329,412	\$421,688	\$509,719	\$633,504
HARRISON	IN	\$311,765	\$399,079	\$482,404	\$599,540
HENDRICKS	IN	\$329,412	\$421,688	\$509,719	\$633,504
JASPER	IN	\$374,118	\$478,926	\$578,926	\$719,437
JOHNSON	IN	\$329,412	\$421,688	\$509,719	\$633,504
LAKE	IN	\$374,118	\$478,926	\$578,926	\$719,437
MADISON	IN	\$329,412	\$421,688	\$509,719	\$633,504
MARION	IN	\$329,412	\$421,688	\$509,719	\$633,504
MORGAN	IN	\$329,412	\$421,688	\$509,719	\$633,504
NEWTON	IN	\$374,118	\$478,926	\$578,926	\$719,437
PORTER	IN	\$374,118	\$478,926	\$578,926	\$719,437
PUTNAM	IN	\$329,412	\$421,688	\$509,719	\$633,504
SCOTT	IN	\$311,765	\$399,079	\$482,404	\$599,540
SHELBY	IN	\$329,412	\$421,688	\$509,719	\$633,504
WASHINGTON	IN	\$311,765	\$399,079	\$482,404	\$599,540
JOHNSON	KS	\$325,882	\$417,187	\$504,297	\$626,701
LEAVENWORTH	KS	\$325,882	\$417,187	\$504,297	\$626,701
LINN	KS	\$325,882	\$417,187	\$504,297	\$626,701
MIAMI	KS	\$325,882	\$417,187	\$504,297	\$626,701
WYANDOTTE	KS	\$325,882	\$417,187	\$504,297	\$626,701
BULLITT	KY	\$311,765	\$399,079	\$482,404	\$599,540
HENRY	KY	\$311,765	\$399,079	\$482,404	\$599,540
JEFFERSON	KY	\$311,765	\$399,079	\$482,404	\$599,540
OLDHAM	KY	\$311,765	\$399,079	\$482,404	\$599,540
SHELBY	KY	\$311,765	\$399,079	\$482,404	\$599,540
SPENCER	KY	\$311,765	\$399,079	\$482,404	\$599,540
TRIMBLE	KY	\$311,765	\$399,079	\$482,404	\$599,540
DUKES	MA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
NANTUCKET	MA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
BARNSTABLE	MA	\$441,176	\$564,757	\$682,711	\$848,440
BRISTOL	MA	\$441,176	\$564,757	\$682,711	\$848,440
ESSEX	MA	\$617,647	\$790,691	\$955,754	\$1,187,775
HAMPDEN	MA	\$305,882	\$391,560	\$473,299	\$588,235
HAMPSHIRE	MA	\$305,882	\$391,560	\$473,299	\$588,235
MIDDLESEX	MA	\$617,647	\$790,691	\$955,754	\$1,187,775
NORFOLK	MA	\$617,647	\$790,691	\$955,754	\$1,187,775
PLYMOUTH	MA	\$617,647	\$790,691	\$955,754	\$1,187,775
SUFFOLK	MA	\$617,647	\$790,691	\$955,754	\$1,187,775

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
WORCESTER	MA	\$321,176	\$411,151	\$496,982	\$617,647
CALVERT	MD	\$695,294	\$890,256	\$1,076,087	\$1,337,263
CHARLES	MD	\$695,294	\$890,256	\$1,076,087	\$1,337,263
FREDERICK	MD	\$695,294	\$890,256	\$1,076,087	\$1,337,263
MONTGOMERY	MD	\$695,294	\$890,256	\$1,076,087	\$1,337,263
PRINCE GEORGE'S	MD	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ANNE ARUNDEL	MD	\$529,412	\$677,749	\$819,233	\$1,018,107
BALTIMORE	MD	\$529,412	\$677,749	\$819,233	\$1,018,107
CARROLL	MD	\$529,412	\$677,749	\$819,233	\$1,018,107
CECIL	MD	\$394,118	\$504,552	\$609,872	\$757,903
HARFORD	MD	\$529,412	\$677,749	\$819,233	\$1,018,107
HOWARD	MD	\$529,412	\$677,749	\$819,233	\$1,018,107
QUEEN ANNE'S	MD	\$529,412	\$677,749	\$819,233	\$1,018,107
ST. MARY'S	MD	\$355,294	\$454,834	\$549,770	\$683,274
SOMERSET	MD	\$323,529	\$414,169	\$500,614	\$622,148
TALBOT	MD	\$391,765	\$501,535	\$606,240	\$753,402
WICOMICO	MD	\$323,529	\$414,169	\$500,614	\$622,148
WORCESTER	MD	\$323,529	\$414,169	\$500,614	\$622,148
BALTIMORE CITY	MD	\$529,412	\$677,749	\$819,233	\$1,018,107
CUMBERLAND	ME	\$337,647	\$432,225	\$522,455	\$649,309
SAGadahoc	ME	\$337,647	\$432,225	\$522,455	\$649,309
YORK	ME	\$337,647	\$432,225	\$522,455	\$649,309
ANOKA	MN	\$364,706	\$466,854	\$564,348	\$701,330
CARVER	MN	\$364,706	\$466,854	\$564,348	\$701,330
CHISAGO	MN	\$364,706	\$466,854	\$564,348	\$701,330
DAKOTA	MN	\$364,706	\$466,854	\$564,348	\$701,330
HENNEPIN	MN	\$364,706	\$466,854	\$564,348	\$701,330
ISANTI	MN	\$364,706	\$466,854	\$564,348	\$701,330
LE SUEUR	MN	\$364,706	\$466,854	\$564,348	\$701,330
MILLE LACS	MN	\$364,706	\$466,854	\$564,348	\$701,330
RAMSEY	MN	\$364,706	\$466,854	\$564,348	\$701,330
SCOTT	MN	\$364,706	\$466,854	\$564,348	\$701,330
SHERBURNE	MN	\$364,706	\$466,854	\$564,348	\$701,330
SIBLEY	MN	\$364,706	\$466,854	\$564,348	\$701,330
WASHINGTON	MN	\$364,706	\$466,854	\$564,348	\$701,330
WRIGHT	MN	\$364,706	\$466,854	\$564,348	\$701,330
BATES	MO	\$325,882	\$417,187	\$504,297	\$626,701
CALDWELL	MO	\$325,882	\$417,187	\$504,297	\$626,701
CASS	MO	\$325,882	\$417,187	\$504,297	\$626,701
CLAY	MO	\$325,882	\$417,187	\$504,297	\$626,701
CLINTON	MO	\$325,882	\$417,187	\$504,297	\$626,701
JACKSON	MO	\$325,882	\$417,187	\$504,297	\$626,701
LAFAYETTE	MO	\$325,882	\$417,187	\$504,297	\$626,701

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
PLATTE	MO	\$325,882	\$417,187	\$504,297	\$626,701
RAY	MO	\$325,882	\$417,187	\$504,297	\$626,701
FLATHEAD	MT	\$308,235	\$394,578	\$476,982	\$592,737
GALLATIN	MT	\$390,588	\$500,000	\$604,399	\$751,151
JEFFERSON	MT	\$303,529	\$388,542	\$469,668	\$583,683
LEWIS AND CLARK	MT	\$303,529	\$388,542	\$469,668	\$583,683
MADISON	MT	\$332,941	\$426,189	\$515,192	\$640,256
MISSOULA	MT	\$324,706	\$415,652	\$502,455	\$624,450
CAMDEN	NC	\$695,294	\$890,256	\$1,076,087	\$1,337,263
PASQUOTANK	NC	\$695,294	\$890,256	\$1,076,087	\$1,337,263
PERQUIMANS	NC	\$695,294	\$890,256	\$1,076,087	\$1,337,263
CHATHAM	NC	\$388,235	\$496,982	\$600,767	\$746,598
CURRITUCK	NC	\$469,412	\$600,921	\$726,394	\$902,711
DARE	NC	\$400,000	\$512,072	\$618,977	\$769,207
DURHAM	NC	\$388,235	\$496,982	\$600,767	\$746,598
FRANKLIN	NC	\$325,882	\$417,187	\$504,297	\$626,701
GATES	NC	\$469,412	\$600,921	\$726,394	\$902,711
HYDE	NC	\$494,118	\$632,532	\$764,604	\$950,230
JOHNSTON	NC	\$325,882	\$417,187	\$504,297	\$626,701
ORANGE	NC	\$388,235	\$496,982	\$600,767	\$746,598
PERSON	NC	\$388,235	\$496,982	\$600,767	\$746,598
TYRRELL	NC	\$400,000	\$512,072	\$618,977	\$769,207
WAKE	NC	\$325,882	\$417,187	\$504,297	\$626,701
BILLINGS	ND	\$347,059	\$444,297	\$537,033	\$667,417
BURLEIGH	ND	\$316,471	\$405,115	\$489,719	\$608,593
MCKENZIE	ND	\$309,412	\$396,113	\$478,772	\$595,038
MORTON	ND	\$316,471	\$405,115	\$489,719	\$608,593
OLIVER	ND	\$316,471	\$405,115	\$489,719	\$608,593
SIOUX	ND	\$316,471	\$405,115	\$489,719	\$608,593
STARK	ND	\$315,294	\$403,632	\$487,877	\$606,343
WILLIAMS	ND	\$337,647	\$432,225	\$522,455	\$649,309
LINCOLN	NE	\$443,529	\$567,775	\$686,343	\$852,941
LOGAN	NE	\$443,529	\$567,775	\$686,343	\$852,941
MCPHERSON	NE	\$443,529	\$567,775	\$686,343	\$852,941
HILLSBOROUGH	NH	\$320,000	\$409,668	\$495,192	\$615,396
ROCKINGHAM	NH	\$617,647	\$790,691	\$955,754	\$1,187,775
STRAFFORD	NH	\$617,647	\$790,691	\$955,754	\$1,187,775
BERGEN	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ESSEX	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
HUDSON	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
HUNTERDON	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
MIDDLESEX	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
MONMOUTH	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
MORRIS	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
OCEAN	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
PASSAIC	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SOMERSET	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SUSSEX	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
UNION	NJ	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ATLANTIC	NJ	\$323,529	\$414,169	\$500,614	\$622,148
BURLINGTON	NJ	\$394,118	\$504,552	\$609,872	\$757,903
CAMDEN	NJ	\$394,118	\$504,552	\$609,872	\$757,903
CAPE MAY	NJ	\$423,529	\$542,199	\$655,396	\$814,476
GLOUCESTER	NJ	\$394,118	\$504,552	\$609,872	\$757,903
MERCER	NJ	\$352,941	\$451,816	\$546,138	\$678,721
SALEM	NJ	\$394,118	\$504,552	\$609,872	\$757,903
WARREN	NJ	\$381,176	\$487,980	\$589,821	\$733,043
CATRON	NM	\$410,588	\$525,627	\$635,345	\$789,616
LOS ALAMOS	NM	\$389,412	\$498,517	\$602,558	\$748,849
SANTA FE	NM	\$376,471	\$481,944	\$582,558	\$723,990
DOUGLAS	NV	\$370,588	\$474,425	\$573,453	\$712,685
STOREY	NV	\$378,824	\$484,962	\$586,189	\$728,491
WASHOE	NV	\$378,824	\$484,962	\$586,189	\$728,491
CARSON CITY	NV	\$305,882	\$391,560	\$473,299	\$588,235
BRONX	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
DUTCHESS	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
KINGS	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
NASSAU	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
NEW YORK	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ORANGE	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
PUTNAM	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
QUEENS	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
RICHMOND	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ROCKLAND	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SUFFOLK	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
WESTCHESTER	NY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ALBANY	NY	\$310,588	\$397,596	\$480,614	\$597,289
RENSSELAER	NY	\$310,588	\$397,596	\$480,614	\$597,289
SARATOGA	NY	\$310,588	\$397,596	\$480,614	\$597,289
SCHENECTADY	NY	\$310,588	\$397,596	\$480,614	\$597,289
SCHOHARIE	NY	\$310,588	\$397,596	\$480,614	\$597,289
DELAWARE	OH	\$352,941	\$451,816	\$546,138	\$678,721
FAIRFIELD	OH	\$352,941	\$451,816	\$546,138	\$678,721
FRANKLIN	OH	\$352,941	\$451,816	\$546,138	\$678,721

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
HOCKING	OH	\$352,941	\$451,816	\$546,138	\$678,721
LICKING	OH	\$352,941	\$451,816	\$546,138	\$678,721
MADISON	OH	\$352,941	\$451,816	\$546,138	\$678,721
MORROW	OH	\$352,941	\$451,816	\$546,138	\$678,721
PERRY	OH	\$352,941	\$451,816	\$546,138	\$678,721
PICKAWAY	OH	\$352,941	\$451,816	\$546,138	\$678,721
UNION	OH	\$352,941	\$451,816	\$546,138	\$678,721
BENTON	OR	\$364,706	\$466,854	\$564,348	\$701,330
CLACKAMAS	OR	\$458,824	\$587,366	\$709,974	\$882,353
CLATSOP	OR	\$305,882	\$391,560	\$473,299	\$588,235
COLUMBIA	OR	\$458,824	\$587,366	\$709,974	\$882,353
CURRY	OR	\$335,294	\$429,207	\$518,824	\$644,808
DESCHUTES	OR	\$382,353	\$489,463	\$591,662	\$735,294
HOOD RIVER	OR	\$464,706	\$594,885	\$719,079	\$893,657
JACKSON	OR	\$309,412	\$396,113	\$478,772	\$595,038
MULTNOMAH	OR	\$458,824	\$587,366	\$709,974	\$882,353
WASHINGTON	OR	\$458,824	\$587,366	\$709,974	\$882,353
YAMHILL	OR	\$458,824	\$587,366	\$709,974	\$882,353
PIKE	PA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
BUCKS	PA	\$394,118	\$504,552	\$609,872	\$757,903
CARBON	PA	\$381,176	\$487,980	\$589,821	\$733,043
CHESTER	PA	\$394,118	\$504,552	\$609,872	\$757,903
DELAWARE	PA	\$394,118	\$504,552	\$609,872	\$757,903
LEHIGH	PA	\$381,176	\$487,980	\$589,821	\$733,043
MONTGOMERY	PA	\$394,118	\$504,552	\$609,872	\$757,903
NORTHAMPTON	PA	\$381,176	\$487,980	\$589,821	\$733,043
PHILADELPHIA	PA	\$394,118	\$504,552	\$609,872	\$757,903
BRISTOL	RI	\$441,176	\$564,757	\$682,711	\$848,440
KENT	RI	\$441,176	\$564,757	\$682,711	\$848,440
NEWPORT	RI	\$441,176	\$564,757	\$682,711	\$848,440
PROVIDENCE	RI	\$441,176	\$564,757	\$682,711	\$848,440
WASHINGTON	RI	\$441,176	\$564,757	\$682,711	\$848,440
BEAUFORT	SC	\$358,824	\$459,335	\$555,243	\$690,026
BERKELEY	SC	\$376,471	\$481,944	\$582,558	\$723,990
CHARLESTON	SC	\$376,471	\$481,944	\$582,558	\$723,990
DORCHESTER	SC	\$376,471	\$481,944	\$582,558	\$723,990
GEORGETOWN	SC	\$335,294	\$429,207	\$518,824	\$644,808
JASPER	SC	\$358,824	\$459,335	\$555,243	\$690,026
CANNON	TN	\$505,882	\$647,621	\$782,813	\$972,839
CHEATHAM	TN	\$505,882	\$647,621	\$782,813	\$972,839
DAVIDSON	TN	\$505,882	\$647,621	\$782,813	\$972,839
DICKSON	TN	\$505,882	\$647,621	\$782,813	\$972,839

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
HICKMAN	TN	\$505,882	\$647,621	\$782,813	\$972,839
MACON	TN	\$505,882	\$647,621	\$782,813	\$972,839
MAURY	TN	\$505,882	\$647,621	\$782,813	\$972,839
ROBERTSON	TN	\$505,882	\$647,621	\$782,813	\$972,839
RUTHERFORD	TN	\$505,882	\$647,621	\$782,813	\$972,839
SMITH	TN	\$505,882	\$647,621	\$782,813	\$972,839
SUMNER	TN	\$505,882	\$647,621	\$782,813	\$972,839
TROUSDALE	TN	\$505,882	\$647,621	\$782,813	\$972,839
WILLIAMSON	TN	\$505,882	\$647,621	\$782,813	\$972,839
WILSON	TN	\$505,882	\$647,621	\$782,813	\$972,839
ATASCOSA	TX	\$368,235	\$471,407	\$569,821	\$708,133
AUSTIN	TX	\$338,824	\$433,760	\$524,297	\$651,560
BANDERA	TX	\$368,235	\$471,407	\$569,821	\$708,133
BASTROP	TX	\$392,941	\$503,018	\$608,031	\$755,652
BEXAR	TX	\$368,235	\$471,407	\$569,821	\$708,133
BRAZORIA	TX	\$338,824	\$433,760	\$524,297	\$651,560
CALDWELL	TX	\$392,941	\$503,018	\$608,031	\$755,652
CHAMBERS	TX	\$338,824	\$433,760	\$524,297	\$651,560
COLLIN	TX	\$395,294	\$506,036	\$611,662	\$760,205
COMAL	TX	\$368,235	\$471,407	\$569,821	\$708,133
DALLAS	TX	\$395,294	\$506,036	\$611,662	\$760,205
DENTON	TX	\$395,294	\$506,036	\$611,662	\$760,205
ELLIS	TX	\$395,294	\$506,036	\$611,662	\$760,205
FORT BEND	TX	\$338,824	\$433,760	\$524,297	\$651,560
GALVESTON	TX	\$338,824	\$433,760	\$524,297	\$651,560
GUADALUPE	TX	\$368,235	\$471,407	\$569,821	\$708,133
HARRIS	TX	\$338,824	\$433,760	\$524,297	\$651,560
HAYS	TX	\$392,941	\$503,018	\$608,031	\$755,652
HOOD	TX	\$395,294	\$506,036	\$611,662	\$760,205
HUNT	TX	\$395,294	\$506,036	\$611,662	\$760,205
JOHNSON	TX	\$395,294	\$506,036	\$611,662	\$760,205
KAUFMAN	TX	\$395,294	\$506,036	\$611,662	\$760,205
KENDALL	TX	\$368,235	\$471,407	\$569,821	\$708,133
LIBERTY	TX	\$338,824	\$433,760	\$524,297	\$651,560
MEDINA	TX	\$368,235	\$471,407	\$569,821	\$708,133
MONTGOMERY	TX	\$338,824	\$433,760	\$524,297	\$651,560
PARKER	TX	\$395,294	\$506,036	\$611,662	\$760,205
ROCKWALL	TX	\$395,294	\$506,036	\$611,662	\$760,205
SOMERVELL	TX	\$395,294	\$506,036	\$611,662	\$760,205
TARRANT	TX	\$395,294	\$506,036	\$611,662	\$760,205
TRAVIS	TX	\$392,941	\$503,018	\$608,031	\$755,652
WALLER	TX	\$338,824	\$433,760	\$524,297	\$651,560
WILLIAMSON	TX	\$392,941	\$503,018	\$608,031	\$755,652
WILSON	TX	\$368,235	\$471,407	\$569,821	\$708,133
WISE	TX	\$395,294	\$506,036	\$611,662	\$760,205

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
SUMMIT	UT	\$695,294	\$890,256	\$1,076,087	\$1,337,263
BOX ELDER	UT	\$398,824	\$510,537	\$617,136	\$766,957
DAGGETT	UT	\$309,412	\$396,113	\$478,772	\$595,038
DAVIS	UT	\$398,824	\$510,537	\$617,136	\$766,957
JUAB	UT	\$349,412	\$447,315	\$540,665	\$671,918
MORGAN	UT	\$398,824	\$510,537	\$617,136	\$766,957
RICH	UT	\$303,529	\$388,542	\$469,668	\$583,683
SALT LAKE	UT	\$364,706	\$466,854	\$564,348	\$701,330
TOOELE	UT	\$364,706	\$466,854	\$564,348	\$701,330
UTAH	UT	\$349,412	\$447,315	\$540,665	\$671,918
WASATCH	UT	\$438,824	\$561,739	\$679,028	\$843,887
WASHINGTON	UT	\$330,588	\$423,223	\$511,560	\$635,754
WEBER	UT	\$398,824	\$510,537	\$617,136	\$766,957
ARLINGTON	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
CLARKE	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
CULPEPER	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
FAIRFAX	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
FAUQUIER	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
LOUDOUN	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
PRINCE WILLIAM	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
RAPPAHANNOCK	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SPOTSYLVANIA	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
STAFFORD	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
WARREN	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ALEXANDRIA CITY	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
FAIRFAX CITY	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
FALLS CHURCH CITY	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
FREDERICKSBURG	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
MANASSAS CITY	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
MANASSAS PARK CITY	VA	\$695,294	\$890,256	\$1,076,087	\$1,337,263
ALBEMARLE	VA	\$447,059	\$572,327	\$691,765	\$859,744
AMELIA	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
BUCKINGHAM	VA	\$447,059	\$572,327	\$691,765	\$859,744
CAROLINE	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
CHARLES CITY	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
CHESTERFIELD	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
DINWIDDIE	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
FLUVANNA	VA	\$447,059	\$572,327	\$691,765	\$859,744
GLOUCESTER	VA	\$469,412	\$600,921	\$726,394	\$902,711
GOOCHLAND	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
GREENE	VA	\$447,059	\$572,327	\$691,765	\$859,744
HANOVER	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
HENRICO	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
ISLE OF WIGHT	VA	\$469,412	\$600,921	\$726,394	\$902,711

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
JAMES CITY	VA	\$469,412	\$600,921	\$726,394	\$902,711
KING GEORGE	VA	\$358,824	\$459,335	\$555,243	\$690,026
KING WILLIAM	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
LANCASTER	VA	\$452,941	\$579,847	\$700,870	\$871,049
MATHEWS	VA	\$469,412	\$600,921	\$726,394	\$902,711
NELSON	VA	\$447,059	\$572,327	\$691,765	\$859,744
NEW KENT	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
NORTHUMBERLAND	VA	\$325,882	\$417,187	\$504,297	\$626,701
POWHATAN	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
PRINCE GEORGE	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
SUSSEX	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
YORK	VA	\$469,412	\$600,921	\$726,394	\$902,711
CHARLOTTESVILLE	VA	\$447,059	\$572,327	\$691,765	\$859,744
CHESAPEAKE CITY	VA	\$469,412	\$600,921	\$726,394	\$902,711
COLONIAL HEIGHT	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
HAMPTON CITY	VA	\$469,412	\$600,921	\$726,394	\$902,711
HOPEWELL CITY	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
LEXINGTON CITY	VA	\$314,118	\$402,097	\$486,087	\$604,092
NEWPORT NEWS CITY	VA	\$469,412	\$600,921	\$726,394	\$902,711
NORFOLK CITY	VA	\$469,412	\$600,921	\$726,394	\$902,711
PETERSBURG CITY	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
POQUOSON CITY	VA	\$469,412	\$600,921	\$726,394	\$902,711
PORTSMOUTH CITY	VA	\$469,412	\$600,921	\$726,394	\$902,711
RICHMOND CITY	VA	\$548,235	\$701,841	\$848,338	\$1,054,322
SUFFOLK CITY	VA	\$469,412	\$600,921	\$726,394	\$902,711
VIRGINIA BEACH	VA	\$469,412	\$600,921	\$726,394	\$902,711
WILLIAMSBURG CITY	VA	\$469,412	\$600,921	\$726,394	\$902,711
CHITTENDEN	VT	\$350,588	\$448,798	\$542,506	\$674,220
FRANKLIN	VT	\$350,588	\$448,798	\$542,506	\$674,220
GRAND ISLE	VT	\$350,588	\$448,798	\$542,506	\$674,220
CHELAN	WA	\$350,588	\$448,798	\$542,506	\$674,220
CLALLAM	WA	\$392,941	\$503,018	\$608,031	\$755,652
CLARK	WA	\$458,824	\$587,366	\$709,974	\$882,353
DOUGLAS	WA	\$350,588	\$448,798	\$542,506	\$674,220
ISLAND	WA	\$352,941	\$451,816	\$546,138	\$678,721
JEFFERSON	WA	\$329,412	\$421,688	\$509,719	\$633,504
KING	WA	\$682,353	\$873,555	\$1,055,908	\$1,312,225
KITSAP	WA	\$337,647	\$432,225	\$522,455	\$649,309
PIERCE	WA	\$682,353	\$873,555	\$1,055,908	\$1,312,225
SAN JUAN	WA	\$494,118	\$632,532	\$764,604	\$950,230
SKAGIT	WA	\$322,353	\$412,634	\$498,824	\$619,898
SKAMANIA	WA	\$458,824	\$587,366	\$709,974	\$882,353
SNOHOMISH	WA	\$682,353	\$873,555	\$1,055,908	\$1,312,225

<b>County Name</b>	<b>State</b>	<b>One-Unit Limit</b>	<b>Two-Unit Limit</b>	<b>Three-Unit Limit</b>	<b>Four-Unit Limit</b>
THURSTON	WA	\$323,529	\$414,169	\$500,614	\$622,148
WHATCOM	WA	\$352,941	\$451,816	\$546,138	\$678,721
COLUMBIA	WI	\$305,882	\$391,560	\$473,299	\$588,235
DANE	WI	\$305,882	\$391,560	\$473,299	\$588,235
GREEN	WI	\$305,882	\$391,560	\$473,299	\$588,235
IOWA	WI	\$305,882	\$391,560	\$473,299	\$588,235
KENOSHA	WI	\$374,118	\$478,926	\$578,926	\$719,437
MILWAUKEE	WI	\$312,941	\$400,614	\$484,246	\$601,790
OZAUKEE	WI	\$312,941	\$400,614	\$484,246	\$601,790
PIERCE	WI	\$364,706	\$466,854	\$564,348	\$701,330
ST. CROIX	WI	\$364,706	\$466,854	\$564,348	\$701,330
WASHINGTON	WI	\$312,941	\$400,614	\$484,246	\$601,790
WAUKESHA	WI	\$312,941	\$400,614	\$484,246	\$601,790
JEFFERSON	WV	\$695,294	\$890,256	\$1,076,087	\$1,337,263
TETON	WY	\$695,294	\$890,256	\$1,076,087	\$1,337,263
SHERIDAN	WY	\$315,294	\$403,632	\$487,877	\$606,343
SUBLETTE	WY	\$307,059	\$393,095	\$475,141	\$590,486
SWEETWATER	WY	\$323,529	\$414,169	\$500,614	\$622,148
GUAM	GU	\$576,471	\$738,005	\$892,072	\$1,108,593
NORTHERN ISLAND	MP	\$536,471	\$686,752	\$830,128	\$1,031,662
ROTA	MP	\$420,000	\$537,647	\$649,923	\$807,673
SAIPAN	MP	\$541,176	\$692,788	\$837,442	\$1,040,716
TINIAN	MP	\$544,706	\$697,340	\$842,916	\$1,047,519
AGUAS BUENAS	PR	\$394,118	\$504,552	\$609,872	\$757,903
AIBONITO	PR	\$394,118	\$504,552	\$609,872	\$757,903
BARCELONETA	PR	\$394,118	\$504,552	\$609,872	\$757,903
BARRANQUITAS	PR	\$394,118	\$504,552	\$609,872	\$757,903
BAYAMON	PR	\$394,118	\$504,552	\$609,872	\$757,903
CAGUAS	PR	\$394,118	\$504,552	\$609,872	\$757,903
CANOVANAS	PR	\$394,118	\$504,552	\$609,872	\$757,903
CAROLINA	PR	\$394,118	\$504,552	\$609,872	\$757,903
CATANO	PR	\$394,118	\$504,552	\$609,872	\$757,903
CAYEY	PR	\$394,118	\$504,552	\$609,872	\$757,903
CEIBA	PR	\$394,118	\$504,552	\$609,872	\$757,903
CIALES	PR	\$394,118	\$504,552	\$609,872	\$757,903
CIDRA	PR	\$394,118	\$504,552	\$609,872	\$757,903
COMERIO	PR	\$394,118	\$504,552	\$609,872	\$757,903
COROZAL	PR	\$394,118	\$504,552	\$609,872	\$757,903
DORADO	PR	\$394,118	\$504,552	\$609,872	\$757,903
FAJARDO	PR	\$394,118	\$504,552	\$609,872	\$757,903
FLORIDA	PR	\$394,118	\$504,552	\$609,872	\$757,903

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
GUAYNABO	PR	\$394,118	\$504,552	\$609,872	\$757,903
GURABO	PR	\$394,118	\$504,552	\$609,872	\$757,903
HUMACAO	PR	\$394,118	\$504,552	\$609,872	\$757,903
JUNCOS	PR	\$394,118	\$504,552	\$609,872	\$757,903
LAS PIEDRAS	PR	\$394,118	\$504,552	\$609,872	\$757,903
LOIZA	PR	\$394,118	\$504,552	\$609,872	\$757,903
LUQUILLO	PR	\$394,118	\$504,552	\$609,872	\$757,903
MANATI	PR	\$394,118	\$504,552	\$609,872	\$757,903
MAUNABO	PR	\$394,118	\$504,552	\$609,872	\$757,903
MOROVIS	PR	\$394,118	\$504,552	\$609,872	\$757,903
NAGUABO	PR	\$394,118	\$504,552	\$609,872	\$757,903
NARANJITO	PR	\$394,118	\$504,552	\$609,872	\$757,903
OROCOVIS	PR	\$394,118	\$504,552	\$609,872	\$757,903
RIO GRANDE	PR	\$394,118	\$504,552	\$609,872	\$757,903
SAN JUAN	PR	\$394,118	\$504,552	\$609,872	\$757,903
SAN LORENZO	PR	\$394,118	\$504,552	\$609,872	\$757,903
TOA ALTA	PR	\$394,118	\$504,552	\$609,872	\$757,903
TOA BAJA	PR	\$394,118	\$504,552	\$609,872	\$757,903
TRUJILLO ALTO	PR	\$394,118	\$504,552	\$609,872	\$757,903
VEGA ALTA	PR	\$394,118	\$504,552	\$609,872	\$757,903
VEGA BAJA	PR	\$394,118	\$504,552	\$609,872	\$757,903
YABUCOA	PR	\$394,118	\$504,552	\$609,872	\$757,903
ST. CROIX ISLAND	VI	\$335,294	\$429,207	\$518,824	\$644,808
ST. JOHN ISLAND	VI	\$637,647	\$816,317	\$986,701	\$1,226,240
ST. THOMAS ISLAND	VI	\$456,471	\$584,348	\$706,343	\$877,852
<b>All other areas - 2657 counties (floor):</b>		\$301,294	\$385,754	\$466,292	\$579,463

.02 The nationwide average purchase price (for use in the housing cost/income ratio for new and existing residences) is \$289,200.

#### SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2017–27 is obsolete except as provided in section 6 of this revenue procedure.

#### SECTION 6. EFFECTIVE DATES

.01 Issuers may rely on this revenue procedure to determine average area purchase price safe harbors for commitments to provide financing or issue mortgage credit certificates that are made, or (if the purchase precedes the commitment) for residences that are purchased, in the pe-

riod that begins on April 24, 2018, and ends on the date as of which the safe harbors contained in section 4.01 of this revenue procedure are rendered obsolete by a new revenue procedure.

.02 Notwithstanding section 5 of this revenue procedure, issuers may continue to rely on the average area purchase price safe harbors contained in Rev. Proc. 2017–27, with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before May 24, 2018, if the commitments to provide financing or issue mortgage credit certificates are made on or before June 23, 2018.

.03 Except as provided in section 6.04, issuers must use the nationwide average purchase price limitation contained in this revenue procedure for commitments to

provide financing or issue mortgage credit certificates that are made, or (if the purchase precedes the commitment) for residences that are purchased, in the period that begins on April 24, 2018, and ends on the date when the nationwide average purchase price limitation is rendered obsolete by a new revenue procedure.

.04 Notwithstanding sections 5 and 6.03 of this revenue procedure, issuers may continue to rely on the nationwide average purchase price set forth in Rev. Proc. 2017–27 with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before May 24, 2018, if the commitments to provide financing or issue mortgage credit certificates are made on or before June 23, 2018.

## **SECTION 7. PAPERWORK REDUCTION ACT**

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

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

This revenue procedure contains a collection of information requirement in section 3.03. The purpose of the collection of information is to verify the applicable

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

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

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

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

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

## **SECTION 8. DRAFTING INFORMATION**

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

# Definition of Terms

*Revenue rulings and revenue procedures (hereinafter referred to as “rulings”) that have an effect on previous rulings use the following defined terms to describe the effect:*

*Amplified* describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

*Clarified* is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

*Distinguished* describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

*Modified* is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A

and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

*Obsoleted* describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

*Revoked* describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

*Superseded* describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the sub-

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

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

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

## Abbreviations

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

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

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

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

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

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<sup>1</sup>A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2017–27 through 2017–52 is in Internal Revenue Bulletin 2017–52, dated December 27, 2017.

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<sup>1</sup>A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2017–27 through 2017–52 is in Internal Revenue Bulletin 2017–52, dated December 27, 2017.

# **Internal Revenue Service**

## **Washington, DC 20224**

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## **INTERNAL REVENUE BULLETIN**

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