

INTERNAL REVENUE BULLETIN



HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2019–15
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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

Announcement 2019–03, page 965.

This Announcement is issued pursuant to § 521(b) of Pub. L. 106–170, the Ticket to Work and Work Incentives Improvement Act of 1999, which requires the Secretary of the Treasury to report annually to the public concerning advance pricing agreements (APAs) and the Advance Pricing and Mutual Agreement Program (APMA Program), formerly known as the Advance Pricing Agreement Program (APA Program). This twentieth report describes the experience, structure, and activities of the APMA Program during calendar year 2018.

Notice 2019–25, page 942.

This notice modifies and supersedes the guidance in Notice 2019–11, which announced the waiver of the addition to tax for underpayment of estimated income tax for certain individuals for the 2018 tax year. This notice increases the availability of the waiver of the addition to tax by expanding the waiver to individuals whose total withholding and estimated tax payments equal or exceed eighty percent of the tax shown on the return for the 2018 taxable year. The notice updates procedures for requesting the waiver of the addition to tax. Additionally, the notice provides procedures for taxpayers who paid additions to tax for underpayment of estimated tax for tax year 2018 but who qualify for relief under this notice to request a refund of the addition to tax.

Rev. Proc. 2019–14, page 948.

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.

EMPLOYEE PLANS

Notice 2019–26, page 943.

This notice sets forth the updated mortality improvement rates and static mortality tables that are used for purposes of determining minimum funding requirements under § 430(h)(3) for 2020 and minimum present value under § 417(e)(3) for distributions with annuity starting dates that occur during stability periods beginning in the 2020 calendar year.

INCOME TAX

Notice 2019–23, page 941.

ITG is updating the appendix to Notice 2013–1. The appendix lists the tribes that have resolved claims against the United States regarding trust assets. The list includes seven new tribes.

Notice 2019–25, page 942.

This notice modifies and supersedes the guidance in Notice 2019–11, which announced the waiver of the addition to tax for underpayment of estimated income tax for certain individuals for the 2018 tax year. This notice increases the availability of the waiver of the addition to tax by expanding the waiver to individuals whose total withholding and estimated tax payments equal or exceed eighty percent of the tax shown on the return for the 2018 taxable year. The notice updates procedures for requesting the waiver of the addition to tax. Additionally, the notice provides procedures for taxpayers who paid additions to tax for underpayment of estimated tax for tax year 2018 but who qualify for relief under this notice to request a refund of the addition to tax.

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 III. Administrative, Procedural, and Miscellaneous

Per Capita Payments from Proceeds of Settlements of Indian Tribal Trust Cases

Notice 2019–23

BACKGROUND

Notice 2013–1, 2013–3 IRB 281, provides guidance on the federal tax treatment of per capita payments that members of Indian tribes receive from proceeds of certain settlements of tribal trust cases between the United States and those Indian tribes. Additional tribes have settled tribal trust cases against the United States since publication of Notice 2013–1. This notice provides an updated Appendix that reflects the additional settlement agreements.

EFFECT ON OTHER DOCUMENTS

Notice 2013–1 Appendix is modified and superseded.

FURTHER INFORMATION

For further information regarding this notice, please contact Carmen Zucker at phone number (212) 436-1441 (not a toll-free number).

Appendix

Tribes That Have Entered into Settlement Agreements of Tribal Trust Cases

- 1. Assiniboine and Sioux Tribes of the Fort Peck Reservation
- 2. Bad River Band of Lake Superior Chippewa Indians
- 3. Blackfeet Tribe of the Blackfeet Indian Reservation
- 4. Bois Forte Band of Chippewa
- 5. Cachil Dehe Band of Wintun Indians of the Colusa Rancheria
- 6. Chippewa Cree Tribe of the Rocky Boy's Reservation
- 7. Coeur d'Alene Tribe
- 8. Confederated Salish and Kootenai Tribes
- 9. Confederated Tribes of Siletz Indians
- 10. Confederated Tribes of the Colville Reservation

- 11. Confederated Tribes of the Goshute Reservation
- 12. Crow Creek Sioux Tribe
- 13. Eastern Shawnee Tribe of Oklahoma
- 14. Hualapai Indian Tribe
- 15. Iowa Tribe of Kansas and Nebraska
- 16. Kaibab Band of Paiute Indians of Arizona
- 17. Kickapoo Tribe of Kansas
- 18. Lac Courte Oreilles Band of Lake Superior Chippewa Indians
- 19. Lac du Flambeau Band of Lake Superior Chippewa Indians
- 20. Leech Lake Band of Ojibwe
- 21. Lower Brule Sioux Tribe
- 22. Makah Indian Tribe of the Makah Reservation
- 23. Mescalero Apache Tribe
- 24. Minnesota Chippewa Tribe
- 25. Nez Perce Tribe
- 26. Nooksack Indian Tribe
- 27. Northern Cheyenne Tribe of Indians
- 28. Omaha Tribe of Nebraska
- 29. Passamaquoddy Tribe of Maine
- 30. Pawnee Nation
- 31. Prairie Band of Potawatomi Nation
- 32. Pueblo of Zia
- 33. Quechan Tribe of the Fort Yuma Reservation
- 34. Red Cliff Band of Lake Superior Chippewa Indians
- 35. Rincon Luiseño Band of Indians
- 36. Rosebud Sioux Tribe
- 37. Round Valley Indian Tribes
- 38. Salt River Pima-Maricopa Indian Community
- 39. Santee Sioux Tribe of Nebraska
- 40. Sault Ste. Marie Tribe
- 41. Shoshone-Bannock Tribes of the Fort Hall Reservation
- 42. Soboba Band of Luiseno Indians
- 43. Spirit Lake Dakota Nation
- 44. Spokane Tribe of Indians
- 45. Standing Rock Sioux Tribe
- 46. Stillaguamish Tribe of Indians
- 47. Summit Lake Paiute Tribe
- 48. Swinomish Indian Tribal Community
- 49. Te-Moak Tribe of Western Shoshone Indians
- 50. Tohono O'odham Nation
- 51. Tulalip Tribes
- 52. Tule River Indian Tribe
- 53. Ute Indian Tribe of the Uintah and Ouray Reservation
- 54. Ute Mountain Ute Tribe
- 55. Winnebago Tribe of Nebraska
- 56. Qawalangin Tribe of Unalaska
- 57. Tlingit & Haida Tribes of Alaska
- 58. Northwestern Band of Shoshone Indians
- 59. Hoopa Valley Tribe
- 60. Ak-Chin Indian Community
- 61. Oglala Sioux Tribe
- 62. Yoruk Tribe
- 63. Cheyenne River Sioux Tribe
- 64. Paiute-Shoshone Indians of the Bishop Community of the Bishop Colony
- 65. Seminole Nation of Oklahoma
- 66. Otoe-Missouria Tribe of Oklahoma
- 67. Samish Indian Nation
- 68. Tonkawa Tribe of Indians of Oklahoma
- 69. Yakama Nation
- 70. Miami Tribe of Oklahoma
- 71. Shoshone Indian Tribe and the Northern Arapahoe Indian Tribe of the Wind River Reservation
- 72. Pueblo of Laguna
- 73. Navajo Nation
- 74. Caddo Nation of Oklahoma
- 75. Gros Ventre and Assiniboine Tribes of the Fort Belknap Indian Reservation
- 76. Chickasaw Nation
- 77. Choctaw Nation
- 78. Klamath Tribe
- 79. Skokomish Indian Tribe
- 80. Quinault Indian Nation
- 81. Southern Ute Indian Tribe
- 82. Confederated Tribes of the Umatilla Indian Reservation
- 83. White Earth Nation
- 84. Kickapoo Tribe of Oklahoma
- 85. Sisseton Wahpeton Oyate of the Lake Traverse Reservation
- 86. Grand Traverse Band of Ottawa and Chippewa Indians
- 87. Muscogee (Creek) Nation of Oklahoma
- 88. Gila River Indian Community
- 89. Aleut Community of St. Paul Island
- 90. San Carlos Apache Tribe
- 91. Comanche Nation

- 92. Colorado River Indian Tribes
- 93. Jicarilla Apache Nation
- 94. Pueblo of Acoma
- 95. Penobscot Indian Nation
- 96. Seminole Tribe of Florida
- 97. San Luis Rey Indian Water Authority
- 98. Pechanga Band of Luiseno Mission Indians
- 99. Cheyenne-Arapaho Tribes
- 100. Delaware Tribe of Indians
- 101. Kaw Nation of Oklahoma
- 102. Native Village of Atka
- 103. Ute Tribe of Uintah and Ouray Reservation

Relief from Addition to Tax for Underpayment of Estimated Income Tax by an Individual

Notice 2019–25

SECTION 1. PURPOSE

This notice modifies and supersedes the guidance in Notice 2019–11, which provided for the waiver of the addition to tax under section 6654 of the Internal Revenue Code (Code) for the underpayment of estimated income tax for certain individuals who would otherwise be required to make tax year 2018 estimated income tax payments on or before January 15, 2019.

This notice makes the following changes to the guidance provided in Notice 2019–11:

- a. It increases the availability of the waiver of the addition to tax under section 6654 by expanding the waiver to certain individuals whose total withholding and estimated tax payments equal or exceed eighty percent (reduced from eighty-five percent threshold provided in Notice 2019–11) of the tax shown on the return for the 2018 taxable year.
- b. It updates procedures for requesting the waiver of the addition to tax under section 6654 for failure to make estimated income tax payments for the 2018 taxable year otherwise required to be made on or before January 15, 2019.
- c. It provides procedures for taxpayers who paid additions to tax under sec-

tion 6654 for tax year 2018 but who qualify for relief under Notice 2019–25 to request a refund of the addition to tax.

This notice provides a waiver of the addition to tax under section 6654 of the Code for the underpayment of estimated income tax for certain individuals who would otherwise be required to make tax year 2018 estimated income tax payments on or before January 15, 2019. This waiver is limited to individuals whose total withholding and estimated tax payments equal or exceed eighty percent of the tax shown on the return for the 2018 taxable year.

SECTION 2. BACKGROUND

Generally, the Code requires taxpayers to pay federal income taxes as they earn income. To the extent these taxes are not withheld, a taxpayer must pay estimated income tax on a quarterly basis.

Section 6654 provides that, in the case of an individual, estimated income tax is required to be paid in four installments and the amount of any required installment is 25 percent of the required annual payment. Generally, under section 6654(d)(1)(B), the required annual payment is the lesser of (i) 90 percent of the tax shown on the return for the taxable year or (ii) 100 percent of the tax shown on the taxpayer's return for the preceding taxable year (110 percent if the individual's adjusted gross income on the previous year's return exceeded \$150,000), so long as the preceding taxable year was a full twelve months long. However, an individual may not use the tax for the preceding taxable year to calculate the required estimated tax payments if that taxable year was not 12 months long, or the individual did not file a return for that preceding taxable year. Under section 6654(d)(2), the amount of the required installment is the annualized income installment for those taxpayers who establish that such amount is lower than 25 percent of the required annual payment determined under section 6654(d)(1). Pursuant to section 6654(g), income taxes withheld from wages are deemed to be paid evenly throughout the tax year, unless the taxpayer establishes the dates on which the amounts were actually withheld. Section 6654(a) imposes an addition to tax for failure to make

a sufficient and timely payment of estimated income tax.

An individual taxpayer will not be subject to the addition to tax if an exception or waiver provision applies. Under section 6654(e)(1), an addition to tax will not be imposed on an individual taxpayer if the taxpayer owes less than \$1,000 in tax, after subtracting tax withheld on wages. Under section 6654(e)(2), an individual will not be subject to an addition to tax if the individual did not have any tax liability for the previous year, the preceding taxable year was 12 months, and the individual was a citizen or resident of the United States throughout the preceding tax year. In addition, the Secretary is authorized by section 6654(e)(3)(A) to waive the addition to tax if he "determines that by reason of casualty, disaster, or other unusual circumstances the imposition of such addition to tax would be against equity and good conscience."

The December 22, 2017, enactment of Public Law 115–97, commonly referred to as the "Tax Cuts and Jobs Act" or "TCJA," included a broad array of changes to the Code affecting millions of individual taxpayers. On February 28, 2018, the Internal Revenue Service (IRS) released an updated Withholding Calculator on IRS.gov and a new version of Form W–4 to help individual taxpayers determine their appropriate amount of 2018 tax withholding. Despite the release of the updated Withholding Calculator and new Form W–4, some individual taxpayers may have been unable to accurately calculate the amount of their required estimated income tax payments for the 2018 tax year. Accordingly, the IRS is providing additional relief to individual taxpayers by waiving certain penalties if the requirements set forth in section 3 of this notice are satisfied.

SECTION 3. WAIVER FOR UNDERPAYMENT OF ESTIMATED INCOME TAX

Pursuant to the authority in section 6654(e)(3)(A), the addition to tax under section 6654 for failure to make estimated income tax payments for the 2018 taxable year otherwise required to be made on or before January 15, 2019, is waived for any individual whose total withholding and estimated tax payments made on or before January 15, 2019, equal or exceed eighty

percent of the tax shown on that individual's return for the 2018 taxable year.

To request this waiver, an individual must file Form 2210, *Underpayment of Estimated Tax by Individuals, Estates, and Trusts*, with his or her 2018 income tax return. The form can be filed with a return filed electronically or on paper. Taxpayers should complete Part I of Form 2210 and the worksheet included in the form instructions to determine if the waiver in this notice applies. If the waiver applies, check the waiver box (Part II, Box A), include the statement "80% Waiver" next to Box A, and file page 1 of Form 2210 with the return. Forms, instructions, and other tax assistance are available on IRS.gov. The IRS toll-free number for general tax questions is 1-800-829-1040. This waiver is in addition to any other exception that section 6654 provides to the underpayment of estimated income tax.

SECTION 4. CLAIMING REFUND OF AMOUNTS PAID AS ADDITIONS TO TAX

Taxpayers who qualify for relief under Notice 2019-25 may have already paid additions to tax under section 6654 for tax year 2018. If the waiver under this notice applies to a taxpayer and the taxpayer has already paid additions to tax under section 6654 for the 2018 tax year, to claim a refund of the additions to tax under section 6654 for the 2018 tax year, the taxpayer should file Form 843, *Claim for Refund and Request for Abatement*. Taxpayers should complete the form and include the statement "80% Waiver of estimated tax penalty" on Line 7.

SECTION 5. IF WAIVER DOES NOT APPLY

If neither the waiver provided by this notice nor any other exception applies to an individual taxpayer, the amount of any addition to tax is determined by applying the underpayment interest rate established under section 6621 of the Code to each required installment of estimated tax that was underpaid for the period that the installment is underpaid. The period of the underpayment runs from the due date for the installment to

the earlier of April 15, 2019, or the date on which the underpayment is paid. This notice has no effect on determining the amount of each required installment for an individual whose total withholding and estimated tax payments do not equal or exceed eighty percent of the tax shown on that individual's return for the 2018 taxable year.

SECTION 6. EFFECT ON OTHER DOCUMENTS

Notice 2019-11 is modified and superseded.

SECTION 7. CONTACT INFORMATION

The principal author of this notice is Michael A. Franklin of the Office of the Associate Chief Counsel (Procedure and Administration). For further information, please contact Mr. Franklin at (202) 317-6844 (not a toll-free number).

Updated Mortality Improvement Rates and Static Mortality Tables for Defined Benefit Pension Plans for 2020

Notice 2019-26

PURPOSE

This notice specifies updated mortality improvement rates and static mortality tables to be used for defined benefit pension plans under § 430(h)(3)(A) of the Internal Revenue Code (Code) and section 303(h)(3)(A) of the Employee Retirement Income Security Act of 1974, Pub. L. No. 93-406, as amended (ERISA). These updated mortality improvement rates and static tables, which are being issued pursuant to the regulations under § 430(h)(3)(A), apply for purposes of calculating the funding target and other items for valuation dates occurring during the 2020 calendar year.

This notice also includes a modified unisex version of the mortality tables for use in determining minimum present value under § 417(e)(3) of the Code and section 205(g)(3) of ERISA for distributions with annuity starting dates that occur

during stability periods beginning in the 2020 calendar year.

BACKGROUND

Section 412 of the Code provides minimum funding requirements that generally apply for defined benefit plans. Section 412(a)(2) provides that § 430 specifies the minimum funding requirements that generally apply to defined benefit plans that are not multiemployer plans. Section 430(a) defines the minimum required contribution for such a plan by reference to the plan's funding target for the plan year. Under § 430(d)(1), a plan's funding target for a plan year generally is the present value of all benefits accrued or earned under the plan as of the first day of that plan year.

Section 430(h)(3) provides rules regarding the mortality tables that generally are used under § 430. Under § 430(h)(3)(A), except as provided in § 430(h)(3)(C) or (D), the Secretary is to prescribe by regulation mortality tables to be used in determining any present value or making any computation under § 430. Those tables are to be based on the actual experience of pension plans and projected trends in that experience. Section 430(h)(3)(B) requires the Secretary to revise any table in effect under § 430(h)(3)(A) at least every 10 years to reflect the actual experience of pension plans and projected trends in that experience.

Section 430(h)(3)(C) provides that, upon request by a plan sponsor and approval by the Secretary, substitute mortality tables that meet the applicable requirements may be used in lieu of the standard mortality tables provided under § 430(h)(3)(A). Section 430(h)(3)(D) provides for the use of separate mortality tables with respect to certain individuals who are entitled to benefits on account of disability.

Mortality Tables for Purposes of § 430

Section 1.430(h)(3)-1 provides rules regarding the mortality tables used under § 430(h)(3)(A) for plan years beginning on or after January 1, 2018. The mortality tables used under § 430(h)(3)(A) are based on the tables in the RP-2014 Mor-

tality Tables Report,¹ adjusted for mortality improvement. Section 1.430(h)(3)–1(d) sets forth base mortality tables with a base year of 2006.

Section 1.430(h)(3)–1(a) permits plan sponsors to apply the projection of mortality improvement in either of two ways: through use of static tables that are updated annually to reflect expected improvements in mortality, or through use of generational tables. Section 1.430(h)(3)–1(a)(2)(i)(C) provides that, for valuation dates occurring in years after 2018, updated mortality improvement rates that take into account new data for mortality improvement trends of the general population, along with static mortality tables that reflect those updated mortality improvement rates, will be provided through guidance published in the Internal Revenue Bulletin. Notice 2018–2, 2018–2 I.R.B. 281, provides mortality improvement rates and static mortality tables that apply for valuation dates occurring during 2019.

Section 1.430(h)(3)–2 provides rules for the use of substitute mortality tables that are based on the mortality experience of the plan. Pursuant to § 1.430(h)(3)–2(c)(3)(ii), substitute mortality tables are developed using the mortality improvement rates used under § 1.430(h)(3)–1.

Application of These Tables for Other Funding Rules

Section 1.431(c)(6)–1 provides that the same mortality assumptions that apply for purposes of § 430(h)(3)(A) and § 1.430(h)(3)–1(a)(2) are used to determine a multiemployer plan’s current liability for purposes of applying the full-funding rules of § 431(c)(6). For this purpose, a multiemployer plan may apply either the static mortality tables or the generational mortality tables (as updated pursuant to § 1.430(h)(3)–1(a)(2)(i)(C) and (a)(3)).

Section 433 provides the minimum funding standards for CSEC plans, which are described in § 414(y). Section 433(h)(3)(B)(i) provides that the Secretary may by regulation prescribe mortality tables to be used in determining current liability for purposes of § 433(c)(7)(C). Section

1.433(h)(3)–1(a) provides that the mortality tables described in § 430(h)(3)(A) are to be used to determine current liability under § 433(c)(7)(C).

Application of Mortality Tables for Minimum Present Value Requirements under § 417(e)(3)

Section 417(e)(3) generally provides that the present value of certain accelerated forms of benefit under a qualified pension plan (including single-sum distributions) must not be less than the present value of the accrued benefit using applicable interest rates and the applicable mortality table. Section 417(e)(3)(B) defines the term “applicable mortality table” as the mortality table specified for the plan year under § 430(h)(3)(A) (without regard to § 430(h)(3)(C) or (D)), modified as appropriate by the Secretary.

Rev. Rul. 2007–67, 2007–2 CB 1047, provides that, except as otherwise stated in future guidance, the applicable mortality table under § 417(e)(3) is a static mortality table set forth in published guidance that is developed based on a fixed blend of 50 percent of the static male combined mortality rates and 50 percent of the static female combined mortality rates used under § 1.430(h)(3)–1. Rev. Rul. 2007–67 also provides that the applicable mortality table for a calendar year applies to distributions with annuity starting dates that occur during stability periods that begin during that calendar year.

MORTALITY IMPROVEMENT RATES FOR 2020

The mortality improvement rates for valuation dates occurring during 2020 are the mortality improvement rates in the Mortality Improvement Scale MP–2018 Report (issued by the Retirement Plans Experience Committee (RPEC) of the Society of Actuaries and available at <https://www.soa.org/Files/resources/experience-studies/2018/mortality-improvement-scale-mp-2018.pdf>).

STATIC MORTALITY TABLES FOR 2020

The static mortality tables that apply under § 430(h)(3)(A) for valuation dates

occurring during 2020 are set forth in the appendix to this notice. The mortality rates in these tables have been developed from the methodology and base mortality rates set forth in § 1.430(h)(3)–1(c) and (d) using the mortality improvement rates specified in the previous section of this notice.

The static mortality table that applies under § 417(e)(3) for distributions with annuity starting dates occurring during stability periods beginning in 2020 is set forth in the appendix to this notice in the column labeled “Unisex.” The mortality rates in this table are derived from the mortality tables specified under § 430(h)(3)(A) for 2020 in accordance with the procedures set forth in Rev. Rul. 2007–67.

COMMENTS REQUESTED

In section 4 of the Mortality Improvement Scale MP–2018 Report, RPEC discusses an alternative model for developing mortality improvement rates from historical U.S. population mortality rates. The alternative model is identical to the current model except that a different approach is used to graduate (that is, smooth) the historical mortality rates. In particular, the finite difference operators used in the smoothness components of the Whittaker-Henderson objective function are of order 2, rather than order 3. RPEC’s back-testing of the alternative model showed improved stability of mortality improvement rates from year to year; however, the alternative approach did not generate as tight of a fit of the graduated mortality improvement rates to the ungraduated historical mortality improvement rates. The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) request comments about whether or not to use this alternative model to determine the mortality improvement rates that apply under § 430(h)(3)(A) for future years.

Additionally, in the preamble to § 1.430(h)(3)–1, the Treasury Department and the IRS stated that the mortality improvement rates used under § 1.430(h)(3)–1 may not be updated for a year if changes to the mortality improvement rates for the year would be

¹The RP–2014 Mortality Tables Report, as revised November 2014, is available at <https://www.soa.org/Files/Research/Exp-Study/research-2014-rp-report.pdf>.

minimal. The Treasury Department and the IRS request comments about whether future updates to the mortality improvement rates used under § 1.430(h)(3)-1 should be delayed until the cumulative changes to expected mortality improvement rates reach a particular magnitude. Commenters requesting that changes to mortality improvement rates be made less frequently

than annually should specify how the magnitude of cumulative changes should be measured and what level of cumulative changes should support an update of mortality improvement rates.

Drafting Information

The principal authors of this notice are Arslan Malik and Linda S. F. Marshall of the Office of the Associate Chief Counsel

(Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice, contact Arslan Malik or Linda Marshall at (202) 317-6700 (not a toll-free number).

APPENDIX

Mortality Tables for 2020
Valuation Dates Occurring During 2020 and Distributions
Subject to § 417(e)(3) with Annuity Starting Dates
During Stability Periods Beginning in 2020

Age	Male 2020 Non-Annuitant Table	Male 2020 Annuitant Table	Male 2020 Optional Combined Table for Small Plans	Female 2020 Non-Annuitant Table	Female 2020 Annuitant Table	Female 2020 Optional Combined Table for Small Plans	Unisex 2020 Table for Distributions Subject to § 417(e)(3)
0	0.003251	0.003251	0.003251	0.002883	0.002883	0.002883	0.003067
1	0.000191	0.000191	0.000191	0.000180	0.000180	0.000180	0.000186
2	0.000130	0.000130	0.000130	0.000119	0.000119	0.000119	0.000125
3	0.000109	0.000109	0.000109	0.000090	0.000090	0.000090	0.000100
4	0.000086	0.000086	0.000086	0.000068	0.000068	0.000068	0.000077
5	0.000076	0.000076	0.000076	0.000062	0.000062	0.000062	0.000069
6	0.000069	0.000069	0.000069	0.000058	0.000058	0.000058	0.000064
7	0.000061	0.000061	0.000061	0.000054	0.000054	0.000054	0.000058
8	0.000052	0.000052	0.000052	0.000050	0.000050	0.000050	0.000051
9	0.000043	0.000043	0.000043	0.000047	0.000047	0.000047	0.000045
10	0.000036	0.000036	0.000036	0.000045	0.000045	0.000045	0.000041
11	0.000039	0.000039	0.000039	0.000046	0.000046	0.000046	0.000043
12	0.000059	0.000059	0.000059	0.000054	0.000054	0.000054	0.000057
13	0.000078	0.000078	0.000078	0.000062	0.000062	0.000062	0.000070
14	0.000097	0.000097	0.000097	0.000069	0.000069	0.000069	0.000083
15	0.000117	0.000117	0.000117	0.000076	0.000076	0.000076	0.000097
16	0.000137	0.000137	0.000137	0.000082	0.000082	0.000082	0.000110
17	0.000158	0.000158	0.000158	0.000088	0.000088	0.000088	0.000123
18	0.000181	0.000181	0.000181	0.000093	0.000093	0.000093	0.000137
19	0.000205	0.000205	0.000205	0.000097	0.000097	0.000097	0.000151
20	0.000228	0.000228	0.000228	0.000098	0.000098	0.000098	0.000163
21	0.000259	0.000259	0.000259	0.000101	0.000101	0.000101	0.000180
22	0.000289	0.000289	0.000289	0.000103	0.000103	0.000103	0.000196
23	0.000311	0.000311	0.000311	0.000107	0.000107	0.000107	0.000209
24	0.000325	0.000325	0.000325	0.000112	0.000112	0.000112	0.000219
25	0.000315	0.000315	0.000315	0.000116	0.000116	0.000116	0.000216
26	0.000310	0.000310	0.000310	0.000121	0.000121	0.000121	0.000216

Age	Male 2020 Non-Annuitant Table	Male 2020 Annuitant Table	Male 2020 Optional Combined Table for Small Plans	Female 2020 Non-Annuitant Table	Female 2020 Annuitant Table	Female 2020 Optional Combined Table for Small Plans	Unisex 2020 Table for Distributions Subject to § 417(e)(3)
27	0.000311	0.000311	0.000311	0.000127	0.000127	0.000127	0.000219
28	0.000318	0.000318	0.000318	0.000134	0.000134	0.000134	0.000226
29	0.000330	0.000330	0.000330	0.000143	0.000143	0.000143	0.000237
30	0.000345	0.000345	0.000345	0.000154	0.000154	0.000154	0.000250
31	0.000364	0.000364	0.000364	0.000167	0.000167	0.000167	0.000266
32	0.000385	0.000385	0.000385	0.000182	0.000182	0.000182	0.000284
33	0.000407	0.000407	0.000407	0.000198	0.000198	0.000198	0.000303
34	0.000426	0.000426	0.000426	0.000215	0.000215	0.000215	0.000321
35	0.000444	0.000444	0.000444	0.000231	0.000231	0.000231	0.000338
36	0.000459	0.000459	0.000459	0.000246	0.000246	0.000246	0.000353
37	0.000475	0.000475	0.000475	0.000265	0.000265	0.000265	0.000370
38	0.000492	0.000492	0.000492	0.000284	0.000284	0.000284	0.000388
39	0.000513	0.000513	0.000513	0.000305	0.000305	0.000305	0.000409
40	0.000538	0.000538	0.000538	0.000327	0.000327	0.000327	0.000433
41	0.000566	0.000572	0.000566	0.000351	0.000349	0.000351	0.000459
42	0.000600	0.000653	0.000600	0.000378	0.000400	0.000378	0.000489
43	0.000644	0.000779	0.000646	0.000410	0.000479	0.000410	0.000528
44	0.000697	0.000948	0.000702	0.000445	0.000587	0.000445	0.000574
45	0.000760	0.001162	0.000769	0.000485	0.000724	0.000487	0.000628
46	0.000834	0.001421	0.000850	0.000532	0.000892	0.000538	0.000694
47	0.000919	0.001728	0.000945	0.000585	0.001096	0.000598	0.000772
48	0.001015	0.002089	0.001054	0.000643	0.001340	0.000666	0.000860
49	0.001123	0.002511	0.001179	0.000707	0.001627	0.000746	0.000963
50	0.001244	0.003000	0.001324	0.000780	0.001960	0.000839	0.001082
51	0.001380	0.003233	0.001472	0.000862	0.002077	0.000933	0.001203
52	0.001534	0.003486	0.001668	0.000955	0.002220	0.001049	0.001359
53	0.001695	0.003733	0.001889	0.001060	0.002393	0.001186	0.001538
54	0.001876	0.003997	0.002149	0.001178	0.002595	0.001346	0.001748
55	0.002082	0.004282	0.002537	0.001307	0.002830	0.001596	0.002067
56	0.002322	0.004598	0.003044	0.001449	0.003096	0.001920	0.002482
57	0.002605	0.004953	0.003493	0.001602	0.003398	0.002213	0.002853
58	0.002941	0.005351	0.004002	0.001764	0.003732	0.002527	0.003265
59	0.003337	0.005798	0.004564	0.001936	0.004100	0.002880	0.003722
60	0.003799	0.006297	0.005206	0.002117	0.004500	0.003298	0.004252
61	0.004335	0.006852	0.005930	0.002309	0.004933	0.003832	0.004881
62	0.004946	0.007463	0.006734	0.002511	0.005398	0.004416	0.005575
63	0.005631	0.008127	0.007603	0.002730	0.005897	0.005112	0.006358
64	0.006400	0.008857	0.008453	0.002967	0.006437	0.005758	0.007106
65	0.007255	0.009653	0.009373	0.003225	0.007022	0.006472	0.007923
66	0.008103	0.010523	0.010359	0.003578	0.007672	0.007311	0.008835
67	0.009031	0.011481	0.011361	0.003970	0.008397	0.008117	0.009739
68	0.010052	0.012541	0.012451	0.004414	0.009214	0.008985	0.010718
69	0.011189	0.013736	0.013663	0.004913	0.010133	0.009938	0.011801

Age	Male 2020 Non-Annuitant Table	Male 2020 Annuitant Table	Male 2020 Optional Combined Table for Small Plans	Female 2020 Non-Annuitant Table	Female 2020 Annuitant Table	Female 2020 Optional Combined Table for Small Plans	Unisex 2020 Table for Distributions Subject to § 417(e)(3)
70	0.012455	0.015076	0.015008	0.005479	0.011174	0.010981	0.012995
71	0.013866	0.016580	0.016516	0.006118	0.012348	0.012158	0.014337
72	0.015449	0.018278	0.018219	0.006842	0.013674	0.013489	0.015854
73	0.017224	0.020197	0.020143	0.007667	0.015175	0.014997	0.017570
74	0.019218	0.022366	0.022317	0.008599	0.016865	0.016697	0.019507
75	0.021460	0.024826	0.024782	0.009664	0.018790	0.018635	0.021709
76	0.023964	0.027604	0.027566	0.010871	0.020973	0.020836	0.024201
77	0.026782	0.030769	0.030738	0.012254	0.023481	0.023366	0.027052
78	0.029919	0.034345	0.034322	0.013828	0.026356	0.026271	0.030297
79	0.033447	0.038433	0.038420	0.015621	0.029666	0.029618	0.034019
80	0.037375	0.043067	0.043067	0.017662	0.033484	0.033484	0.038276
81	0.039222	0.048107	0.048107	0.019406	0.037669	0.037669	0.042888
82	0.042758	0.053854	0.053854	0.022765	0.042446	0.042446	0.048150
83	0.048014	0.060386	0.060386	0.027776	0.047923	0.047923	0.054155
84	0.055042	0.067838	0.067838	0.034475	0.054174	0.054174	0.061006
85	0.063877	0.076254	0.076254	0.042895	0.061258	0.061258	0.068756
86	0.074636	0.085831	0.085831	0.053064	0.069265	0.069265	0.077548
87	0.087303	0.096623	0.096623	0.065024	0.078287	0.078287	0.087455
88	0.101920	0.108696	0.108696	0.078818	0.088357	0.088357	0.098527
89	0.118510	0.122153	0.122153	0.094441	0.099512	0.099512	0.110833
90	0.137096	0.137096	0.137096	0.111838	0.111838	0.111838	0.124467
91	0.152921	0.152921	0.152921	0.125228	0.125228	0.125228	0.139075
92	0.169221	0.169221	0.169221	0.139416	0.139416	0.139416	0.154319
93	0.185598	0.185598	0.185598	0.154186	0.154186	0.154186	0.169892
94	0.202075	0.202075	0.202075	0.169467	0.169467	0.169467	0.185771
95	0.218344	0.218344	0.218344	0.185284	0.185284	0.185284	0.201814
96	0.236813	0.236813	0.236813	0.202710	0.202710	0.202710	0.219762
97	0.255790	0.255790	0.255790	0.220973	0.220973	0.220973	0.238382
98	0.275485	0.275485	0.275485	0.239976	0.239976	0.239976	0.257731
99	0.295730	0.295730	0.295730	0.259633	0.259633	0.259633	0.277682
100	0.316409	0.316409	0.316409	0.279942	0.279942	0.279942	0.298176
101	0.337278	0.337278	0.337278	0.300567	0.300567	0.300567	0.318923
102	0.357950	0.357950	0.357950	0.321243	0.321243	0.321243	0.339597
103	0.378379	0.378379	0.378379	0.341842	0.341842	0.341842	0.360111
104	0.398131	0.398131	0.398131	0.362350	0.362350	0.362350	0.380241
105	0.416748	0.416748	0.416748	0.382270	0.382270	0.382270	0.399509
106	0.434806	0.434806	0.434806	0.401814	0.401814	0.401814	0.418310
107	0.451779	0.451779	0.451779	0.420312	0.420312	0.420312	0.436046
108	0.467748	0.467748	0.467748	0.437663	0.437663	0.437663	0.452706
109	0.482853	0.482853	0.482853	0.454199	0.454199	0.454199	0.468526
110	0.496822	0.496822	0.496822	0.469667	0.469667	0.469667	0.483245
111	0.501965	0.501965	0.501965	0.483967	0.483967	0.483967	0.492966
112	0.501458	0.501458	0.501458	0.497408	0.497408	0.497408	0.499433

Age	Male 2020 Non-Annuitant Table	Male 2020 Annuitant Table	Male 2020 Optional Combined Table for Small Plans	Female 2020 Non-Annuitant Table	Female 2020 Annuitant Table	Female 2020 Optional Combined Table for Small Plans	Unisex 2020 Table for Distributions Subject to § 417(e)(3)
113	0.501004	0.501004	0.501004	0.502965	0.502965	0.502965	0.501985
114	0.500451	0.500451	0.500451	0.501253	0.501253	0.501253	0.500852
115	0.500000	0.500000	0.500000	0.500000	0.500000	0.500000	0.500000
116	0.500000	0.500000	0.500000	0.500000	0.500000	0.500000	0.500000
117	0.500000	0.500000	0.500000	0.500000	0.500000	0.500000	0.500000
118	0.500000	0.500000	0.500000	0.500000	0.500000	0.500000	0.500000
119	0.500000	0.500000	0.500000	0.500000	0.500000	0.500000	0.500000
120	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000

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

Rev. Proc. 2019-14

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. 2018–28, 2018–20 I.R.B. 592.

.12 The nationwide average purchase price limitation was last published in section 4.02 of Rev. Proc. 2018–28. Guidance with respect to the United States and area median gross income figures that are to be used in computing the housing cost/income ratio described in section 143(f)(5) was last published in Rev. Proc. 2018–33, 2018–22 I.R.B. 734.

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

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

.14 To calculate the average area purchase price safe harbors in this revenue procedure, the FHA loan limits are adjusted to take into account the differences between average and median purchase prices. Because FHA loan limits do not differentiate between new and existing residences, this revenue procedure contains a single average area purchase price safe harbor for both new and existing residences in a statistical area. The Treasury Department and the Internal Revenue Service (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 December 14, 2018. FHA loan limits are available for statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam. See section 3.03 of this revenue procedure with respect to FHA loan limits revised after December 14, 2018.

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

SECTION 3. APPLICATION

Average Area Purchase Price Safe Harbors

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

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

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

.03 If the FHA revises the FHA loan limit for any statistical area after December 14, 2018, 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 .9999.

.04 If, pursuant to section 6a.103A–2(f)(5)(i), an issuer uses more accurate

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

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

Nationwide Average Purchase Price

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

.07 Issuers must use the nationwide average purchase price set forth in section 4.02 of this revenue procedure when com-

puting 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. 2018–28, the issuer must use the nationwide average purchase price set forth in section 4.02 of Rev. Proc. 2018–28 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. 2018–28, the issuer may not rely on the average area purchase price safe harbors published in this revenue procedure.

SECTION 4. AVERAGE AREA AND NATIONWIDE AVERAGE PURCHASE PRICES

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

2019 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	\$331,206	\$424,007	\$512,509	\$636,911
PICKENS	AL	\$331,206	\$424,007	\$512,509	\$636,911
TUSCALOOSA	AL	\$331,206	\$424,007	\$512,509	\$636,911
ALEUTIANS WEST	AK	\$385,256	\$493,208	\$596,160	\$740,862
ANCHORAGE MUNIC	AK	\$401,357	\$513,809	\$621,060	\$771,863
JUNEAU CITY AND	AK	\$455,408	\$583,010	\$704,712	\$875,765
KETCHIKAN GATEW	AK	\$369,156	\$472,558	\$571,260	\$709,912
KODIAK ISLAND B	AK	\$407,107	\$521,159	\$629,961	\$782,913
MATANUSKA-SUSIT	AK	\$401,357	\$513,809	\$621,060	\$771,863
NOME CENSUS ARE	AK	\$391,007	\$500,558	\$605,060	\$751,913

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
NORTH SLOPE BOR	AK	\$332,356	\$425,457	\$514,309	\$639,161
PETERSBURG CENS	AK	\$332,356	\$425,457	\$514,309	\$639,161
SITKA CITY AND	AK	\$486,458	\$622,760	\$752,763	\$935,516
SKAGWAY MUNICIPAL	AK	\$415,157	\$531,459	\$642,411	\$798,363
WRANGELL CITY A	AK	\$332,356	\$425,457	\$514,309	\$639,161
YAKUTAT CITY AN	AK	\$420,907	\$538,809	\$651,311	\$809,464
COCONINO	AZ	\$362,256	\$463,758	\$560,559	\$696,662
ALAMEDA	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
ALPINE	CA	\$463,458	\$593,310	\$717,162	\$891,265
AMADOR	CA	\$350,756	\$449,008	\$542,759	\$674,511
CALAVERAS	CA	\$373,756	\$478,458	\$578,360	\$718,762
CONTRA COSTA	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
EL DORADO	CA	\$552,009	\$706,662	\$854,214	\$1,061,568
HUMBOLDT	CA	\$333,506	\$426,957	\$516,059	\$641,361
INYO	CA	\$369,156	\$472,558	\$571,260	\$709,912
LOS ANGELES	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
MARIN	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
MARIPOSA	CA	\$322,005	\$412,207	\$498,258	\$619,260
MENDOCINO	CA	\$409,407	\$524,109	\$633,511	\$787,313
MONO	CA	\$529,009	\$677,211	\$818,614	\$1,017,317
MONTEREY	CA	\$652,061	\$834,764	\$1,009,017	\$1,253,971
NAPA	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
NEVADA	CA	\$486,458	\$622,760	\$752,763	\$935,516
ORANGE	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
PLACER	CA	\$552,009	\$706,662	\$854,214	\$1,061,568
PLUMAS	CA	\$336,956	\$431,357	\$521,409	\$648,011
RIVERSIDE	CA	\$431,257	\$552,059	\$667,361	\$829,364
SACRAMENTO	CA	\$552,009	\$706,662	\$854,214	\$1,061,568
SAN BENITO	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
SAN BERNARDINO	CA	\$431,257	\$552,059	\$667,361	\$829,364
SAN DIEGO	CA	\$690,012	\$883,315	\$1,067,768	\$1,326,972
SAN FRANCISCO	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
SAN JOAQUIN	CA	\$425,507	\$544,709	\$658,461	\$818,264
SAN LUIS OBISPO	CA	\$667,011	\$853,914	\$1,032,167	\$1,282,722
SAN MATEO	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
SANTA BARBARA	CA	\$653,211	\$836,214	\$1,010,817	\$1,256,171
SANTA CLARA	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
SANTA CRUZ	CA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
SOLANO	CA	\$494,508	\$633,061	\$765,213	\$950,966
SONOMA	CA	\$704,962	\$902,465	\$1,090,868	\$1,355,723
STANISLAUS	CA	\$350,756	\$449,008	\$542,759	\$674,511
SUTTER	CA	\$324,305	\$415,157	\$501,808	\$623,660
TUOLUMNE	CA	\$331,206	\$424,007	\$512,509	\$636,911
VENTURA	CA	\$713,012	\$912,765	\$1,103,369	\$1,371,173
YOLO	CA	\$552,009	\$706,662	\$854,214	\$1,061,568

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
YUBA	CA	\$324,305	\$415,157	\$501,808	\$623,660
ADAMS	CO	\$561,209	\$718,462	\$868,415	\$1,079,268
ARAPAHOE	CO	\$561,209	\$718,462	\$868,415	\$1,079,268
BOULDER	CO	\$626,761	\$802,363	\$969,866	\$1,205,320
BROOMFIELD	CO	\$561,209	\$718,462	\$868,415	\$1,079,268
CHAFFEE	CO	\$333,506	\$426,957	\$516,059	\$641,361
CLEAR CREEK	CO	\$561,209	\$718,462	\$868,415	\$1,079,268
DENVER	CO	\$561,209	\$718,462	\$868,415	\$1,079,268
DOUGLAS	CO	\$561,209	\$718,462	\$868,415	\$1,079,268
EAGLE	CO	\$726,537	\$930,316	\$1,124,494	\$1,397,423
EL PASO	CO	\$339,256	\$434,307	\$524,959	\$652,411
ELBERT	CO	\$561,209	\$718,462	\$868,415	\$1,079,268
GARFIELD	CO	\$726,537	\$930,316	\$1,124,494	\$1,397,423
GILPIN	CO	\$561,209	\$718,462	\$868,415	\$1,079,268
GRAND	CO	\$402,507	\$515,259	\$622,860	\$774,063
GUNNISON	CO	\$357,656	\$457,858	\$553,459	\$687,812
HINSDALE	CO	\$427,807	\$547,659	\$662,011	\$822,714
JEFFERSON	CO	\$561,209	\$718,462	\$868,415	\$1,079,268
LA PLATA	CO	\$419,757	\$537,359	\$649,561	\$807,214
LARIMER	CO	\$437,007	\$559,459	\$676,211	\$840,414
OURAY	CO	\$425,507	\$544,709	\$658,461	\$818,264
PARK	CO	\$561,209	\$718,462	\$868,415	\$1,079,268
PITKIN	CO	\$726,537	\$930,316	\$1,124,494	\$1,397,423
ROUTT	CO	\$634,811	\$812,664	\$982,316	\$1,220,820
SAN MIGUEL	CO	\$726,537	\$930,316	\$1,124,494	\$1,397,423
SUMMIT	CO	\$722,212	\$924,566	\$1,117,569	\$1,388,873
TELLER	CO	\$339,256	\$434,307	\$524,959	\$652,411
WELD	CO	\$385,256	\$493,208	\$596,160	\$740,862
FAIRFIELD	CT	\$601,460	\$769,963	\$930,716	\$1,156,669
HARTFORD	CT	\$353,056	\$451,958	\$546,309	\$678,961
LITCHFIELD	CT	\$357,656	\$457,858	\$553,459	\$687,812
MIDDLESEX	CT	\$353,056	\$451,958	\$546,309	\$678,961
TOLLAND	CT	\$353,056	\$451,958	\$546,309	\$678,961
WINDHAM	CT	\$327,755	\$419,557	\$507,159	\$630,311
DISTRICT OF COL	DC	\$726,537	\$930,316	\$1,124,494	\$1,397,423
NEW CASTLE	DE	\$402,507	\$515,259	\$622,860	\$774,063
SUSSEX	DE	\$336,956	\$431,357	\$521,409	\$648,011
BAKER	FL	\$358,806	\$459,308	\$555,209	\$690,012
BROWARD	FL	\$356,506	\$456,358	\$551,659	\$685,561
CLAY	FL	\$358,806	\$459,308	\$555,209	\$690,012
COLLIER	FL	\$450,808	\$577,110	\$697,612	\$866,965
DUVAL	FL	\$358,806	\$459,308	\$555,209	\$690,012
MANATEE	FL	\$320,855	\$410,757	\$496,508	\$617,010
MARTIN	FL	\$327,755	\$419,557	\$507,159	\$630,311

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
MIAMI-DADE	FL	\$356,506	\$456,358	\$551,659	\$685,561
MONROE	FL	\$529,009	\$677,211	\$818,614	\$1,017,317
NASSAU	FL	\$358,806	\$459,308	\$555,209	\$690,012
OKALOOSA	FL	\$370,306	\$474,058	\$573,010	\$712,112
PALM BEACH	FL	\$356,506	\$456,358	\$551,659	\$685,561
SARASOTA	FL	\$320,855	\$410,757	\$496,508	\$617,010
ST. JOHNS	FL	\$358,806	\$459,308	\$555,209	\$690,012
ST. LUCIE	FL	\$327,755	\$419,557	\$507,159	\$630,311
WALTON	FL	\$370,306	\$474,058	\$573,010	\$712,112
BARROW	GA	\$379,506	\$485,808	\$587,260	\$729,812
BARTOW	GA	\$379,506	\$485,808	\$587,260	\$729,812
BUTTS	GA	\$379,506	\$485,808	\$587,260	\$729,812
CARROLL	GA	\$379,506	\$485,808	\$587,260	\$729,812
CHEROKEE	GA	\$379,506	\$485,808	\$587,260	\$729,812
CLARKE	GA	\$341,556	\$437,257	\$528,509	\$656,811
CLAYTON	GA	\$379,506	\$485,808	\$587,260	\$729,812
COBB	GA	\$379,506	\$485,808	\$587,260	\$729,812
COWETA	GA	\$379,506	\$485,808	\$587,260	\$729,812
DAWSON	GA	\$379,506	\$485,808	\$587,260	\$729,812
DEKALB	GA	\$379,506	\$485,808	\$587,260	\$729,812
DOUGLAS	GA	\$379,506	\$485,808	\$587,260	\$729,812
FAYETTE	GA	\$379,506	\$485,808	\$587,260	\$729,812
FORSYTH	GA	\$379,506	\$485,808	\$587,260	\$729,812
FULTON	GA	\$379,506	\$485,808	\$587,260	\$729,812
GREENE	GA	\$515,209	\$659,561	\$797,263	\$990,817
GWINNETT	GA	\$379,506	\$485,808	\$587,260	\$729,812
HARALSON	GA	\$379,506	\$485,808	\$587,260	\$729,812
HEARD	GA	\$379,506	\$485,808	\$587,260	\$729,812
HENRY	GA	\$379,506	\$485,808	\$587,260	\$729,812
JASPER	GA	\$379,506	\$485,808	\$587,260	\$729,812
LAMAR	GA	\$379,506	\$485,808	\$587,260	\$729,812
MADISON	GA	\$341,556	\$437,257	\$528,509	\$656,811
MERIWETHER	GA	\$379,506	\$485,808	\$587,260	\$729,812
MORGAN	GA	\$379,506	\$485,808	\$587,260	\$729,812
NEWTON	GA	\$379,506	\$485,808	\$587,260	\$729,812
OCONEE	GA	\$341,556	\$437,257	\$528,509	\$656,811
OGLETHORPE	GA	\$341,556	\$437,257	\$528,509	\$656,811
PAULDING	GA	\$379,506	\$485,808	\$587,260	\$729,812
PICKENS	GA	\$379,506	\$485,808	\$587,260	\$729,812
PIKE	GA	\$379,506	\$485,808	\$587,260	\$729,812
ROCKDALE	GA	\$379,506	\$485,808	\$587,260	\$729,812
SPALDING	GA	\$379,506	\$485,808	\$587,260	\$729,812
WALTON	GA	\$379,506	\$485,808	\$587,260	\$729,812
HAWAII	HI	\$387,556	\$496,108	\$599,710	\$745,312
HONOLULU	HI	\$721,062	\$923,065	\$1,115,819	\$1,386,673

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
KALAWAO	HI	\$678,511	\$868,615	\$1,049,968	\$1,304,872
KAUAI	HI	\$713,012	\$912,765	\$1,103,369	\$1,371,173
MAUI	HI	\$678,511	\$868,615	\$1,049,968	\$1,304,872
ADA	ID	\$331,206	\$424,007	\$512,509	\$636,911
BLAINE	ID	\$646,311	\$827,414	\$1,000,117	\$1,242,921
BOISE	ID	\$331,206	\$424,007	\$512,509	\$636,911
CAMAS	ID	\$646,311	\$827,414	\$1,000,117	\$1,242,921
CANYON	ID	\$331,206	\$424,007	\$512,509	\$636,911
GEM	ID	\$331,206	\$424,007	\$512,509	\$636,911
LINCOLN	ID	\$646,311	\$827,414	\$1,000,117	\$1,242,921
OWYHEE	ID	\$331,206	\$424,007	\$512,509	\$636,911
TETON	ID	\$726,537	\$930,316	\$1,124,494	\$1,397,423
BOONE	IL	\$339,256	\$434,307	\$524,959	\$652,411
COOK	IL	\$368,006	\$471,108	\$569,460	\$707,712
DEKALB	IL	\$368,006	\$471,108	\$569,460	\$707,712
DUPAGE	IL	\$368,006	\$471,108	\$569,460	\$707,712
GRUNDY	IL	\$368,006	\$471,108	\$569,460	\$707,712
KANE	IL	\$368,006	\$471,108	\$569,460	\$707,712
KENDALL	IL	\$368,006	\$471,108	\$569,460	\$707,712
LAKE	IL	\$368,006	\$471,108	\$569,460	\$707,712
MCHENRY	IL	\$368,006	\$471,108	\$569,460	\$707,712
WILL	IL	\$368,006	\$471,108	\$569,460	\$707,712
WINNEBAGO	IL	\$339,256	\$434,307	\$524,959	\$652,411
BOONE	IN	\$343,856	\$440,207	\$532,109	\$661,261
BROWN	IN	\$343,856	\$440,207	\$532,109	\$661,261
CLARK	IN	\$316,255	\$404,857	\$489,358	\$608,160
FLOYD	IN	\$316,255	\$404,857	\$489,358	\$608,160
HAMILTON	IN	\$343,856	\$440,207	\$532,109	\$661,261
HANCOCK	IN	\$343,856	\$440,207	\$532,109	\$661,261
HARRISON	IN	\$316,255	\$404,857	\$489,358	\$608,160
HENDRICKS	IN	\$343,856	\$440,207	\$532,109	\$661,261
JASPER	IN	\$368,006	\$471,108	\$569,460	\$707,712
JOHNSON	IN	\$343,856	\$440,207	\$532,109	\$661,261
LAKE	IN	\$368,006	\$471,108	\$569,460	\$707,712
MADISON	IN	\$343,856	\$440,207	\$532,109	\$661,261
MARION	IN	\$343,856	\$440,207	\$532,109	\$661,261
MORGAN	IN	\$343,856	\$440,207	\$532,109	\$661,261
NEWTON	IN	\$368,006	\$471,108	\$569,460	\$707,712
PORTER	IN	\$368,006	\$471,108	\$569,460	\$707,712
PUTNAM	IN	\$343,856	\$440,207	\$532,109	\$661,261
SCOTT	IN	\$316,255	\$404,857	\$489,358	\$608,160
SHELBY	IN	\$343,856	\$440,207	\$532,109	\$661,261
WASHINGTON	IN	\$316,255	\$404,857	\$489,358	\$608,160
JOHNSON	KS	\$336,956	\$431,357	\$521,409	\$648,011
LEAVENWORTH	KS	\$336,956	\$431,357	\$521,409	\$648,011

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
LINN	KS	\$336,956	\$431,357	\$521,409	\$648,011
MIAMI	KS	\$336,956	\$431,357	\$521,409	\$648,011
WYANDOTTE	KS	\$336,956	\$431,357	\$521,409	\$648,011
BULLITT	KY	\$316,255	\$404,857	\$489,358	\$608,160
HENRY	KY	\$316,255	\$404,857	\$489,358	\$608,160
JEFFERSON	KY	\$316,255	\$404,857	\$489,358	\$608,160
OLDHAM	KY	\$316,255	\$404,857	\$489,358	\$608,160
SHELBY	KY	\$316,255	\$404,857	\$489,358	\$608,160
SPENCER	KY	\$316,255	\$404,857	\$489,358	\$608,160
TRIMBLE	KY	\$316,255	\$404,857	\$489,358	\$608,160
BARNSTABLE	MA	\$458,858	\$587,410	\$710,062	\$882,415
BRISTOL	MA	\$454,258	\$581,510	\$702,912	\$873,565
DUKES	MA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
ESSEX	MA	\$688,862	\$881,865	\$1,065,968	\$1,324,772
HAMPDEN	MA	\$318,555	\$407,807	\$492,958	\$612,610
HAMPSHIRE	MA	\$318,555	\$407,807	\$492,958	\$612,610
MIDDLESEX	MA	\$688,862	\$881,865	\$1,065,968	\$1,324,772
NANTUCKET	MA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
NORFOLK	MA	\$688,862	\$881,865	\$1,065,968	\$1,324,772
PLYMOUTH	MA	\$688,862	\$881,865	\$1,065,968	\$1,324,772
SUFFOLK	MA	\$688,862	\$881,865	\$1,065,968	\$1,324,772
WORCESTER	MA	\$327,755	\$419,557	\$507,159	\$630,311
ANNE ARUNDEL	MD	\$517,509	\$662,511	\$800,813	\$995,217
BALTIMORE	MD	\$517,509	\$662,511	\$800,813	\$995,217
BALTIMORE CITY	MD	\$517,509	\$662,511	\$800,813	\$995,217
CALVERT	MD	\$726,537	\$930,316	\$1,124,494	\$1,397,423
CARROLL	MD	\$517,509	\$662,511	\$800,813	\$995,217
CECIL	MD	\$402,507	\$515,259	\$622,860	\$774,063
CHARLES	MD	\$726,537	\$930,316	\$1,124,494	\$1,397,423
FREDERICK	MD	\$726,537	\$930,316	\$1,124,494	\$1,397,423
HARFORD	MD	\$517,509	\$662,511	\$800,813	\$995,217
HOWARD	MD	\$517,509	\$662,511	\$800,813	\$995,217
MONTGOMERY	MD	\$726,537	\$930,316	\$1,124,494	\$1,397,423
PRINCE GEORGE'S	MD	\$726,537	\$930,316	\$1,124,494	\$1,397,423
QUEEN ANNE'S	MD	\$517,509	\$662,511	\$800,813	\$995,217
SOMERSET	MD	\$336,956	\$431,357	\$521,409	\$648,011
ST. MARY'S	MD	\$347,306	\$444,607	\$537,409	\$667,911
TALBOT	MD	\$382,956	\$490,258	\$592,610	\$736,462
WICOMICO	MD	\$336,956	\$431,357	\$521,409	\$648,011
WORCESTER	MD	\$336,956	\$431,357	\$521,409	\$648,011
CUMBERLAND	ME	\$351,906	\$450,508	\$544,559	\$676,761
SAGadahoc	ME	\$351,906	\$450,508	\$544,559	\$676,761
YORK	ME	\$351,906	\$450,508	\$544,559	\$676,761
BENZIE	MI	\$316,255	\$404,857	\$489,358	\$608,160

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
GRAND TRAVERSE	MI	\$316,255	\$404,857	\$489,358	\$608,160
KALKASKA	MI	\$316,255	\$404,857	\$489,358	\$608,160
LEELANAU	MI	\$316,255	\$404,857	\$489,358	\$608,160
ANOKA	MN	\$366,856	\$469,608	\$567,660	\$705,512
CARVER	MN	\$366,856	\$469,608	\$567,660	\$705,512
CHISAGO	MN	\$366,856	\$469,608	\$567,660	\$705,512
DAKOTA	MN	\$366,856	\$469,608	\$567,660	\$705,512
HENNEPIN	MN	\$366,856	\$469,608	\$567,660	\$705,512
ISANTI	MN	\$366,856	\$469,608	\$567,660	\$705,512
LE SUEUR	MN	\$366,856	\$469,608	\$567,660	\$705,512
MILLE LACS	MN	\$366,856	\$469,608	\$567,660	\$705,512
RAMSEY	MN	\$366,856	\$469,608	\$567,660	\$705,512
SCOTT	MN	\$366,856	\$469,608	\$567,660	\$705,512
SHERBURNE	MN	\$366,856	\$469,608	\$567,660	\$705,512
SIBLEY	MN	\$366,856	\$469,608	\$567,660	\$705,512
WASHINGTON	MN	\$366,856	\$469,608	\$567,660	\$705,512
WRIGHT	MN	\$366,856	\$469,608	\$567,660	\$705,512
BATES	MO	\$336,956	\$431,357	\$521,409	\$648,011
CALDWELL	MO	\$336,956	\$431,357	\$521,409	\$648,011
CASS	MO	\$336,956	\$431,357	\$521,409	\$648,011
CLAY	MO	\$336,956	\$431,357	\$521,409	\$648,011
CLINTON	MO	\$336,956	\$431,357	\$521,409	\$648,011
JACKSON	MO	\$336,956	\$431,357	\$521,409	\$648,011
LAFAYETTE	MO	\$336,956	\$431,357	\$521,409	\$648,011
PLATTE	MO	\$336,956	\$431,357	\$521,409	\$648,011
RAY	MO	\$336,956	\$431,357	\$521,409	\$648,011
FLATHEAD	MT	\$318,555	\$407,807	\$492,958	\$612,610
GALLATIN	MT	\$412,857	\$528,509	\$638,861	\$793,963
JEFFERSON	MT	\$316,255	\$404,857	\$489,358	\$608,160
LEWIS AND CLARK	MT	\$316,255	\$404,857	\$489,358	\$608,160
MADISON	MT	\$325,455	\$416,607	\$503,608	\$625,860
MISSOULA	MT	\$334,656	\$428,407	\$517,859	\$643,561
CABARRUS	NC	\$317,405	\$406,307	\$491,158	\$610,410
CAMDEN	NC	\$726,537	\$930,316	\$1,124,494	\$1,397,423
CHATHAM	NC	\$403,657	\$516,759	\$624,610	\$776,263
CURRITUCK	NC	\$458,858	\$587,410	\$710,062	\$882,415
DARE	NC	\$391,007	\$500,558	\$605,060	\$751,913
DURHAM	NC	\$403,657	\$516,759	\$624,610	\$776,263
FRANKLIN	NC	\$339,256	\$434,307	\$524,959	\$652,411
GASTON	NC	\$317,405	\$406,307	\$491,158	\$610,410
GATES	NC	\$458,858	\$587,410	\$710,062	\$882,415
HYDE	NC	\$483,008	\$618,310	\$747,413	\$928,866
IREDELL	NC	\$317,405	\$406,307	\$491,158	\$610,410
JOHNSTON	NC	\$339,256	\$434,307	\$524,959	\$652,411
LINCOLN	NC	\$317,405	\$406,307	\$491,158	\$610,410

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
MECKLENBURG	NC	\$317,405	\$406,307	\$491,158	\$610,410
ORANGE	NC	\$403,657	\$516,759	\$624,610	\$776,263
PASQUOTANK	NC	\$726,537	\$930,316	\$1,124,494	\$1,397,423
PERQUIMANS	NC	\$726,537	\$930,316	\$1,124,494	\$1,397,423
PERSON	NC	\$403,657	\$516,759	\$624,610	\$776,263
ROWAN	NC	\$317,405	\$406,307	\$491,158	\$610,410
TYRRELL	NC	\$391,007	\$500,558	\$605,060	\$751,913
UNION	NC	\$317,405	\$406,307	\$491,158	\$610,410
WAKE	NC	\$339,256	\$434,307	\$524,959	\$652,411
BILLINGS	ND	\$339,256	\$434,307	\$524,959	\$652,411
WILLIAMS	ND	\$330,056	\$422,507	\$510,709	\$634,711
LINCOLN	NE	\$433,557	\$555,009	\$670,911	\$833,764
LOGAN	NE	\$433,557	\$555,009	\$670,911	\$833,764
MCPHERSON	NE	\$433,557	\$555,009	\$670,911	\$833,764
HILLSBOROUGH	NH	\$322,005	\$412,207	\$498,258	\$619,260
ROCKINGHAM	NH	\$688,862	\$881,865	\$1,065,968	\$1,324,772
STRAFFORD	NH	\$688,862	\$881,865	\$1,065,968	\$1,324,772
ATLANTIC	NJ	\$316,255	\$404,857	\$489,358	\$608,160
BERGEN	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
BURLINGTON	NJ	\$402,507	\$515,259	\$622,860	\$774,063
CAMDEN	NJ	\$402,507	\$515,259	\$622,860	\$774,063
CAPE MAY	NJ	\$414,007	\$530,009	\$640,661	\$796,163
ESSEX	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
GLOUCESTER	NJ	\$402,507	\$515,259	\$622,860	\$774,063
HUDSON	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
HUNTERDON	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
MERCER	NJ	\$345,006	\$441,657	\$533,859	\$663,461
MIDDLESEX	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
MONMOUTH	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
MORRIS	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
OCEAN	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
PASSAIC	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
SALEM	NJ	\$402,507	\$515,259	\$622,860	\$774,063
SOMERSET	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
SUSSEX	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
UNION	NJ	\$726,537	\$930,316	\$1,124,494	\$1,397,423
WARREN	NJ	\$372,606	\$477,008	\$576,560	\$716,562
CATRON	NM	\$401,357	\$513,809	\$621,060	\$771,863
LOS ALAMOS	NM	\$410,557	\$525,559	\$635,311	\$789,513
SANTA FE	NM	\$368,006	\$471,108	\$569,460	\$707,712
CARSON CITY	NV	\$318,555	\$407,807	\$492,958	\$612,610
CLARK	NV	\$322,005	\$412,207	\$498,258	\$619,260
DOUGLAS	NV	\$423,207	\$541,759	\$654,861	\$813,864
STOREY	NV	\$412,857	\$528,509	\$638,861	\$793,963

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
WASHOE	NV	\$412,857	\$528,509	\$638,861	\$793,963
ALBANY	NY	\$315,105	\$403,357	\$487,608	\$605,960
BRONX	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
DUTCHESS	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
KINGS	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
NASSAU	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
NEW YORK	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
ORANGE	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
PUTNAM	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
QUEENS	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
RENSSELAER	NY	\$315,105	\$403,357	\$487,608	\$605,960
RICHMOND	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
ROCKLAND	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
SARATOGA	NY	\$315,105	\$403,357	\$487,608	\$605,960
SCHENECTADY	NY	\$315,105	\$403,357	\$487,608	\$605,960
SCHOHARIE	NY	\$315,105	\$403,357	\$487,608	\$605,960
SUFFOLK	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
WESTCHESTER	NY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
DELAWARE	OH	\$356,506	\$456,358	\$551,659	\$685,561
FAIRFIELD	OH	\$356,506	\$456,358	\$551,659	\$685,561
FRANKLIN	OH	\$356,506	\$456,358	\$551,659	\$685,561
HOCKING	OH	\$356,506	\$456,358	\$551,659	\$685,561
LICKING	OH	\$356,506	\$456,358	\$551,659	\$685,561
MADISON	OH	\$356,506	\$456,358	\$551,659	\$685,561
MORROW	OH	\$356,506	\$456,358	\$551,659	\$685,561
PERRY	OH	\$356,506	\$456,358	\$551,659	\$685,561
PICKAWAY	OH	\$356,506	\$456,358	\$551,659	\$685,561
UNION	OH	\$356,506	\$456,358	\$551,659	\$685,561
BENTON	OR	\$385,256	\$493,208	\$596,160	\$740,862
CLACKAMAS	OR	\$474,958	\$608,010	\$734,962	\$913,365
CLATSOP	OR	\$316,255	\$404,857	\$489,358	\$608,160
COLUMBIA	OR	\$474,958	\$608,010	\$734,962	\$913,365
CURRY	OR	\$327,755	\$419,557	\$507,159	\$630,311
DESCHUTES	OR	\$409,407	\$524,109	\$633,511	\$787,313
HOOD RIVER	OR	\$477,258	\$610,960	\$738,512	\$917,815
JACKSON	OR	\$320,855	\$410,757	\$496,508	\$617,010
MARION	OR	\$322,005	\$412,207	\$498,258	\$619,260
MULTNOMAH	OR	\$474,958	\$608,010	\$734,962	\$913,365
POLK	OR	\$322,005	\$412,207	\$498,258	\$619,260
WASHINGTON	OR	\$474,958	\$608,010	\$734,962	\$913,365
YAMHILL	OR	\$474,958	\$608,010	\$734,962	\$913,365
BUCKS	PA	\$402,507	\$515,259	\$622,860	\$774,063
CARBON	PA	\$372,606	\$477,008	\$576,560	\$716,562
CHESTER	PA	\$402,507	\$515,259	\$622,860	\$774,063
DELAWARE	PA	\$402,507	\$515,259	\$622,860	\$774,063

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
LEHIGH	PA	\$372,606	\$477,008	\$576,560	\$716,562
MONTGOMERY	PA	\$402,507	\$515,259	\$622,860	\$774,063
NORTHAMPTON	PA	\$372,606	\$477,008	\$576,560	\$716,562
PHILADELPHIA	PA	\$402,507	\$515,259	\$622,860	\$774,063
PIKE	PA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
BRISTOL	RI	\$454,258	\$581,510	\$702,912	\$873,565
KENT	RI	\$454,258	\$581,510	\$702,912	\$873,565
NEWPORT	RI	\$454,258	\$581,510	\$702,912	\$873,565
PROVIDENCE	RI	\$454,258	\$581,510	\$702,912	\$873,565
WASHINGTON	RI	\$454,258	\$581,510	\$702,912	\$873,565
BEAUFORT	SC	\$350,756	\$449,008	\$542,759	\$674,511
BERKELEY	SC	\$388,707	\$497,608	\$601,510	\$747,513
CHARLESTON	SC	\$388,707	\$497,608	\$601,510	\$747,513
CHESTER	SC	\$317,405	\$406,307	\$491,158	\$610,410
DORCHESTER	SC	\$388,707	\$497,608	\$601,510	\$747,513
GEORGETOWN	SC	\$327,755	\$419,557	\$507,159	\$630,311
JASPER	SC	\$350,756	\$449,008	\$542,759	\$674,511
LANCASTER	SC	\$317,405	\$406,307	\$491,158	\$610,410
YORK	SC	\$317,405	\$406,307	\$491,158	\$610,410
CANNON	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
CHEATHAM	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
DAVIDSON	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
DICKSON	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
HICKMAN	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
MACON	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
MAURY	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
ROBERTSON	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
RUTHERFORD	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
SMITH	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
SUMNER	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
TROUSDALE	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
WILLIAMSON	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
WILSON	TN	\$534,759	\$684,561	\$827,514	\$1,028,367
ATASCOSA	TX	\$359,956	\$460,808	\$557,009	\$692,212
AUSTIN	TX	\$331,206	\$424,007	\$512,509	\$636,911
BANDERA	TX	\$359,956	\$460,808	\$557,009	\$692,212
BASTROP	TX	\$389,857	\$499,058	\$603,260	\$749,713
BEXAR	TX	\$359,956	\$460,808	\$557,009	\$692,212
BRAZORIA	TX	\$331,206	\$424,007	\$512,509	\$636,911
CALDWELL	TX	\$389,857	\$499,058	\$603,260	\$749,713
CHAMBERS	TX	\$331,206	\$424,007	\$512,509	\$636,911
COLLIN	TX	\$395,607	\$506,458	\$612,160	\$760,763
COMAL	TX	\$359,956	\$460,808	\$557,009	\$692,212
DALLAS	TX	\$395,607	\$506,458	\$612,160	\$760,763

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
DENTON	TX	\$395,607	\$506,458	\$612,160	\$760,763
ELLIS	TX	\$395,607	\$506,458	\$612,160	\$760,763
FORT BEND	TX	\$331,206	\$424,007	\$512,509	\$636,911
GALVESTON	TX	\$331,206	\$424,007	\$512,509	\$636,911
GILLESPIE	TX	\$324,305	\$415,157	\$501,808	\$623,660
GUADALUPE	TX	\$359,956	\$460,808	\$557,009	\$692,212
HARRIS	TX	\$331,206	\$424,007	\$512,509	\$636,911
HAYS	TX	\$389,857	\$499,058	\$603,260	\$749,713
HOOD	TX	\$395,607	\$506,458	\$612,160	\$760,763
HUNT	TX	\$395,607	\$506,458	\$612,160	\$760,763
JOHNSON	TX	\$395,607	\$506,458	\$612,160	\$760,763
KAUFMAN	TX	\$395,607	\$506,458	\$612,160	\$760,763
KENDALL	TX	\$359,956	\$460,808	\$557,009	\$692,212
LIBERTY	TX	\$331,206	\$424,007	\$512,509	\$636,911
MARTIN	TX	\$318,555	\$407,807	\$492,958	\$612,610
MEDINA	TX	\$359,956	\$460,808	\$557,009	\$692,212
MIDLAND	TX	\$318,555	\$407,807	\$492,958	\$612,610
MONTGOMERY	TX	\$331,206	\$424,007	\$512,509	\$636,911
PARKER	TX	\$395,607	\$506,458	\$612,160	\$760,763
ROCKWALL	TX	\$395,607	\$506,458	\$612,160	\$760,763
SOMERVELL	TX	\$395,607	\$506,458	\$612,160	\$760,763
TARRANT	TX	\$395,607	\$506,458	\$612,160	\$760,763
TRAVIS	TX	\$389,857	\$499,058	\$603,260	\$749,713
WALLER	TX	\$331,206	\$424,007	\$512,509	\$636,911
WILLIAMSON	TX	\$389,857	\$499,058	\$603,260	\$749,713
WILSON	TX	\$359,956	\$460,808	\$557,009	\$692,212
WISE	TX	\$395,607	\$506,458	\$612,160	\$760,763
BOX ELDER	UT	\$401,357	\$513,809	\$621,060	\$771,863
DAVIS	UT	\$401,357	\$513,809	\$621,060	\$771,863
JUAB	UT	\$377,206	\$482,858	\$583,710	\$725,412
MORGAN	UT	\$401,357	\$513,809	\$621,060	\$771,863
SALT LAKE	UT	\$388,707	\$497,608	\$601,510	\$747,513
SUMMIT	UT	\$726,537	\$930,316	\$1,124,494	\$1,397,423
TOOELE	UT	\$388,707	\$497,608	\$601,510	\$747,513
UTAH	UT	\$377,206	\$482,858	\$583,710	\$725,412
WASATCH	UT	\$462,308	\$591,810	\$715,412	\$889,065
WASHINGTON	UT	\$349,606	\$447,558	\$540,959	\$672,311
WEBER	UT	\$401,357	\$513,809	\$621,060	\$771,863
ALBEMARLE	VA	\$437,007	\$559,459	\$676,211	\$840,414
ALEXANDRIA CITY	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
AMELIA	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
ARLINGTON	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
BUCKINGHAM	VA	\$437,007	\$559,459	\$676,211	\$840,414
CAROLINE	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
CHARLES CITY	VA	\$535,909	\$686,062	\$829,264	\$1,030,617

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
CHARLOTTESVILLE	VA	\$437,007	\$559,459	\$676,211	\$840,414
CHESAPEAKE CITY	VA	\$458,858	\$587,410	\$710,062	\$882,415
CHESTERFIELD	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
CLARKE	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
COLONIAL HEIGHT	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
CULPEPER	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
DINWIDDIE	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
FAIRFAX	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
FAIRFAX CITY	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
FALLS CHURCH CI	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
FAUQUIER	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
FLUVANNA	VA	\$437,007	\$559,459	\$676,211	\$840,414
FREDERICKSBURG	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
GLOUCESTER	VA	\$458,858	\$587,410	\$710,062	\$882,415
GOOCHLAND	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
GREENE	VA	\$437,007	\$559,459	\$676,211	\$840,414
HAMPTON CITY	VA	\$458,858	\$587,410	\$710,062	\$882,415
HANOVER	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
HENRICO	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
HOPEWELL CITY	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
ISLE OF WIGHT	VA	\$458,858	\$587,410	\$710,062	\$882,415
JAMES CITY	VA	\$458,858	\$587,410	\$710,062	\$882,415
KING GEORGE	VA	\$350,756	\$449,008	\$542,759	\$674,511
KING WILLIAM	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
LANCASTER	VA	\$442,757	\$566,810	\$685,111	\$851,464
LEXINGTON CITY	VA	\$354,206	\$453,458	\$548,109	\$681,161
LOUDOUN	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
MANASSAS CITY	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
MANASSAS PARK C	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
MATHEWS	VA	\$458,858	\$587,410	\$710,062	\$882,415
NELSON	VA	\$437,007	\$559,459	\$676,211	\$840,414
NEW KENT	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
NEWPORT NEWS CI	VA	\$458,858	\$587,410	\$710,062	\$882,415
NORFOLK CITY	VA	\$458,858	\$587,410	\$710,062	\$882,415
NORTHUMBERLAND	VA	\$318,555	\$407,807	\$492,958	\$612,610
PETERSBURG CITY	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
POQUOSON CITY	VA	\$458,858	\$587,410	\$710,062	\$882,415
PORTSMOUTH CITY	VA	\$458,858	\$587,410	\$710,062	\$882,415
POWHATAN	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
PRINCE GEORGE	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
PRINCE WILLIAM	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
RAPPAHANNOCK	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
RICHMOND CITY	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
SPOTSYLVANIA	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
STAFFORD	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
SUFFOLK CITY	VA	\$458,858	\$587,410	\$710,062	\$882,415
SUSSEX	VA	\$535,909	\$686,062	\$829,264	\$1,030,617
VIRGINIA BEACH	VA	\$458,858	\$587,410	\$710,062	\$882,415
WARREN	VA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
WILLIAMSBURG CI	VA	\$458,858	\$587,410	\$710,062	\$882,415
YORK	VA	\$458,858	\$587,410	\$710,062	\$882,415
CHITTENDEN	VT	\$351,906	\$450,508	\$544,559	\$676,761
FRANKLIN	VT	\$351,906	\$450,508	\$544,559	\$676,761
GRAND ISLE	VT	\$351,906	\$450,508	\$544,559	\$676,761
CHELAN	WA	\$342,706	\$438,707	\$530,309	\$659,061
CLALLAM	WA	\$384,106	\$491,708	\$594,360	\$738,662
CLARK	WA	\$474,958	\$608,010	\$734,962	\$913,365
DOUGLAS	WA	\$342,706	\$438,707	\$530,309	\$659,061
ISLAND	WA	\$379,506	\$485,808	\$587,260	\$729,812
JEFFERSON	WA	\$322,005	\$412,207	\$498,258	\$619,260
KING	WA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
KITSAP	WA	\$363,406	\$465,208	\$562,359	\$698,862
PIERCE	WA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
SAN JUAN	WA	\$483,008	\$618,310	\$747,413	\$928,866
SKAGIT	WA	\$339,256	\$434,307	\$524,959	\$652,411
SKAMANIA	WA	\$474,958	\$608,010	\$734,962	\$913,365
SNOHOMISH	WA	\$726,537	\$930,316	\$1,124,494	\$1,397,423
THURSTON	WA	\$336,956	\$431,357	\$521,409	\$648,011
WHATCOM	WA	\$381,806	\$488,758	\$590,810	\$734,262
JEFFERSON	WV	\$726,537	\$930,316	\$1,124,494	\$1,397,423
COLUMBIA	WI	\$316,255	\$404,857	\$489,358	\$608,160
DANE	WI	\$316,255	\$404,857	\$489,358	\$608,160
GREEN	WI	\$316,255	\$404,857	\$489,358	\$608,160
IOWA	WI	\$316,255	\$404,857	\$489,358	\$608,160
KENOSHA	WI	\$368,006	\$471,108	\$569,460	\$707,712
MILWAUKEE	WI	\$327,755	\$419,557	\$507,159	\$630,311
OZAUKEE	WI	\$327,755	\$419,557	\$507,159	\$630,311
PIERCE	WI	\$366,856	\$469,608	\$567,660	\$705,512
ST. CROIX	WI	\$366,856	\$469,608	\$567,660	\$705,512
WASHINGTON	WI	\$327,755	\$419,557	\$507,159	\$630,311
WAUKESHA	WI	\$327,755	\$419,557	\$507,159	\$630,311
SWEETWATER	WY	\$316,255	\$404,857	\$489,358	\$608,160
TETON	WY	\$726,537	\$930,316	\$1,124,494	\$1,397,423
GUAM	GU	\$563,509	\$721,412	\$872,015	\$1,083,668
NORTHERN ISLAND	MP	\$524,409	\$671,311	\$811,464	\$1,008,467
ROTA	MP	\$410,557	\$525,559	\$635,311	\$789,513
SAIPAN	MP	\$529,009	\$677,211	\$818,614	\$1,017,317
TINIAN	MP	\$532,459	\$681,661	\$823,964	\$1,023,967
AGUAS BUENAS	PR	\$385,256	\$493,208	\$596,160	\$740,862

2019 Average Area Purchase Prices for Mortgage Revenue Bonds

County Name	State	One-Unit Limit	Two-Unit Limit	Three-Unit Limit	Four-Unit Limit
AIBONITO	PR	\$385,256	\$493,208	\$596,160	\$740,862
BARCELONETA	PR	\$385,256	\$493,208	\$596,160	\$740,862
BARRANQUITAS	PR	\$385,256	\$493,208	\$596,160	\$740,862
BAYAMON	PR	\$385,256	\$493,208	\$596,160	\$740,862
CAGUAS	PR	\$385,256	\$493,208	\$596,160	\$740,862
CANOVANAS	PR	\$385,256	\$493,208	\$596,160	\$740,862
CAROLINA	PR	\$385,256	\$493,208	\$596,160	\$740,862
CATANO	PR	\$385,256	\$493,208	\$596,160	\$740,862
CAYEY	PR	\$385,256	\$493,208	\$596,160	\$740,862
CEIBA	PR	\$385,256	\$493,208	\$596,160	\$740,862
CIALES	PR	\$385,256	\$493,208	\$596,160	\$740,862
CIDRA	PR	\$385,256	\$493,208	\$596,160	\$740,862
COMERIO	PR	\$385,256	\$493,208	\$596,160	\$740,862
COROZAL	PR	\$385,256	\$493,208	\$596,160	\$740,862
DORADO	PR	\$385,256	\$493,208	\$596,160	\$740,862
FAJARDO	PR	\$385,256	\$493,208	\$596,160	\$740,862
FLORIDA	PR	\$385,256	\$493,208	\$596,160	\$740,862
GUAYNABO	PR	\$385,256	\$493,208	\$596,160	\$740,862
GURABO	PR	\$385,256	\$493,208	\$596,160	\$740,862
HUMACAO	PR	\$385,256	\$493,208	\$596,160	\$740,862
JUNCOS	PR	\$385,256	\$493,208	\$596,160	\$740,862
LAS PIEDRAS	PR	\$385,256	\$493,208	\$596,160	\$740,862
LOIZA	PR	\$385,256	\$493,208	\$596,160	\$740,862
LUQUILLO	PR	\$385,256	\$493,208	\$596,160	\$740,862
MANATI	PR	\$385,256	\$493,208	\$596,160	\$740,862
MAUNABO	PR	\$385,256	\$493,208	\$596,160	\$740,862
MOROVIS	PR	\$385,256	\$493,208	\$596,160	\$740,862
NAGUABO	PR	\$385,256	\$493,208	\$596,160	\$740,862
NARANJITO	PR	\$385,256	\$493,208	\$596,160	\$740,862
OROCOVIS	PR	\$385,256	\$493,208	\$596,160	\$740,862
RIO GRANDE	PR	\$385,256	\$493,208	\$596,160	\$740,862
SAN JUAN	PR	\$385,256	\$493,208	\$596,160	\$740,862
SAN LORENZO	PR	\$385,256	\$493,208	\$596,160	\$740,862
TOA ALTA	PR	\$385,256	\$493,208	\$596,160	\$740,862
TOA BAJA	PR	\$385,256	\$493,208	\$596,160	\$740,862
TRUJILLO ALTO	PR	\$385,256	\$493,208	\$596,160	\$740,862
VEGA ALTA	PR	\$385,256	\$493,208	\$596,160	\$740,862
VEGA BAJA	PR	\$385,256	\$493,208	\$596,160	\$740,862
YABUCOA	PR	\$385,256	\$493,208	\$596,160	\$740,862
ST. CROIX ISLAN	VI	\$327,755	\$419,557	\$507,159	\$630,311
ST. JOHN ISLAND	VI	\$623,310	\$797,963	\$964,516	\$1,198,670
ST. THOMAS ISLA	VI	\$446,207	\$571,210	\$690,462	\$858,114
All other areas - 2647 counties (floor):		\$314,832	\$403,132	\$487,258	\$605,535

.02 The nationwide average purchase price (for use in the housing cost/income ratio for new and existing residences) is \$298,000.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2018–28 is obsolete except as provided in section 6 of this revenue procedure.

SECTION 6. EFFECTIVE DATES

.01 Issuers may rely on this revenue procedure to determine average area purchase price safe harbors for commitments to provide financing or issue mortgage credit certificates that are made, or (if the purchase precedes the commitment) for residences that are purchased, in the period that begins on March 20, 2019, 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. 2018–28, with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before April 19, 2019, if the commitments to provide financing or issue mortgage credit certificates are made on or before May 19, 2019.

.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 March 20, 2019, 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. 2018–28 with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before April 19, 2019, if the commitments to provide financing or issue mortgage credit certificates are made on or before May 19, 2019.

SECTION 7. PAPERWORK REDUCTION ACT

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

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

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

tion 3.03. The purpose of the collection of information is to verify the applicable FHA loan limit that issuers of qualified mortgage bonds and qualified mortgage certificates have used to calculate the average area purchase price for a given metropolitan statistical area for purposes of 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).

Part IV. Items of General Interest

Announcement and Report Concerning Advance Pricing Agreements

Announcement 2019–03

This Announcement is issued pursuant to § 521(b) of Pub. L. 106–170, the Ticket to Work and Work Incentives Improvement Act of 1999, which requires the Secretary of the Treasury to report annually to the public concerning advance pricing agreements (APAs) and the Advance Pricing and Mutual Agreement Program (APMA Program), formerly known as the Advance Pricing Agreement Program (APA Program). The first report covered calendar years 1991 through 1999. Subsequent reports covered each calendar year 2000 through 2017 separately. This twentieth report describes the experience, structure, and activities of the APMA Program during calendar year 2018. It does not provide guidance regarding the application of the arm’s length standard.

Part I of this report includes information on the structure, composition, and operation of the APMA Program; Part II presents statistical data; and Part III includes general descriptions of various elements of the APAs executed in 2018, including types of transactions covered, transfer pricing methods used, and completion time.

John C. C. Hughes
Director, Advance Pricing and Mutual Agreement Program

Part I. The APMA Program – Structure, Composition, and Operation
[Pub. L. 106–170 § 521(b)(2)(A)]

In February 2012, the former APA Program was moved from the Office of Chief Counsel to the Office of Transfer Pricing Operations¹ within the Large Business and International Division of the IRS and combined with the U.S. Competent Authority staff responsible for transfer pricing cases, thereby forming the APMA Program.

In September 2018, APMA restructured its management and realigned its teams. As of December 22, 2018, the APMA Program included 56 team leaders, 12 economists, 6 managers and 3 assistant directors. Each assistant director oversees 2 managers who lead teams comprised of both team leaders and economists. The APMA Program’s main office is in Washington, DC, and it also has a significant presence in San Francisco and the Los Angeles area.

On August 31, 2015, new revenue procedures governing requests under the mutual agreement procedure (MAP) and APA applications were published in 2015–35 I.R.B. on pages 236 and 263, respectively. Revenue Procedure (Rev. Proc.) 2015–41 provides guidance and instructions on filing APA requests as well as guidance and information on the administration of APAs. Rev. Proc. 2015–41 updates and supersedes Rev. Proc. 2006–9, 2006–1 C.B. 278, as modified by Rev. Proc. 2008–31, 2008–1 C.B. 1133, which is also superseded. Rev. Proc. 2015–40 provides procedures and guidance on requesting assistance from the U.S. Competent Authority where the taxpayer believes that the actions of the United States or a treaty country result or will result in the taxpayer being subject to taxation not in accordance with the applicable U.S. tax treaty. Rev. Proc. 2015–40 updates and supersedes Rev. Proc. 2006–54, 2006–2 C.B. 1035.

The 2009 and 2015 Model APAs appear in this report as Appendix 1 and Appendix 2, respectively. The 2015 Model APA was finalized in May 2018. The new model does not contain any major revisions from the draft revision that was released for public comment in the fall of 2017. A list of primary APMA contacts is available at <https://www.irs.gov/businesses/corporations/apma-contacts>.

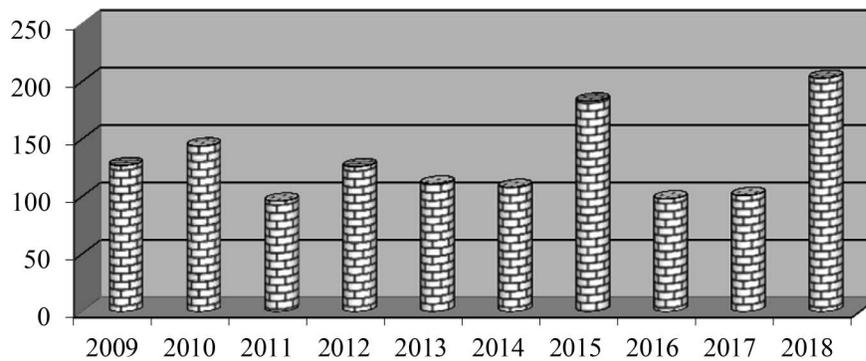
¹In 2017, Transfer Pricing Operations became Treaty & Transfer Pricing Operations (TTPO).

Part II. APMA Program Statistical Data
[Pub. L. 106–170 § 521(b)(2)(C)(i-viii)]

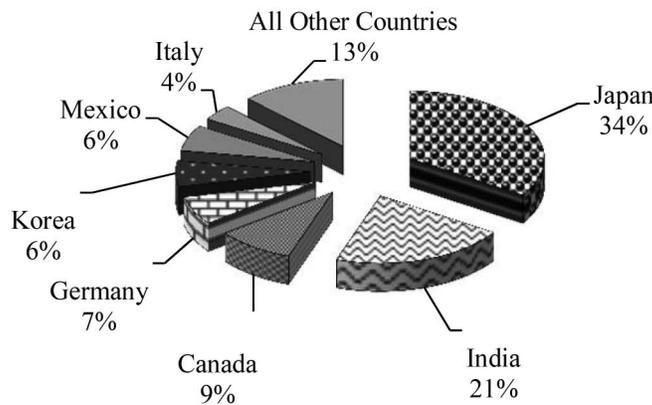
Table 1: APA Applications Filed
§ 521(b)(2)(C)(i)

	Unilateral	Bilateral	Multilateral	Total
Filed 1991–1999 ²				401
Filed 2000–2017	570	1,364	11	1,945
Filed in 2018	35	161	7	203
Total Filed 1991–2018				2,549

Applications Filed
2009-2018



Bilateral APAs
Filed by Country 2018



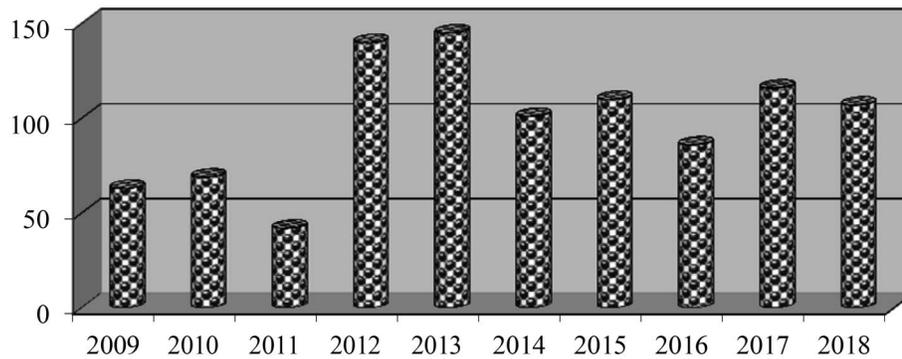
The charts above illustrate the number of complete applications filed per year and the bilateral requests received in 2018 by foreign country. As of December 31, 2018, APMA had also received 71 user fee filings that were not yet accompanied by substantially complete APA applications, in addition to the 203 complete APA applications.

²The first APA Statutory Report, which compiled APA data from 1991–1999, did not report the cumulative number of applications for those years by submission type, so the cumulative totals cannot be reported in that manner.

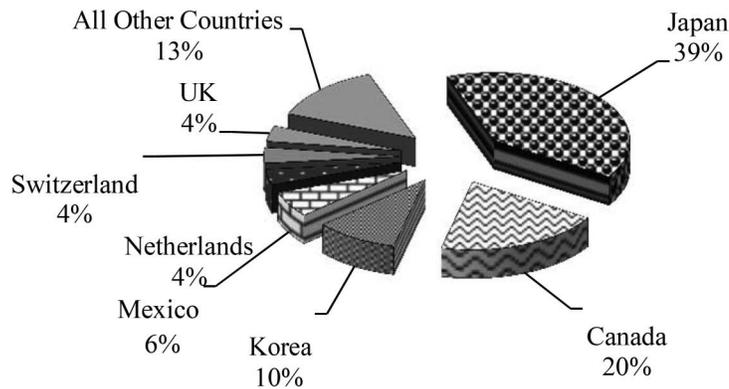
Table 2: Executed and Pending APAs
§ 521(b)(2)(C)(ii-vi)

	Unilateral	Bilateral	Multilateral	Total
Total Executed 1991–2017	590	1,108	15	1,713
Total Executed in 2018	24	81	2	107
Total Executed 1991–2018	614	1,189	17	1,820
Total Pending as of 12/31/2018	58	387	13	458
<i>Renewals Executed in 2018</i> ³	15	45	2	62
<i>Renewals Pending</i> ⁴	36	158	1	195

**APAs Executed
2009-2018**



**Bilateral APAs
Executed by Country 2018**

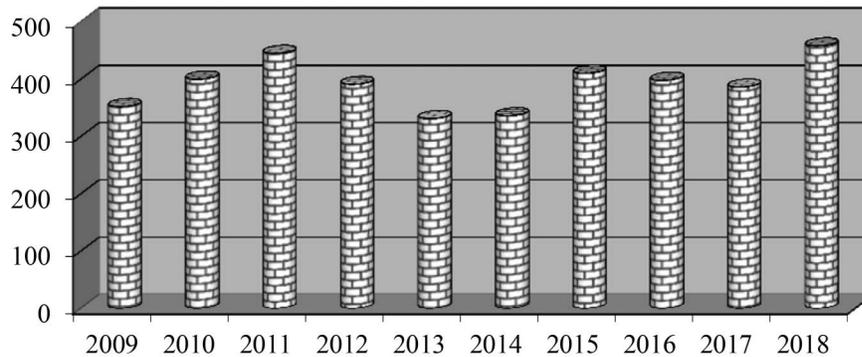


Consistent with prior years, roughly 40 percent of the APAs executed in 2018 were new APAs (*i.e.*, not a renewal of a prior APA). The charts above illustrate the total number of APAs executed per year and the countries involved in the executed bilateral APAs. Over half of the bilateral APAs executed in 2018 involved mutual agreements with either Japan or Canada.

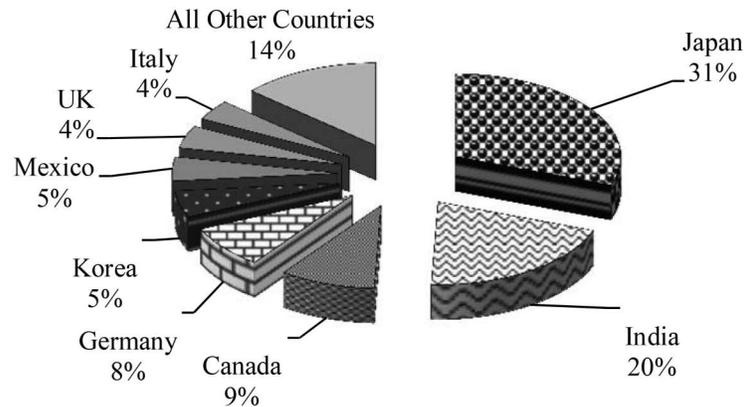
³The number of renewals executed is included in the total number of APAs executed during the year.

⁴The number of renewals still pending as of year-end is also included in the total number of pending APAs.

Pending APAs 2009-2018



Bilateral APAs Pending by Country 2018



As the top chart illustrates, the number of pending requests continues to rise due largely to the increase in number of requests filed. As of December 31, 2018, over half of the pending bilateral APA requests involved either Japan or India.

Table 3: APAs Revoked or Cancelled and Applications Withdrawn § 521(b)(2)(C)(vii)

	Unilateral	Bilateral	Multilateral	Total
Revoked or Cancelled in 2018	0	0	0	0
Total Revoked or Cancelled 1991-2018⁵				11
Applications Withdrawn in 2018	7	14	0	21
Total Applications Withdrawn 1991-2018⁶				253

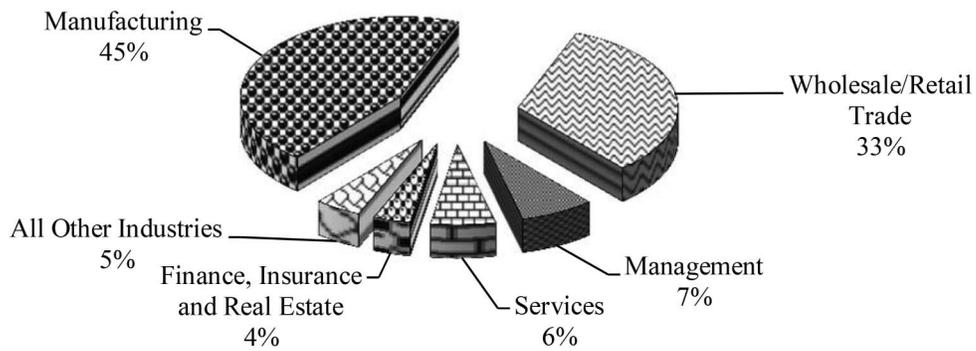
⁵The first APA Statutory Report, which compiled APA data from 1991-1999, did not report the cumulative number of applications for those years by submission type, so the cumulative totals cannot be reported in that manner.

⁶The first APA Statutory Report, which compiled APA data from 1991-1999, did not report the cumulative number of applications for those years by submission type, so the cumulative totals cannot be reported in that manner.

**Table 4: APAs Executed⁷ by Industry
§ 521(b)(2)(C)(viii)**

Industry	
Manufacturing	48
Wholesale/Retail Trade	35
Management	8
Services	7
Finance, Insurance, and Real Estate	4
All Other Industries	5

APAs by Industry Executed in 2018



⁷APAs executed include APAs that were renewed.

Table 4a: Manufacturing APAs Executed in 2018

Manufacturing	
Miscellaneous Manufacturing ⁸	10
Transportation Equipment	9
Computer and Electronic Products	6
Machinery	6
Chemical	5
All Other Types of Manufacturing	12

Manufacturing APAs Executed in 2018

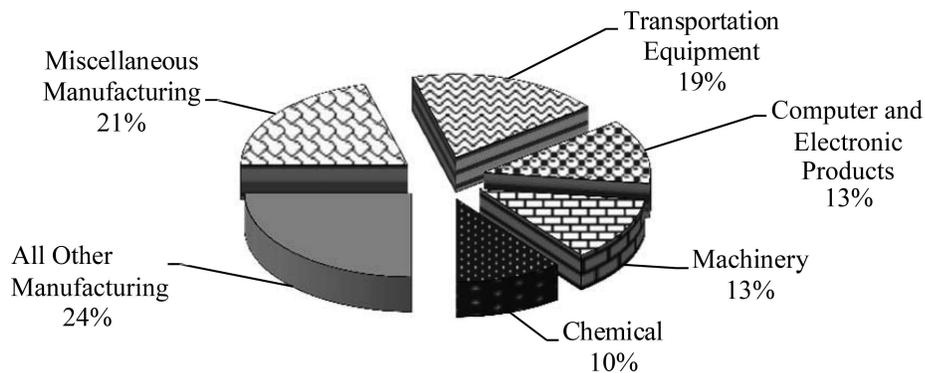
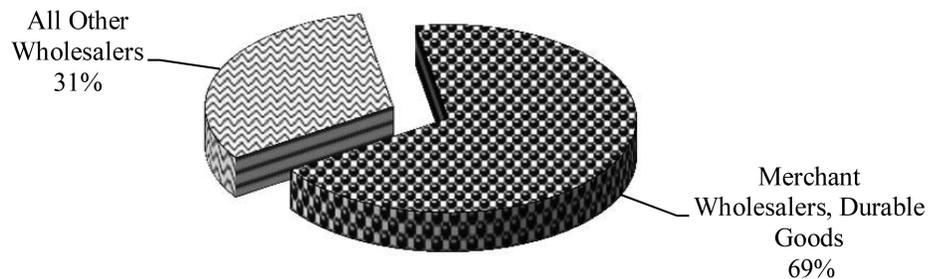


Table 4b: Wholesale/Retail Trade APAs Executed in 2018

Wholesale/Retail Trade	
Merchant Wholesalers, Durable Goods	24
All Other Types of Other Wholesale/Retail Trade	11

Wholesale/Retail Trade APAs Executed in 2018

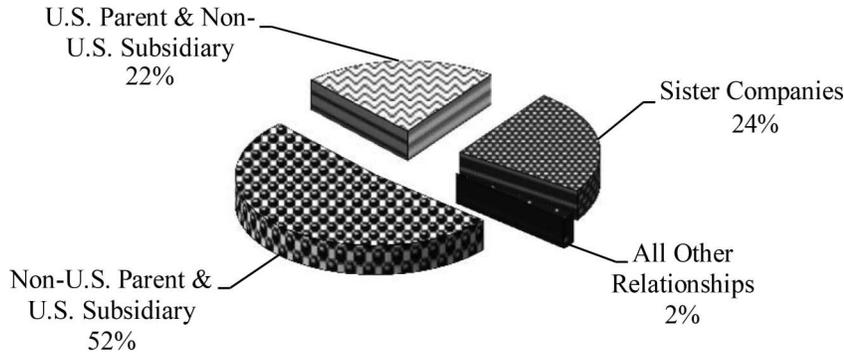


⁸Miscellaneous Manufacturing is NAICS code 339.

Part III. General Descriptions of APAs Executed in 2018
[Pub. L. 106-170 § 521(b)(2)(D) and (E)]

Nature of the Relationships
§ 521(b)(2)(D)(i)

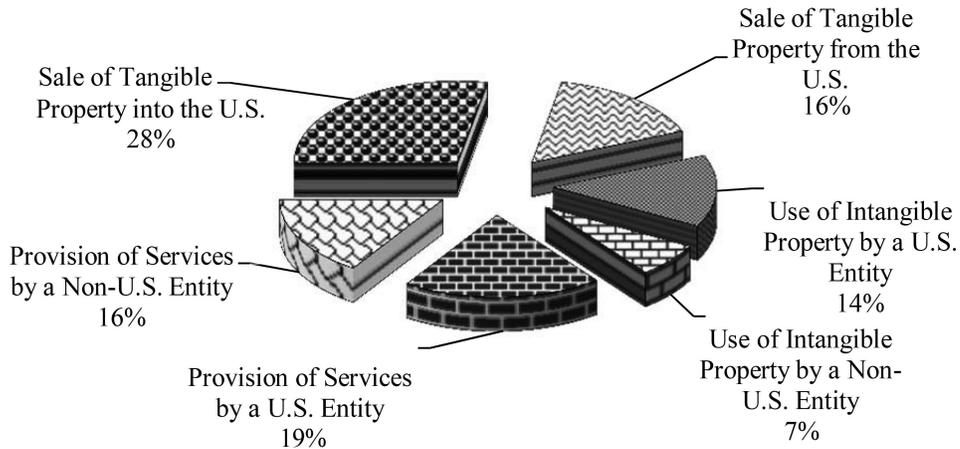
Relationships between Controlled Parties in 2018



As in prior years, more than half of the APAs executed in 2018 involved transactions between non-U.S. parents and U.S. subsidiaries.

Covered Transactions, Functions and Risks, and Tested Parties
§ 521(b)(2)(D)(ii-iii)

Types of Covered Transactions in 2018

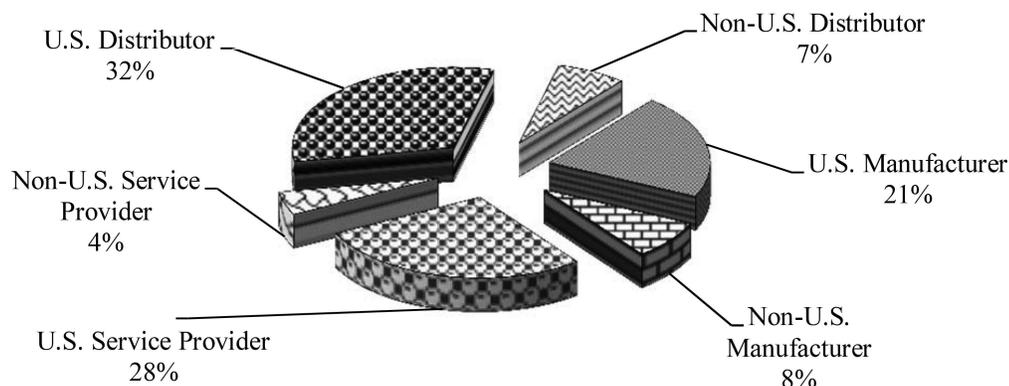


Although most of the transactions⁹ covered in APAs executed in 2018 involve the sale of tangible goods or the provision of services, over 20% covered the use of intangible property, which can be among the most challenging in APMA’s inventory. The IRS continues to seek opportunities to work with taxpayers and treaty partners to provide prospective certainty, wherever appropriate, for transactions involving the use of intangible property.

⁹APAs often cover more than one type of transaction.

In the majority of APAs, the covered transactions involve numerous business functions and risks. For instance, with respect to functions, APAs involving manufactured products typically involve a controlled group that conducts research and development (R&D), engages in product design and engineering, manufactures the product, markets and distributes the product, and performs support functions such as legal, finance, and human resources. Regarding risks, the controlled group may assume a variety of risks, including market risks, R&D risks, financial risks, credit and collection risks, product liability risks, and general business risks. In the APA evaluation process, a significant amount of time and effort is devoted to understanding how the functions and risks are allocated amongst the controlled group of companies that are party to the covered transactions. For methods requiring selection of a tested party, the tested party that is chosen generally will be the least complex of the controlled taxpayers.

Types of Tested Parties in 2018



Consistent with prior years, over 80 percent of the tested parties in 2018¹⁰ were U.S. distributors, U.S. manufacturers, or U.S. service providers.

Transfer Pricing Methods Used

§ 521(b)(2)(D)(iv)

Consistent with prior years, in 2018, the primary transfer pricing method (TPM) used for both the sale of tangible property and the use of intangible property was the comparable profits method/transactional net margin method (CPM/TNMM). The CPM/TNMM was used for 86 percent of transfers of tangible and intangible property while all other methods combined accounted for the other 14 percent of such transactions.

For covered transfers of tangible and intangible property that used the CPM/TNMM, the operating margin (OM) continues to be the most common profit level indicator (PLI) used to benchmark results. It was used 68 percent of the time. Other PLIs, such as the Berry Ratio and mark up on total cost, made up the other 32 percent. As used here, OM means the ratio of operating profits to sales,¹¹ and “Berry Ratio” means the ratio of gross profit to operating expenses.¹² Most services transactions (86 percent) also used the CPM/TNMM with the OM and mark up on total costs being the most common PLIs (used 76 percent of the time).¹³

Sources of Comparables, Comparables Selection Criteria, and Nature of Adjustments to Comparables or Tested Party Data

§ 521(b)(2)(D)(v-vii)

For the APAs executed in 2018 that involved CPM/TNMM with a North American tested party, the most widely used data source for comparables was Standard and Poor’s Compustat/Capital IQ database. Different sources were used in other cases (*e.g.*, where the tested party was not a U.S. or Canadian entity or where transaction-based methods were applied). The other more commonly used databases are listed in the table below.

¹⁰Not all APAs executed in 2018 involved a tested party.

¹¹See Treas. Reg. § 1.482-5(b)(4)(ii)(A).

¹²See Treas. Reg. § 1.482-5(b)(4)(ii)(B).

¹³In 2018, the majority of the APAs that covered services transactions also included tangible/intangible transactions, which were not tested under a separate PLI.

Table 5: Sources of Comparable Data

Avention (formerly known as OneSource)	Mergent
Bloomberg	Orbis
Disclosure	Recap
Global Vantage	RoyaltySource
ktMINE	RoyaltyStat
LoanConnector	Worldscope

In making comparability adjustments, the standard balance sheet adjustments identified in Treas. Reg. § 1.482–1(d) and § 1.482–5(c), including adjustments for differing amounts of payables, receivables, and inventory, were made in most cases. Where appropriate, adjustments for different accounting practices were made to convert from LIFO to FIFO inventory accounting, and a small number of cases also involved the accounting reclassification of expenses, *e.g.*, from COGS to operating expenses.

Ranges, Targets, and Adjustment Mechanisms

§ 521(b)(2)(D)(viii-ix)

Most transactions covered in APAs target an interquartile range as described in Treas. Reg. § 1.482–1(e)(2)(iii)(C). Where the transaction involves a royalty payment for the use of intangible property, both specific royalty rates and ranges have been used. Where the covered transaction is the payment of a royalty based solely on external royalty agreements, a secondary method, *e.g.*, a test of the post-royalty operating margin or cost-plus mark-up, has been used. The testing periods of the APAs executed in 2018 were either: (1) a single year, (2) the term of the APA only, or (3) the term of the APA plus rollback years.

APAs executed in 2018 included several mechanisms for making adjustments to tested party results when the results fall outside the range or do not match the point required by the APA. The following are examples of the mechanisms used: an adjustment bringing the tested party’s results to the closer edge of the range applied to the results of a single year; an adjustment to the closer edge of the range applied to the results over the APA term; an adjustment to the specified point or royalty rate; or an adjustment to the median of the range for a single year.

Critical Assumptions

§ 521(b)(2)(D)(v)

The model APAs used by the IRS (included as Appendix 1 and Appendix 2 of this report) include standard critical assumptions that there will be no material changes to the taxpayer’s business or to its tax or financial accounting practices during the APA term. A few bilateral cases have also included critical assumptions tied either to the taxpayer’s profitability in a certain year or over the term of the APA, or to the amount of non-covered transactions as a percentage of the taxpayer’s revenue. Pursuant to § 7.06(3) of Rev. Proc. 2015–41, APMA will cancel an APA in the event of a failure of a critical assumption unless the parties agree to revise the APA.

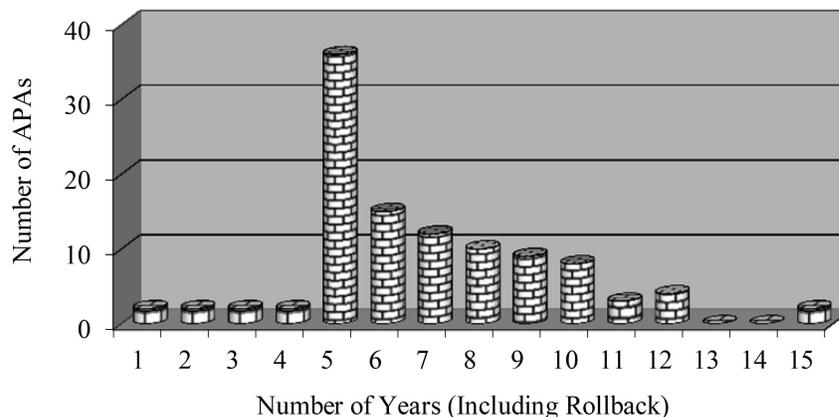
Term Lengths of APAs Executed in 2018

§ 521(b)(2)(D)(x)

Table 6: Term Lengths of APAs Executed in 2018

Term Length (years)	Number of APAs
1	2
2	2
3	2
4	2
5	36
6	15
7	12
8	10
9	9
10	8
11	3
12	4
15	2
Average	7

Term Length of APAs Executed in 2018



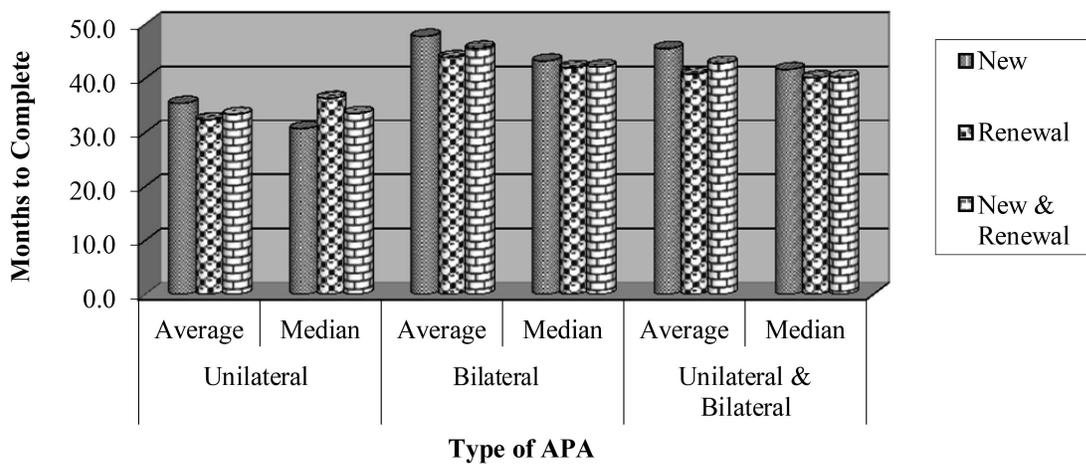
As described in § 3.03(1) of Rev. Proc. 2015–41, taxpayers should request an APA term that would cover at least five prospective years and may also request that the APA be “rolled back” to cover one or more earlier taxable years, although the appropriate APA term is decided on a case- by-case basis. Of the APAs executed in 2018, almost 20 percent included rollback years. A substantial number of those APAs with terms of greater than five years were submitted as a request for a five-year term, and the additional years were agreed to between the taxpayer and the IRS (or, in the case of a bilateral APA, between the IRS and the foreign government upon the taxpayer’s request) to ensure a reasonable amount of prospectivity in the APA term.

Amount of Time Taken to Complete New and Renewal APAs
§ 521(b)(2)(E)

Table 7: Months to Complete New and Renewal APAs Executed in 2018

	Unilateral		Bilateral		Unilateral & Bilateral	
	Average	Median	Average	Median	Average	Median
New	35.4	30.7	47.8	43.2	45.5	41.7
Renewal	32.4	36.3	43.9	42.0	40.8	40.1
New & Renewal	33.4	33.5	45.6	42.1	42.8	40.2

Months to Complete New and Renewal APAs Executed in 2018



The median time required to complete an APA in 2018 increased to 40.2 months (from 33.8 months in 2017). This increase is mainly due to the completion of longstanding APAs as well as challenges coordinating negotiating schedules with treaty partners.

Efforts to Ensure Compliance with APAs
§ 521(b)(2)(F)

As described in § 7.02(1) of Rev. Proc. 2015–41, taxpayers are required to file annual reports to demonstrate compliance with the terms and conditions of their APAs. The filing and review of these annual reports are critical parts of the APA process. Through annual report review, the APMA Program monitors taxpayer compliance with APAs on a contemporaneous basis. Annual report review also provides current information on the success or problems associated with the various TPMs adopted in the APA process.

Nature of Documentation Required in Annual Report
§ 521(b)(2)(D)(xi)

APAs require taxpayers to file timely and complete annual reports describing their operations and demonstrating compliance with the APAs’ terms and conditions. Not every annual report will include each of the items listed in the following table¹⁴; they are required where the facts demonstrate a need for such documentation.

¹⁴The source of this list is the 2009 Model APA and requirements remain largely unchanged in the 2015 Model APA.

1.	Statement regarding all material differences between Taxpayer's business operations during APA year and description of Taxpayer's business operations contained in Taxpayer's APA request. If there are no material differences, a statement to that effect.
2.	Statement concerning all material changes in Taxpayer's accounting methods and classifications, and methods of estimation, from those described or used in Taxpayer's request for the APA. If there has been no material change in accounting methods and classifications or methods of estimation, a statement to that effect.
3.	Any change to the taxpayer notice information.
4.	Description of any failure to meet critical assumptions. If there has been none, a statement to that effect.
5.	Statement identifying whether or not any material information submitted while the APA request was pending is discovered to be false, incorrect, or incomplete.
6.	The amount, reason for, and financial analysis of any compensating adjustment, for the APA year, including but not limited to: the amounts paid or received by each affected entity; the character (such as capital or ordinary expense) and country source of the funds transferred, and the specific line item(s) of any affected U.S. tax return; and any change to any entity classification for federal income tax purposes of any member of Taxpayer's group that is relevant to the APA.
7.	The amounts, description, reason for, and financial analysis of any book-tax difference relevant to the TPM for the APA year, as reflected on Schedule M-1 or Schedule M-3 of the U.S. return for the APA year.
8.	Statement regarding whether Taxpayer contemplates requesting, or has requested, to renew, modify, or cancel the APA.
9.	Financial statements and any necessary account detail to show compliance with the TPM, with a copy of the opinion from an independent certified public accountant or other documentation required by paragraph 5(f) of the APA.
10.	Financial analysis demonstrating Taxpayer's compliance with TPM.
11.	Organizational chart.
12.	A copy of the APA and any amendment.
13.	A penalty of perjury statement.

Approaches for Sharing of Currency or Other Risks
§ 521(b)(2)(D)(xii)

In appropriate cases, APAs may provide specific approaches for dealing with risks, including currency risk, such as adjustment mechanisms and/or critical assumptions.

ADVANCE PRICING AGREEMENT
between
[Insert Taxpayer’s Name]
and
THE INTERNAL REVENUE SERVICE

PARTIES

The Parties to this Advance Pricing Agreement (APA) are the Internal Revenue Service (IRS) and [Insert Taxpayer’s Name], EIN _____.

RECITALS

[Insert Taxpayer Name] is the common parent of an affiliated group filing consolidated U.S. tax returns (collectively referred to as “Taxpayer”), and is entering into this APA on behalf of itself and other members of its consolidated group.

Taxpayer’s principal place of business is [City, State]. [Insert general description of taxpayer and other relevant parties].

This APA contains the Parties’ agreement on the best method for determining arm’s-length prices of the Covered Transactions under I.R.C. section 482, the Treasury Regulations thereunder, and any applicable tax treaties.

{If renewal, add} [Taxpayer and IRS previously entered into an APA covering taxable years ending _____ to _____, executed on _____.]

AGREEMENT

The Parties agree as follows:

1. *Covered Transactions.* This APA applies to the Covered Transactions, as defined in Appendix A.
2. *Transfer Pricing Method.* Appendix A sets forth the Transfer Pricing Method (TPM) for the Covered Transactions.
3. *Term.* This APA applies to the APA Term, as defined in Appendix A.
4. *Operation.*
 - a. Revenue Procedure 2006–9 governs the interpretation, legal effect, and administration of this APA.
 - b. Nonfactual oral and written representations, within the meaning of sections 10.04 and 10.05 of Revenue Procedure 2006–9 (including any proposals to use particular TPMs), made in conjunction with the APA Request constitute statements made in compromise negotiations within the meaning of Rule 408 of the Federal Rules of Evidence.
5. *Compliance.*
 - a. Taxpayer must report its taxable income in an amount that is consistent with Appendix A and all other requirements of this APA on its timely filed U.S. Return. However, if Taxpayer’s timely filed U.S. Return for any taxable year covered by this APA (APA Year) is filed prior to, or no later than 60 days after, the effective date of this APA, then Taxpayer must report its taxable income for that APA Year in an amount that is consistent with Appendix A and all other requirements of this APA either on the original U.S. Return or on an amended U.S. Return filed no later than 120 days after the effective date of this APA, or through such other means as may be specified herein.
 - b. {Use or edit the following when U.S. Group or Foreign Group contains more than one member.} [This APA addresses the arm’s-length nature of prices charged or received in the aggregate between Taxpayer and Foreign Participants with respect to the Covered Transactions. Except as explicitly provided, this APA does not address and does not bind the IRS with respect to prices charged or received, or the relative amounts of income or loss realized, by particular legal entities that are members of U.S. Group or that are members of Foreign Group.]
 - c. For each APA Year, if Taxpayer complies with the terms and conditions of this APA, then the IRS will not make or propose any allocation or adjustment under I.R.C. section 482 to the amounts charged in the aggregate between Taxpayer and Foreign Participant[s] with respect to the Covered Transactions.
 - d. If Taxpayer does not comply with the terms and conditions of this APA, then the IRS may:
 - i. enforce the terms and conditions of this APA and make or propose allocations or adjustments under I.R.C. section 482 consistent with this APA;

- ii. cancel or revoke this APA under section 11.06 of Revenue Procedure 2006–9; or
 - iii. revise this APA, if the Parties agree.
- e. Taxpayer must timely file an Annual Report (an original and four copies) for each APA Year in accordance with Appendix C and section 11.01 of Revenue Procedure 2006–9. Taxpayer must file the Annual Report for all APA Years through the APA Year ending [insert year] by [insert date]. Taxpayer must file the Annual Report for each subsequent APA Year by [insert month and day] immediately following the close of that APA Year. (If any date falls on a weekend or holiday, the Annual Report shall be due on the next date that is not a weekend or holiday.) The IRS may request additional information reasonably necessary to clarify or complete the Annual Report. Taxpayer will provide such requested information within 30 days. Additional time may be allowed for good cause.
 - f. The IRS will determine whether Taxpayer has complied with this APA based on Taxpayer’s U.S. Returns, the Financial Statements, and other APA Records, for the APA Term and any other year necessary to verify compliance. For Taxpayer to comply with this APA, *{use the following or an alternative}* an independent certified public accountant must render an opinion that Taxpayer’s Financial Statements present fairly, in all material respects, Taxpayer’s financial position under U.S. GAAP.
 - g. In accordance with section 11.04 of Revenue Procedure 2006–9, Taxpayer will (1) maintain the APA Records, and (2) make them available to the IRS in connection with an examination under section 11.03. Compliance with this subparagraph constitutes compliance with the record-maintenance provisions of I.R.C. sections 6038A and 6038C for the Covered Transactions for any taxable year during the APA Term.
 - h. The True Taxable Income within the meaning of Treasury Regulations sections 1.482–1(a)(1) and (i)(9) of a member of an affiliated group filing a U.S. consolidated return will be determined under the I.R.C. section 1502 Treasury Regulations.
 - i. *{Optional for US Parent Signatories}* To the extent that Taxpayer’s compliance with this APA depends on certain acts of Foreign Group members, Taxpayer will ensure that each Foreign Group member will perform such acts.
 6. *Critical Assumptions.* This APA’s critical assumptions, within the meaning of Revenue Procedure 2006–9, section 4.05, appear in Appendix B. If any critical assumption has not been met, then Revenue Procedure 2006–9, section 11.06, governs.
 7. *Disclosure.* This APA, and any background information related to this APA or the APA Request, are: (1) considered “return information” under I.R.C. section 6103(b)(2)(C); and (2) not subject to public inspection as a “written determination” under I.R.C. section 6110(b)(1). Section 521(b) of Pub. L. 106–170 provides that the Secretary of the Treasury must prepare a report for public disclosure that includes certain specifically designated information concerning all APAs, including this APA, in a form that does not reveal taxpayers’ identities, trade secrets, and proprietary or confidential business or financial information.
 8. *Disputes.* If a dispute arises concerning the interpretation of this APA, the Parties will seek a resolution by the Director of the Advance Pricing and Mutual Agreement Program, to the extent reasonably practicable, before seeking alternative remedies.
 9. *Materiality.* In this APA the terms “material” and “materially” will be interpreted consistently with the definition of “material facts” in Revenue Procedure 2006–9, section 11.06(4).
 10. *Section Captions.* This APA’s section captions, which appear in *italics*, are for convenience and reference only. The captions do not affect in any way the interpretation or application of this APA.
 11. *Terms and Definitions.* Unless otherwise specified, terms in the plural include the singular and vice versa. Appendix D contains definitions for capitalized terms not elsewhere defined in this APA.
 12. *Entire Agreement and Severability.* This APA is the complete statement of the Parties’ agreement. The Parties will sever, delete, or reform any invalid or unenforceable provision in this APA to approximate the Parties’ intent as nearly as possible.
 13. *Successor in Interest.* This APA binds, and inures to the benefit of, any successor in interest to Taxpayer.
 14. *Notice.* Any notices required by this APA or Revenue Procedure 2006–9 must be in writing. Taxpayer will send notices to the IRS at the address and in the manner set forth in Revenue Procedure 2006–9, section 4.11. The IRS will send notices to:

Taxpayer Corporation
 Attn: Jane Doe, Sr. Vice President (Taxes)
 1000 Any Road
 Any City, USA 10000
 (phone: _____)

15. *Effective Date and Counterparts.* This APA is effective starting on the date, or later date of the dates, upon which all Parties execute this APA. The Parties may execute this APA in counterparts, with each counterpart constituting an original.

WITNESS,

The Parties have executed this APA on the dates below.

[Taxpayer Name in all caps]

By: _____
Jane Doe
Sr. Vice President (Taxes)

Date: _____, 201__

IRS

By: _____
John C. C. Hughes
Director, Advance Pricing and Mutual
Agreement Program

Date: _____, 201__

APPENDIX A

COVERED TRANSACTIONS AND TRANSFER PRICING METHOD (TPM)

1. Covered Transactions.

[Define the Covered Transactions.]

2. APA Term.

This APA applies to Taxpayer's taxable years ending _____ through _____ (APA Term).

3. TPM.

{Note: If appropriate, adapt language from the following examples.}

[The Tested Party is _____.]

● CUP Method

The TPM is the comparable uncontrolled price (CUP) method. The Arm's Length Range of the price charged for _____ is between _____ and _____ per unit.

● CUT Method

The TPM is the CUT Method. The Arm's Length Range of the royalty charged for the license of _____ is between ____% and ____% of [Taxpayer's, Foreign Participants', or other specified party's] Net Sales Revenue. [Insert definition of net sales revenue or other royalty base.]

● Resale Price Method (RPM)

The TPM is the resale price method (RPM). The Tested Party's Gross Margin for any APA Year is defined as follows: the Tested Party's gross profit divided by its sales revenue (as those terms are defined in Treasury Regulations sections 1.482-5(d)(1) and (2)) for that APA Year. The Arm's Length Range is between ____% and ____%, and the Median of the Arm's Length Range is ____%.

● Cost Plus Method

The TPM is the cost plus method. The Tested Party's Cost Plus Markup is defined as follows for any APA Year: the Tested Party's ratio of gross profit to production costs (as those terms are defined in Treasury Regulations sections 1.482-3(d)(1) and (2)) for that APA Year. The Arm's Length Range is between ____% and ____%, and the Median of the Arm's Length Range is ____%.

● CPM with Berry Ratio PLI

The TPM is the comparable profits method (CPM). The profit level indicator is a Berry Ratio. The Tested Party's Berry Ratio is defined as follows for any APA Year: the Tested Party's gross profit divided by its operating expenses (as those terms are defined in Treasury Regulations sections 1.482-5(d)(2) and (3)) for that APA Year. The Arm's Length Range is between ____ and ____, and the Median of the Arm's Length Range is ____.

● CPM using an Operating Margin PLI

The TPM is the comparable profits method (CPM). The profit level indicator is an operating margin. The Tested Party's Operating Margin is defined as follows for any APA Year: the Tested Party's operating profit divided by its sales revenue (as those terms are defined in Treasury Regulations section 1.482-5(d)(1) and (4)) for that APA Year. The Arm's Length Range is between ____% and ____%, and the Median of the Arm's Length Range is ____%.

● CPM using a Three-year Rolling Average Operating Margin PLI

The TPM is the comparable profits method (CPM). The profit level indicator is an operating margin. The Tested Party's Three-Year Rolling Average operating margin is defined as follows for any APA Year: the sum of the Tested Party's operating profit (within the meaning of Treasury Regulation section 1.482-5(d)(4) for that APA Year and the two preceding years, divided by the sum of its sales revenue (within the meaning of Treasury Regulation section 1.482-5(d)(1)) for that APA Year and the two preceding years. The Arm's Length Range is between ____% and ____%, and the Median of the Arm's Length Range is ____%.

● Residual Profit Split Method

The TPM is the residual profit split method. [Insert description of routine profit level determinations and residual profit-split mechanism].

[Insert additional provisions as needed.]

4. Application of TPM.

For any APA Year, if the results of Taxpayer's actual transactions produce a [price per unit, royalty rate for the Covered Transactions] [or] [Gross Margin, Cost Plus Markup, Berry Ratio, Operating Margin, Three-Year Rolling Average Operating Margin for the Tested Party] within the Arm's Length Range, then the amounts reported on Taxpayer's U.S. Return must clearly reflect such results.

For any APA year, if the results of Taxpayer's actual transactions produce a [price per unit, royalty rate] [or] [Gross Margin, Cost Plus Markup, Berry Ratio, Operating Margin, Three-Year Rolling Average Operating Margin for the Tested Party] outside the Arm's Length Range, then amounts reported on Taxpayer's U.S. Return must clearly reflect an adjustment that brings the [price per unit, royalty rate] [or] [Tested Party's Gross Margin, Cost Plus Markup, Berry Ratio, Operating Margin, Three-Year Rolling Average Operating Margin] to the Median.

For purposes of this Appendix A, the "results of Taxpayer's actual transactions" means the results reflected in Taxpayer's and Tested Party's books and records as computed under U.S. GAAP [*insert another relevant accounting standard if applicable*], with the following adjustments:

- (a) [The fair value of stock-based compensation as disclosed in the Tested Party's audited financial statements shall be treated as an operating expense]; and
- (b) To the extent that the results in any prior APA Year are relevant (for example, to compute a multi-year average), such results shall be adjusted to reflect the amount of any adjustment made for that prior APA Year under this Appendix A.

5. APA Revenue Procedure Treatment

If Taxpayer makes an adjustment under paragraph 4 of this Appendix A (a "primary adjustment"), Taxpayer and its related foreign entity may elect APA Revenue Procedure Treatment in accordance with section 11.02(3) of Revenue Procedure 2006-9 and avoid the possible adverse tax consequences of a secondary adjustment that would otherwise follow the primary adjustment.

[*Insert additional provisions as needed.*]

**APPENDIX B
CRITICAL ASSUMPTIONS**

This APA's critical assumptions are:

1. The business activities, functions performed, risks assumed, assets employed, and financial and tax accounting methods and classifications [and methods of estimation] of Taxpayer in relation to the Covered Transactions will remain materially the same as described or used in Taxpayer's APA Request. A mere change in business results will not be a material change.

[Insert additional provisions as needed.]

APPENDIX C
APA RECORDS AND ANNUAL REPORT

APA RECORDS

The APA Records will consist of all documents listed below for inclusion in the Annual Report, as well as all documents, notes, work papers, records, or other writings that support the information provided in such documents.

ANNUAL REPORT

The Annual Report (and each of the four copies required by paragraph 5(e) of this APA) will include:

1. Two copies of a properly completed APA Annual Report Summary in the form of Appendix E to this APA, one copy of the form bound with, and one copy provided separately from, the rest of the Annual Report.
2. A table of contents, organized as follows:
3. Statements that fully identify, describe, analyze, and explain:
 - a. All material differences between the U.S. Group's business operations (including functions, risks assumed, markets, contractual terms, economic conditions, property, services, and assets employed) during the APA Year from the business operations described in the APA Request. If there have been no material differences, the Annual Report will include a statement to that effect.
 - b. All material differences between the U.S. Group's accounting methods and classifications, and methods of estimation used during the APA Year, from those described or used in the APA Request. If any change was made to conform to changes in U.S. GAAP (or other relevant accounting standards) Taxpayer will specifically identify the change. If there has been no material change in accounting methods and classifications or methods of estimation, the Annual Report will include a statement to that effect.
 - c. Any change to the Taxpayer notice information in paragraph 14 of this APA.
 - d. Any failure to meet any critical assumption. If there has been no failure, the Annual Report will include a statement to that effect.
 - e. Whether or not material information submitted while the APA Request was pending is discovered to be false, incorrect, or incomplete.
 - f. Any change to any entity classification for federal income tax purposes (including any change that causes an entity to be disregarded for federal income tax purposes) of any Worldwide Group member that is a party to the Covered Transactions or is otherwise relevant to the TPM.
 - g. The amount, reason for, and financial analysis of (1) any primary adjustments made under Appendix A for the APA Year; and (2) any (a) secondary adjustments that follow such primary adjustments or (b) accounts receivable that Taxpayer establishes, in lieu of secondary adjustments, by electing APA Revenue Procedure Treatment pursuant to paragraph 5 of Appendix A and Revenue Procedure 2006-9, section 11.02(3), for the APA Year, including but not limited to:
 - i. the amounts due or owed, and paid or received by each affected entity;
 - ii. the character (such as capital, ordinary, income, expense) and country source of the funds transferred, and the specific affected line item(s) of any affected U.S. Return;
 - iii. the date(s) and means by which the payments are or will be made; and
 - iv. whether or not APA Revenue Procedure Treatment was elected pursuant to paragraph 5 of Appendix A and Revenue Procedure 2006-9, section 11.02(3).
 - h. The amounts, description, reason for, and financial analysis of any book-tax difference relevant to the TPM for the APA Year, as reflected on Schedule M-1 or Schedule M-3 of the U.S. Return for the APA Year.
 - i. Whether Taxpayer contemplates requesting, or has requested, to renew, modify, or cancel the APA.
4. The Financial Statements, and any necessary account detail to show compliance with the TPM, including consolidating financial statements, segmented financial data, records from the general ledger, or similar information if the assets, liabilities, income, or expenses relevant to showing compliance with the TPM are a subset of the assets, liabilities, income, or expenses presented in the Financial Statements.
5. *{Use the following or the alternative prescribed by paragraph 5(f) of this APA:}* A copy of the independent certified public accountant's opinion required by paragraph 5(f) of this APA.
6. A financial analysis that reflects Taxpayer's TPM calculations for the APA Year. The calculations must reconcile with and reference the information required under item 4 above in sufficient account detail to allow the IRS to determine whether Taxpayer has complied with the TPM.
7. An organizational chart for the Worldwide Group, revised annually to reflect all ownership or structural changes of entities that are parties to the Covered Transactions or are otherwise relevant to the TPM.
8. A copy of the APA and any amendment.
9. A penalty of perjury statement, executed in accordance with Revenue Procedure 2006-9, section 11.01(6) and (7).

APPENDIX D
DEFINITIONS

The following definitions control for all purposes of this APA. The definitions appear alphabetically below:

Term	Definition
Annual Report	A report within the meaning of Revenue Procedure 2006–9, section 11.01.
APA	This Advance Pricing Agreement, which is an “advance pricing agreement” within the meaning of Revenue Procedure 2006–9, section 2.04.
APA Records	The records specified in Appendix C.
APA Request	Taxpayer’s request for this APA dated _____, including any amendments or supplemental or additional information thereto.
APA Year	This term is defined in paragraph 5(a) of this APA.
Covered Transaction(s)	This term is defined in Appendix A.
Financial Statements	Financial statements prepared in accordance with U.S. GAAP and stated in U.S. dollars.
Foreign Group	Worldwide Group members that are not U.S. persons.
Foreign Participants	[name the foreign entities involved in Covered Transactions].
I.R.C.	The Internal Revenue Code of 1986, 26 U.S.C., as amended.
Pub. L. 106–170	The Ticket to Work and Work Incentives Improvement Act of 1999.
Revenue Procedure 2006–9	Rev. Proc. 2006–9, 2006–1 C.B. 278.
Transfer Pricing Method (TPM)	A transfer pricing method within the meaning of Treasury Regulation section 1.482–1(b) and Revenue Procedure 2006–9, section 2.04.
U.S. GAAP	U.S. generally-accepted accounting principles.
U.S. Group	Worldwide Group members that are U.S. persons.
U.S. Return	For each taxable year, the “returns with respect to income taxes under subtitle A” that Taxpayer must “make” in accordance with I.R.C. section 6012. { <i>Or substitute for partnership: For each taxable year, the “return” that Taxpayer must “make” in accordance with I.R.C. section 6031.</i> }
Worldwide Group	Taxpayer and all organizations, trades, businesses, entities, or branches (whether or not incorporated, organized in the United States, or affiliated) owned or controlled directly or indirectly by the same interests.

APPENDIX E

APA ANNUAL REPORT SUMMARY FORM

The APA Annual Report Summary on the next page is a required APA Record. The APA Team Leader supplies some of the information requested on the form. Taxpayer is to supply the remaining information requested by the form and submit the form as part of its Annual Report.

APA Annual Report SUMMARY	Department of the Treasury— Internal Revenue Service Large Business and International Division Transfer Pricing Operations Advance Pricing and Mutual Agreement Program	APA No. _____ Team Leader _____ Economist _____ Intl Examiner _____
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APA Information	Taxpayer Name: _____ Taxpayer EIN: _____ NAICS: _____ APA Term: Taxable years ending _____ to _____ Original APA <input type="checkbox"/> Renewal APA <input type="checkbox"/> Annual Report due dates: _____, 201__ for all APA Years through APA Year ending in 200__; for each APA Year thereafter, on _____ [month and day] immediately following the close of the APA Year Principal foreign country(ies) involved in covered transaction(s): _____ Type of APA: <input type="checkbox"/> unilateral <input type="checkbox"/> bilateral with _____ Tested party is <input type="checkbox"/> US <input type="checkbox"/> foreign <input type="checkbox"/> both Approximate dollar volume of covered transactions (on an annual basis) involving tangible goods and services: <input type="checkbox"/> N/A <input type="checkbox"/> <\$50 million <input type="checkbox"/> \$50–100 million <input type="checkbox"/> \$100–250 million <input type="checkbox"/> \$250–500 million <input type="checkbox"/> >\$500 million APA tests on (check all that apply): <input type="checkbox"/> annual basis <input type="checkbox"/> multi-year basis <input type="checkbox"/> term basis APA provides (check all that apply) a: <input type="checkbox"/> range <input type="checkbox"/> point <input type="checkbox"/> floor only <input type="checkbox"/> ceiling only <input type="checkbox"/> other _____ APA provides for adjustment (check all that apply) to: <input type="checkbox"/> nearest edge <input type="checkbox"/> median <input type="checkbox"/> other point
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<p>APA Annual Report Information</p> <p>(to be completed by the Taxpayer)</p>	<p>APA date executed: _____, 201__</p> <p>This APA Annual Report Summary is for APA Year(s) ending in 200__ and was filed on _____, 201__</p> <p>Check here <input type="checkbox"/> if Annual Report was filed after original due date but in accordance with extension.</p> <p>Has this APA been amended or changed? <input type="checkbox"/> yes <input type="checkbox"/> no Effective Date: _____</p> <p>Has Taxpayer complied with all APA terms and conditions? <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Were all the critical assumptions met? <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Has a Primary Compensating Adjustment been made in any APA Year covered by this Annual Report? <input type="checkbox"/> yes <input type="checkbox"/> no If yes, which year(s): 200__</p> <p>Have any necessary Secondary Compensating Adjustments been made? <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Did Taxpayer elect APA Revenue Procedure treatment? <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Any change to the entity classification of a party to the APA? <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Taxpayer notice information contained in the APA remains unchanged? <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Taxpayer's current US principal place of business: (City, State) _____</p>						
<p>APA Annual Report Checklist of Key Contents</p> <p>(to be completed by the Taxpayer)</p>	<p>Financial analysis reflecting TPM calculations <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Financial statements showing compliance with TPM(s) <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Schedule M-1 or M-3 book-tax differences <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Current organizational chart of relevant portion of world-wide group <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Attach copy of APA <input type="checkbox"/> yes <input type="checkbox"/> no</p> <p>Other APA records and documents included:</p>						
<p>Contact Information</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Authorized Representative</th> <th style="width: 20%; text-align: center;">Phone Number</th> <th style="width: 30%; text-align: center;">Affiliation and Address</th> </tr> </thead> <tbody> <tr> <td style="height: 40px;"></td> <td></td> <td></td> </tr> </tbody> </table>	Authorized Representative	Phone Number	Affiliation and Address			
Authorized Representative	Phone Number	Affiliation and Address					

APPENDIX 2—MODEL APA (BASED ON REV. PROC. 2015–41)

TEMPLATE FOR ADVANCE PRICING AGREEMENT

UNDER REVENUE PROCEDURE 2015–41

The Advance Pricing and Mutual Agreement Program (“APMA”) of the Internal Revenue Service (“IRS”) is providing this template for use in drafting advance pricing agreements (“APAs”) issued under IRS Revenue Procedure 2015–41, 2015–35 I.R.B. 263 (“Rev. Proc. 2015–41”). This template is designed to systematize how taxpayers propose terms for their APAs and standardize language used in executed APAs. It will improve efficiency in the APA process and enhance consistency in the administration of the APA program.

Rev. Proc. 2015–41 requires that taxpayers include as part of a complete APA request a draft APA and a “redline” comparison of the proposed draft APA against the current model APA. *See* section 2.03, exhibit 15, of the Appendix to Rev. Proc. 2015–41. This template serves as the model APA. A taxpayer is required to produce the “redline” comparison by following the instructions below to edit this template with tracked changes. The draft APA and “redline” comparison are then to be included in Word format in the complete APA request. (Before editing the template with tracked changes, a taxpayer should remove this introduction and the instructions below from the Microsoft Word file.)

The assigned APMA team will review the APA’s terms proposed in the draft APA. If the APMA team accepts the proposed terms in light of its review of the taxpayer’s complete APA request and other information obtained during the APA process, then the text of the draft APA, edited as needed to fill in any information not available at the time of the APA Request, will be adopted as the text of a finally executed APA. If the APMA team does not accept the proposed terms, it will discuss modifications to the draft APA with the taxpayer during the APA process. For bilateral and multilateral APAs, the terms of the executed APA will of necessity be consistent with the terms of the underlying mutual agreement between the United States and one or more treaty partners.

GENERAL INSTRUCTIONS

The template is designed to minimize editing by using an options-based format for selecting from terms presented in certain sections of the model APA. The options presented are those which APMA considers standard and which it has accepted in final APAs. These options are not binding on APMA, however. APMA reserves the right to modify the option selections, the specific option language used, or any other terms before executing an APA with the taxpayer.

Options are indicated by square brackets (“[]”). An “x” should be inserted between the brackets to indicate the selected option (“[x]”). Options that are not selected should not be deleted, but instead should be left in the text of the draft APA. The options to which APMA and the taxpayer ultimately agree for the final APA will be indicated by the presence or absence of an “x”. The term associated with the “x” will be given operative effect in the executed APA.

Certain options are flagged with an asterisk after the square brackets (“[*]”). To facilitate the APMA team’s subsequent review of the draft APA, the asterisks should not be deleted. Taxpayers that select flagged options are required to specifically provide justification for the selection in the APA request. *See* section 1.02, Part 5, of the Appendix to Rev. Proc. 2015–41.

The template contains placeholder phrases consisting of a hashtag followed by one or more words in block capital letters (e.g., “#COUNTRY”). Generally, the taxpayer should replace a placeholder phrase with appropriate text, subject to the following conventions:

- If a placeholder phrase occurs within an option that the taxpayer has rejected, the taxpayer should change the hashtag to a caret (e.g., change “#COUNTRY” to “^COUNTRY”) but otherwise leave the phrase intact. The caret indicates that the Taxpayer has rejected this option. For example, for a bilateral APA with Japan, the lines on the first page just below the title would read:

- Bilateral with Japan
- Multilateral with COUNTRIES
- Unilateral

- The placeholder phrase “#CURRENCY” should be replaced, for example, with “U.S. dollars,” “Euros,” or “Japanese yen.”
- The placeholder phrase “#DATE” should be replaced with a date in the format of “December 31, 2020.”

The APA Term will be expressed as dates certain, e.g., “January 1, 2017 to December 31, 2022, inclusive”, rather than as particular tax years.

Taxpayers may need to draft custom text for situations or options not included in the template. For example, a taxpayer may propose additional critical assumptions to address specific regulatory contingencies or conditions the taxpayer is expected to face

during the term of the APA. As another example, the provision titled “Limitation on Assistance” at the end of the Recitals might be modified based on an understanding reached in the pre-filing stage of the APA process. In some cases, a particular critical assumption might facilitate reaching an agreement on an APA. Taxpayers that include custom text are required to specifically provide justification for the inclusion in the APA request, just as selecting an option with an asterisk¹⁵ requires justification. Any custom text must also be evident in the “redline” comparison of the proposed draft APA.

INSTRUCTIONS ON TABLES

The template contains certain tables that the taxpayer should edit. Entries in the tables will not contain hashtags, but taxpayers nevertheless should fill in the information and add additional rows to the tables if needed. Taxpayers also should fill in the “APA Information” in the table in Appendix D, to the extent available or proposed.

INSTRUCTIONS ON APPENDIX A

Appendix A of this template contains the description of the APA’s covered issue(s) and covered method(s). Taxpayers should note the following points in completing Appendix A:

- The template includes just one covered issue with one corresponding covered method. If there is more than one covered Issue proposed for the APA, the taxpayer should add additional covered issues in Appendix A, section 3, *with* tracked changes.
- If there is more than one covered method, the taxpayer should first replicate the template’s entire text for Covered Method 1 in Appendix A, section 4, *without* tracked changes, to provide template text for each additional covered method, and then edit the text for each covered method *with* tracked changes.
- Normally, each covered issue will have its own corresponding covered method. However, in some cases, a covered method may apply at once to more than one covered issue. For example, covered issues may be proposed to be aggregated and tested by a single covered method. In such cases, the heading for that covered method could read, for example, “Covered Method for Covered Issues 1-3”.
- Any interaction between different covered methods should be adequately explained in the text, and in an appropriate manner. For example, an explanation might be provided in an introduction at the start of section 4 of Appendix A, preceding the description of the respective covered methods.

Appendix A uses the term “Tested Party.” When applied in the context of methods that consider, or test, data from only one party to a transaction, this term is similar in concept to the term “tested party” as discussed in the OECD Guidelines at paragraphs 3.18 and 3.19, and as defined in the U.S. Treasury Regulations section 1.482–5(b)(2). However, some methods consider, or test, data from both parties to a transaction, where there is no singular “tested” party. Even in applying such methods, however, it is typically the case that one particular party’s results are formally tested for compliance with the method. For purposes of this template, in such circumstances, the party whose results are formally tested in applying any particular method is the “Tested Party”, even if that party is not strictly a “tested party” as discussed in the OECD Guidelines paragraphs 3.18 and 3.19, or as defined in the U.S. Treasury Regulations section 1.482–5(b)(2).

¹⁵As a result, almost all occurrences of the hashtag in the template will be replaced with a caret or other text in the taxpayer’s draft APA. The few remaining occurrences of the hashtag will mark a placeholder phrase that cannot yet be replaced with appropriate text (see, for example, the placeholder phrase in paragraph 6(e) for a date that cannot be determined until the APA nears execution). Searching the draft APA for the hashtag will locate all placeholder phrases that still need replacement.

ADVANCE PRICING AGREEMENT

**between
#SIGNATORY
and
THE INTERNAL REVENUE SERVICE**

- Bilateral with #COUNTRY
- Multilateral with #COUNTRIES
- Unilateral

Term: #DATE to #DATE, inclusive

This APA is commonly referred to as #APA NAME.

PARTIES

The Parties to this APA are the Internal Revenue Service (“IRS”) and #NAME OF EACH NON-IRS SIGNATORY, WITH EIN.

#SIGNATORY will be referred to as “U.S. Taxpayer.”

#SIGNATORY is the common parent of an affiliated group filing consolidated U.S. tax returns and is entering into this APA on behalf of both itself and the following members of its consolidated group: #MEMBERS OF GROUP. All members of this consolidated group will be referred to collectively as “U.S. Taxpayer.”

RECITALS

This APA is a renewal of one or more prior APAs, which are listed below in reverse chronological order:

Party(ies)	Execution Date	Term
------------	----------------	------

Key:

- **Party(ies):** The signatory(ies) to the prior APA, other than the IRS, with each signatory’s taxpayer identification number;
- **Execution Date:** The date, or the later of the dates, on which the prior APA was executed;
- **Term:** The term of the prior APA.

This is a bilateral APA within the meaning of Rev. Proc. 2015–41 and implements the terms of a mutual agreement reached between the United States and #COUNTRY.

This is a multilateral APA within the meaning of Rev. Proc. 2015–41 and implements the terms of a mutual agreement reached among the United States, #COUNTRIES.

This APA is a unilateral APA within the meaning of Rev. Proc. 2015–41 and is not based on any mutual agreement.

The Parties to this APA are defined in the “Parties” section above. Regarding the Party(ies) to this APA other than the IRS:

No such Party has an immediate parent or owner that is not a U.S. entity.

One or more such Parties has an immediate parent or owner that is not a U.S. entity, as follows:

Party	Parent’s or Owner’s Identifying Information	Parent’s or Owner’s Contact Information
-------	--	--

Key:

- **Party:** Name of the Party having an immediate parent or owner that is not a U.S. entity;
- **Parent’s or Owner’s Identifying Information:** Name of the immediate parent or owner of such Party, and the taxpayer identification number of that parent or owner for income tax purposes in its country of residence;

- **Parent's or Owner's Contact Information:** The immediate parent's or owner's address and phone number.

The term "Worldwide Group" is defined below in paragraph 12 of this APA. The ultimate parent entity or owner of Worldwide Group is:

#ENTITY NAME, ADDRESS, AND PHONE

U.S. Taxpayer's principal place of business is #CITY, #STATE. #BRIEF DESCRIPTION OF U.S. TAXPAYER AND NON-U.S. TAXPAYER (DEFINED IN SECTION 1 OF APPENDIX A), AND SPECIFICALLY OF EACH COVERED ENTITY (DEFINED IN SECTION 1 OF APPENDIX A).

This APA contains the Parties' agreement on the Covered Method(s) for resolving the Covered Issue(s) under Code section 482 and any other Code sections that are identified in Appendix A to this APA, the U.S. Treasury Regulations thereunder, and (if applicable):

- The income tax convention(s) between the United States and #COUNTRY(IES).

This APA shall not limit the authority of the IRS to (1) verify compliance with this APA as to the Covered Issue(s), or (2) audit issues other than Covered Issue(s), including issues that arise under Code section 482 and any other Code sections identified in Appendix A to this APA, and the U.S. Treasury Regulations thereunder.

LIMITATION ON ASSISTANCE

The Covered Issue(s) may relate to one or more countries which (i) have an income tax convention with the United States, but (ii) are not a party to a mutual agreement whose terms are implemented by this APA. U.S. Taxpayer acknowledges that the IRS may decline to provide competent authority assistance concerning taxation by such country(ies) that relates to the Covered Issue(s). See section 2.02(4)(d) of Rev. Proc. 2015-41.

AGREEMENT

The Parties agree as follows:

1. *Covered Entities.* This APA's Covered Entities are defined in Appendix A.
2. *Covered Issue(s).* This APA applies to the Covered Issue(s), as defined in Appendix A.
3. *Covered Method(s).* Appendix A sets forth the Covered Method(s) for the Covered Issue(s).
4. *Term.* This APA applies to the APA Term, as defined in Appendix A.
5. *Operation.*

- a. Rev. Proc. 2015-41 governs the interpretation, legal effect, and administration of this APA.

b. The APMA program provides a voluntary process whereby the IRS and taxpayers may resolve transfer pricing issues and issues for which transfer pricing principles may be relevant in a principled and cooperative manner on a prospective basis. As such, the APA process (as defined in Rev. Proc. 2015-41) is an alternative to dispute resolution that benefits both taxpayers and the IRS and that is intended to promote and encourage open communication. Accordingly, the IRS and U.S. Taxpayer agree that neither party will attempt to use nonfactual oral or written representations, within the meaning of sections 6.04 and 6.05 of IRS Revenue Procedure 2015-41 (including any proposals to use particular Covered Method(s)), made in conjunction with the APA Request in any judicial or administrative proceeding. The IRS and U.S. Taxpayer also agree that factual representations made in conjunction with the APA Request may be used in judicial and administrative proceedings.

6. *Compliance.*

a. U.S. Taxpayer must report its taxable income in an amount that is consistent with Appendix A and all other requirements of this APA. U.S. Taxpayer must so report its taxable income in the following manner:

- i. For any APA Tax Year for which U.S. Taxpayer timely files its original U.S. return prior to, or no later than 60 days after, the U.S. Effective Date, U.S. Taxpayer must so report its taxable income for that APA Tax Year in one of the following ways:
 - A. on such original U.S. return;
 - B. on an amended U.S. return submitted no later than 120 days after the U.S. Effective Date;
 - C. through a means proposed by U.S. Taxpayer and accepted by the applicable IRS practice area no later than 120 days after the U.S. Effective Date (or by such other deadline as is agreed between U.S. Taxpayer and the applicable IRS practice area); or

D. if applicable:

[]* no later than 120 days after the U.S. Effective Date through the following means: #DESCRIPTION OF MEANS.

- ii. For all other APA Tax Years, U.S. Taxpayer must so report its taxable income on its timely filed original U.S. return.
- iii. The provisions of paragraphs 6(a)(i) and 6(a)(ii) are modified by this paragraph 6(a)(iii). If a Covered Method includes a term test (including the case of an annual test with a supplemental term test) or a subterm test, as described in section 4 of Appendix A, then the APA Covered Year as of which the term test or subterm test applies would change in the event of an Early Termination. Specifically, while in the absence of an Early Termination a term test would apply as of the last APA Covered Year, in the event of an Early Termination the term test would apply as of an earlier APA Covered Year. Similarly, while in the absence of an Early Termination a subterm test would apply as of the last APA Covered Year in the subterm, in the event of an Early Termination the subterm test might apply as of an earlier APA Covered Year. In these situations, the Early Termination might not be established in time for U.S. Taxpayer to know to apply the term test or subterm test as of the earlier APA Covered Year in reporting taxable income as required under paragraphs 6(a)(i) and 6(a)(ii) for the APA Tax Year corresponding to that earlier APA Covered Year. In such cases, U.S. Taxpayer may need to correct its reporting for that APA Tax Year. Specifically, U.S. Taxpayer will need to correct its income reporting for that APA Tax Year if the application of the term test or subterm test in that earlier APA Covered Year changes the existence or amount of an APA Primary Adjustment for the Covered Method for that APA Tax Year. In such cases:

A) The resulting incorrectness in the prior reporting for that APA Tax Year is excused; and

B) U.S. Taxpayer must correct such prior reporting through a means listed in paragraph 6(a)(i) within 120 days of the Early Termination being established.

b. For each Covered Issue, if any, that involves determination of pricing and/or income allocation¹⁷ under Code section 482 (or Code section 367(d)) as modified by any applicable income tax convention, this APA addresses the pricing and/or income allocation between U.S. Taxpayer and Non-U.S. Taxpayer in the aggregate. Except as explicitly provided, this APA does not address and does not bind the IRS with respect to pricing or income allocation (1) among particular legal entities that are members of U.S. Taxpayer, or (2) among particular legal entities that are members of Non-U.S. Taxpayer. In addition, this APA does not address pricing or income allocation between an entity that is not a Covered Entity, and any entity.

c. For each APA Tax Year, if U.S. Taxpayer complies with the terms and conditions of this APA, then, provided that this APA remains effective for that APA Tax Year for a particular Covered Issue, the IRS will not make or propose any allocation or adjustment that is inconsistent with the application under this APA of the applicable Covered Method to that Covered Issue.

d. If U.S. Taxpayer does not comply with the terms and conditions of this APA, then the IRS may:

- i. enforce the terms and conditions of this APA and make or propose allocations or adjustments based on the application of the Covered Method(s) to the Covered Issue(s) as provided in this APA;
- ii. cancel or revoke this APA under section 7.06 of Rev. Proc. 2015-41; or
- iii. revise this APA, if the Parties agree.

e. U.S. Taxpayer must timely file an Annual Report for each APA Tax Year in accordance with this paragraph 6(e), Appendix C to this APA, and section 7.02 of Rev. Proc. 2015-41. Annual Reports for multiple APA Tax Years may be combined, provided that all required information for each APA Tax Year is clearly presented. For each Annual Report, U.S. Taxpayer must submit an original printed version containing a signed original “penalties of perjury” declaration, one printed copy of the contents of the original printed version, and an electronic copy of the contents of the original printed version. Any exhibits in the printed version must be tabbed, and the electronic copy is subject to the same requirements, as to medium and format, that are specified for APA requests in section 2 of the Appendix to Rev. Proc. 2015-41. Upon request, U.S. Taxpayer must provide additional copies of the printed version, at addresses specified by the IRS. U.S. Taxpayer must file the Annual Report for each APA Tax Year by the later of (i) #DATE CERTAIN, NORMALLY APPROXIMATELY 90 DAYS AFTER THE U.S. EFFECTIVE DATE, and (ii) the fifteenth day of the twelfth month following the close of the APA Tax Year. The IRS may by notice request additional information reasonably necessary to clarify or complete the Annual Report. (See paragraph 16, and section 3(c) of Appendix C, regarding notices.) U.S. Taxpayer will provide such requested information within 30 days from the date of the notice unless a later date is specified in the notice.

Additional time may be allowed for good cause in the discretion of the Director of the Advance Pricing and Mutual Agreement Program.

¹⁷As used in this APA, “income allocation” includes allocation of loss.

f. The IRS will determine whether U.S. Taxpayer has complied with this APA based on U.S. Taxpayer's U.S. returns, the Financial Statements and additional statements required under this paragraph 6(f), and other APA Records, for all APA Tax Years and any other tax year necessary to verify compliance. The Financial Statements and additional statements required for a particular tax year are:

For every U.S. Covered Entity, the Financial Statements together with the additional statements specified in paragraph 6(f)(i); and for every Non-U.S. Covered Entity, the Financial Statements together with the additional statements specified in paragraph 6(f)(ii).

* For every U.S. Covered Entity, the Financial Statements together with the additional statements specified in paragraph 6(f)(i).

* For every Non-U.S. Covered Entity, the Financial Statements together with the additional statements specified in paragraph 6(f)(ii).

i. For each U.S. Covered Entity, the additional statements consist of the following statement(s):

An audit opinion for that U.S. Covered Entity's Financial Statements, as defined in paragraph 6(f)(iii).

* One or more of the following, as indicated:

An accountant's report for that U.S. Covered Entity's Financial Statements, as defined in paragraph 6(f)(iii).

A self-certification for that U.S. Covered Entity's Financial Statements, as defined in paragraph 6(f)(iii).

A self-certification for that U.S. Covered Entity's Financial Statements, together with a tying certification for that entity's Financial Statements, as defined in paragraph 6(f)(iii).

#OTHER MEANS OF VERIFYING THE RELIABILITY OF THE U.S. COVERED ENTITY'S FINANCIAL STATEMENTS.

ii. For each Non-U.S. Covered Entity, the additional statements consist of the following statement(s):

An audit opinion for that Non-U.S. Covered Entity's Financial Statements, as defined in paragraph 6(f)(iii).

* One or more of the following, as indicated:

An accountant's report for that Non-U.S. Covered Entity's Financial Statements, as defined in paragraph 6(f)(iii).

A self-certification for that Non-U.S. Covered Entity's Financial Statements, as defined in paragraph 6(f)(iii).

A self-certification for that Non-U.S. Covered Entity's Financial Statements, together with a tying certification for that Covered Entity's Financial Statements, as defined in paragraph 6(f)(iii).

#OTHER MEANS OF VERIFYING THE RELIABILITY OF THE NON-U.S. COVERED ENTITY'S FINANCIAL STATEMENTS.

iii. With reference to the Financial Statements for a particular Covered Entity for a particular tax year, certain terms used in paragraphs 6(f)(i) and 6(f)(ii) are defined as follows:

A. An audit opinion is an opinion of an independent certified public or chartered accountant who audited the Financial Statements.

B. An accountant's report is a report of an independent certified public or chartered accountant who is associated with the Financial Statements.

C. A self-certification is an attestation, as defined in paragraph 6(f)(iii)(E), that the Financial Statements have been prepared according to the Applicable Accounting Standard.

D. A tying certification consists of the following:

(1) An attestation, as defined in paragraph 6(f)(iii)(E), that the Financial Statements can be reconciled to the consolidated Financial Statements for that entity's direct or indirect parent according to workpapers provided with the attestation;

(2) The workpapers referred to in paragraph 6(f)(iii)(D)(1), which must demonstrate the consolidation of the Covered Entity's Financial Statements into the Financial Statements of the parent referred to in paragraph 6(f)(iii)(D)(1);

(3) The Financial Statements of the parent referred to in paragraph 6(f)(iii)(D)(1); and

(4) An audit opinion (as defined in paragraph 6(f)(iii)(A)) for the Financial Statements of the parent referred to in paragraph 6(f)(iii)(D)(1).

E. An attestation is an affirmation by an officer of the Covered Entity in the following form:

I, *[Officer's Name and Title]*, of *[Name of Covered Entity]* affirm under penalties of perjury that the facts stated below are true. I either have adequate first-hand knowledge to make this affirmation or have gained adequate knowledge to make this affirmation through diligent consultation(s) with one or more individuals who have first-hand knowledge.

[Facts attested to.]

[Signature]

g. In accordance with section 7.04 of Rev. Proc. 2015–41, U.S. Taxpayer will (1) maintain the APA Records, and (2) make them available to the IRS in connection with an examination under section 7.03 of Rev. Proc. 2015–41. Compliance with this subparagraph constitutes compliance with the record-maintenance provisions of Code sections 6038A and 6038C for the Covered Issue(s) for any APA Covered Year.

h. The “true taxable income” within the meaning of U.S. Treasury Regulations sections 1.482–1(a)(1) and (i)(9) of a member of an affiliated group filing a U.S. consolidated return will be determined under the U.S. Treasury Regulations under Code section 1502.

i. To the extent that U.S. Taxpayer’s compliance with this APA depends on certain acts of other members of Worldwide Group, U.S. Taxpayer will ensure that such other members will perform such acts.

7. *Critical Assumptions.* The Critical Assumptions, which are this APA’s critical assumptions as defined in Rev. Proc. 2015–41, appear in Appendix B. If any Critical Assumption has not been met, then Rev. Proc. 2015–41, section 7.06, governs, as modified by Appendix B to this APA.

8. *Disclosure.* This APA, and any background information related to this APA or the APA Request, are: (1) considered “return information” under Code section 6103(b)(2)(C); and (2) not subject to public inspection as a “written determination” under Code section 6110(b)(1). Section 521(b) of Pub. L. 106–170 provides that the Secretary of the Treasury must prepare a report for public disclosure that includes certain specifically designated information concerning all APAs, including this APA, in a form that does not reveal taxpayers’ identities, trade secrets, and proprietary or confidential business or financial information.

9. *Disputes.* If a dispute arises concerning the interpretation or application of this APA, the Parties will seek a resolution by the Director, Treaty and Transfer Pricing Operations, to the extent reasonably practicable, before seeking alternative remedies.

10. *Materiality.* In this APA the terms “material” and “materially” will be interpreted in a manner consistent with the description of “material facts” in Rev. Proc. 2015–41, section 7.06(4).

11. *Paragraph Captions.* This APA’s paragraph captions, which appear in italic type, are for convenience and reference only. The captions do not affect in any way the interpretation or application of this APA.

12. *Terms and Definitions.*

- a. Unless otherwise specified, terms in the plural include the singular and vice versa.
- b. Appendix A contains definitions for certain terms used in this APA’s body and appendices.
- c. Certain terms used in this APA’s body and appendices are defined as follows:

Term	Definition
Annual Report	A report within the meaning of Rev. Proc. 2015–41, section 7.02.
Advance Pricing Agreement, or “APA”	An “advance pricing agreement” within the meaning of Rev. Proc. 2015–41, section 2.02. Unless context indicates otherwise, “this APA” or “the APA” denotes the particular APA that is executed below.
APA Records	(Defined in Appendix C.)
APA Request	U.S. Taxpayer’s request for this APA, which was dated #DATE, including any amendments or supplemental or additional information thereto (including but not limited to any responses to due diligence questions).
Critical Assumptions	(Defined in paragraph 7.)
Financial Statements	Balance sheet, income statement, statement of cash flow, and explanatory notes, prepared in accordance with the Applicable Accounting Standard as defined in section 7 of Appendix A.
Non-U.S. Group Parties	In any APA Tax Year, Worldwide Group members that are not U.S. persons. (Defined in the Recitals near the start of this APA.)

Term	Definition
Pub. L. 106-170	The Ticket to Work and Work Incentives Improvement Act of 1999.
U.S. Effective Date	(Defined in paragraph 17 and in section 7 of Appendix A. Those definitions are intended to have the same meaning. In case of conflict, the definition in paragraph 17 controls.)
U.S. Group	In any APA Tax Year, Worldwide Group members that are U.S. persons.
Worldwide Group	In any APA Tax Year, U.S. Taxpayer and all organizations, trades, businesses, entities, or branches (whether or not incorporated, organized in the United States, or affiliated) owned or controlled directly or indirectly by the same interests.

13. *Deadline References.* If a deadline under this APA falls on a Saturday, Sunday, or a legal holiday in the District of Columbia, the deadline is extended to the next succeeding day that is not a Saturday, Sunday, or legal holiday in the District of Columbia.

14. *Entire Agreement and Severability.* This APA is the complete statement of the Parties' agreement. The Parties will sever, delete, or reform any invalid or unenforceable provision in this APA to approximate the Parties' intent as nearly as possible.

15. *Successor in Interest.* This APA binds, and inures to the benefit of, any successor in interest to U.S. Taxpayer.

16. *Notice.* Any notices required by this APA or Rev. Proc. 2015-41 must be in writing. U.S. Taxpayer will send notices to the IRS at:

Commissioner, Large Business and International Division Internal Revenue Service
1111 Constitution Avenue, NW SE:LB:TTPO:APMA:NCA534-01
Washington, DC 20224
(Attention: APMA)

The IRS will send notices to:

#NAME AND ADDRESS
(phone: #PHONE)

The IRS also will send notices to, if applicable:

#REPRESENTATIVE'S NAME AND ADDRESS
(phone: #PHONE)

provided that a valid IRS Form 2848 "Power of Attorney and Declaration of Representative" for that person was included in the most recent Annual Report (or, if no Annual Report has been filed, was included in the APA Request).

17. *U.S. Effective Date and Counterparts.* This APA is effective starting on the date, or later date of the dates, upon which all Parties execute this APA ("U.S. Effective Date"). The Parties may execute this APA in counterparts, with each counterpart constituting an original.

WITNESS,

The Parties have executed this APA on the dates below.

#SIGNATORY NAME IN BOLD FACE BLOCK CAPITAL LETTERS

By: _____ Date: _____, 20____
#NAME
#TITLE

INTERNAL REVENUE SERVICE

By: _____ Date: _____, 20____
John C. C. Hughes
Director, Advance Pricing and Mutual Agreement Program

APPENDIX A

COVERED ENTITIES, TERM, COVERED ISSUE(S), COVERED METHOD(S), INCOME REPORTING, CONFORMING ADJUSTMENTS AND REPATRIATION OF FUNDS, CERTAIN SUBSEQUENT ADJUSTMENTS, AND DEFINITIONS

Section 1 of this Appendix lists the Covered Entities. Section 2 defines the APA Term, APA Tax Years, and APA Covered Years. Section 3 describes the Covered Issue(s). Section 4 describes the Covered Method applicable to each Covered Issue.

Section 5 describes the application of the Covered Method(s) to income reporting and the possible need for an APA Primary Adjustment under one or more Covered Methods. Section 6 addresses conforming adjustments and repatriation of funds following APA Primary Adjustments.

Section 7 provides definitions that apply both to this Appendix and to the APA as a whole. The definitions table is based on a standard, inclusive model, and thus may include terms not used in this APA.

1. Covered Entities

The U.S. Covered Entity(ies) are:

#LIST OF EACH U.S. ENTITY INVOLVED IN ONE OR MORE COVERED ISSUE(S), AND ALSO (LISTED FIRST) ANY CONSOLIDATED RETURN PARENT FOR ANY SUCH ENTITY. FOR EACH ENTITY, NAME, ADDRESS, PHONE, AND EIN.

The term “U.S. Taxpayer” includes collectively all U.S. Covered Entities and any other entities that are in a consolidated return group with a U.S. Covered Entity.

The Non-U.S. Covered Entity(ies) are:

LIST OF EACH NON-U.S. ENTITY INVOLVED IN ONE OR MORE COVERED ISSUE(S), AND ALSO (LISTED FIRST) ANY COMMON TAX REPORTING PARENT FOR ANY SUCH ENTITY. FOR EACH ENTITY, NAME, ADDRESS, AND PHONE.

The term “Non-U.S. Taxpayer” includes collectively all Non-U.S. Covered Entities and any other entities that are in a common tax reporting group with a Non-U.S. Covered Entity.

The term “Covered Entities” includes both the U.S. Covered Entities and the Non-U.S. Covered Entities.

2. APA Term, APA Tax Years, and APA Covered Years

The APA applies to the period from #DATE to #DATE, inclusive (the “APA Term”).

The APA Term does not include a Rollback.

The APA Term includes a Rollback, which covers from #DATE to #DATE, inclusive (the “Rollback Period”).

A tax year of U.S. Taxpayer that is wholly or partly contained in the APA Term is called an “APA Tax Year.” For a particular APA Tax Year, the portion of such APA Tax Year that is contained in the APA Term is called an “APA Covered Year.” Such APA Tax Year and APA Covered Year are said to “correspond” to each other or to be “corresponding.”

3. Covered Issue(s)

The Covered Issue(s) are as described below.

Covered Issue 1:

#DESCRIPTION OF COVERED ISSUE.

4. Covered Method(s)

Each Covered Method applies to one or more Covered Issues. A Covered Method and the Covered Issue(s) to which the Covered Method applies are said to “correspond,” or to be “corresponding”.

The Covered Methods are summarized in the following table and are described in detail below. In case of conflict with this table, the detailed descriptions of the Covered Methods below, and the descriptions in section 3 above of the Covered Issues, control.

Covered Method Number	Applies to Covered Issues Number(s)	Summary Description of Corresponding Covered Issues	Type of Method; Results Tested	Point or Range	Testing Frequency and Periods
1					

This Appendix A uses the term “Tested Party.” When applied in the context of methods that consider, or test, data from only one party to a transaction, this term is similar in concept to the term “tested party” as discussed in the OECD Guidelines paragraphs 3.18 and 3.19, and as defined in the U.S. Treasury Regulations section 1.482–5(b)(2). However, some methods consider, or test, data from both parties to a transaction, where there is no singular “tested” party. Even in applying such methods, however, it is typically the case that one particular party’s results are formally tested for compliance with the method. For purposes of this template, in such circumstances, the party whose results are formally tested in applying any particular method is the “Tested Party”, even if that party is not strictly a “tested party” as discussed in the OECD Guidelines paragraphs 3.18 and 3.19, or as defined in the U.S. Treasury Regulations section 1.482–5(b)(2).

Covered Method for Covered Issue 1:

a. Tested Party

The Tested Party is #TESTED PARTY.

b. Financial Results Tested (Type of Method)

- The Covered Method is an implementation of the comparable uncontrolled price method under the OECD Guidelines and of the comparable uncontrolled price method under the U.S. Treasury Regulations. The Tested Party’s financial results to be tested are:
 - per unit price paid, defined as the total amount paid for #DESCRIPTION OF GOODS divided by the number of #DESCRIPTION OF A UNIT OF GOODS purchased.
 - per unit price received, defined as the total amount received for #DESCRIPTION OF GOODS divided by the number of #DESCRIPTION OF A UNIT OF GOODS sold.
- The Covered Method is an implementation of the comparable uncontrolled price method under the OECD Guidelines and of the comparable uncontrolled services price method under the U.S. Treasury Regulations. The Tested Party’s financial results to be tested are:
 - per unit price paid, defined as the total amount paid for #DESCRIPTION OF SERVICES divided by the number of #DESCRIPTION OF A UNIT OF SERVICES received.
 - per unit price received, defined as the total amount received for #DESCRIPTION OF SERVICES divided by the number of #DESCRIPTION OF A UNIT OF SERVICES provided.
- The Covered Method is an implementation of the comparable uncontrolled price method under the OECD Guidelines and of the comparable uncontrolled transaction method under the U.S. Treasury Regulations. The Tested Party’s financial results to be tested are the royalty paid for the license of #DESCRIPTION OF LICENSED INTANGIBLE PROPERTY divided by the Tested Party’s:
 - sales revenue from sales of #DESCRIPTION OF GOODS/SERVICES. #OTHER ROYALTY BASE.
- The Covered Method is an implementation of the comparable uncontrolled price method under the OECD Guidelines and of the acquisition price method under the U.S. Treasury Regulations. The Tested Party’s financial results to be tested are described in subsection (c) below.
- The Covered Method is an implementation of the comparable uncontrolled price method under the OECD Guidelines and of the market capitalization method under the U.S. Treasury Regulations. The Tested Party’s financial results to be tested are described in subsection (c) below.
- The Covered Method is an implementation of the resale price method under the OECD Guidelines and of the resale price method under the U.S. Treasury Regulations. The Tested Party’s financial results to be tested are the gross profit margin from the sale of #DESCRIPTION OF GOODS.
- The Covered Method is an implementation of the resale price method under the OECD Guidelines and of the gross services margin method under the U.S. Treasury Regulations. The Tested Party’s financial results to be tested are the gross services margin from the provision of #DESCRIPTION OF SERVICES.

- The Covered Method is an implementation of the cost plus method under the OECD Guidelines and of the cost plus method under the U.S. Treasury Regulations. The Tested Party's financial results to be tested are the gross profit markup.
- The Covered Method is an implementation of the cost plus method under the OECD Guidelines and of the cost of services plus method under the U.S. Treasury Regulations. The Tested Party's financial results to be tested are the gross services profit markup from the provision of #DESCRIPTION OF SERVICES.
- The Covered Method is based on the principles of the low value-adding intra- group services approach under the OECD Guidelines and of the services cost method under the U.S. Treasury Regulations. The Tested Party's financial results to be tested are the markup on total costs for providing #DESCRIPTION OF SERVICES.
- The Covered Method is an implementation of the transactional net margin method under the OECD Guidelines and of the comparable profits method under the U.S. Treasury Regulations. The Tested Party's financial results to be tested, as reflected in its net profit indicator (per OECD Guidelines) or profit level indicator (per U.S. Treasury Regulations), are its:
 - operating margin.
 - markup on total costs.
 - Berry ratio.
 - return on operating assets.
 - return on invested capital.
 - * #OTHER NET PROFIT INDICATOR OR PROFIT LEVEL INDICATOR, WITH DEFINITION.
- The Covered Method is an implementation of the profit split (residual analysis) method under the OECD Guidelines and of the residual profit split method under the U.S. Treasury Regulations. The Tested Party's financial results to be tested are described in subsection (c) below.
- The Covered Method is an implementation of the profit split (contribution analysis) method under the OECD Guidelines and of the comparable profit split method under the U.S. Treasury Regulations. The Tested Party's financial results to be tested are described in subsection (c) below.
- The Covered Method is an implementation of an income based valuation technique as referenced in paragraph 6.153 of the OECD Guidelines and of the income method under the U.S. Treasury Regulations. The Tested Party's financial results to be tested are described in subsection (c) below.
- The Covered Method is an implementation of (i) a sharing of the cost of current contributions in proportion to overall expected benefits, within a cost contribution arrangement under the OECD Guidelines, and (ii) a sharing of intangible development costs in proportion to reasonably anticipated benefits, within a cost sharing arrangement under the U.S. Treasury Regulations. The Tested Party's financial results to be tested are described in subsection (c) below.
- The Covered Method is a method that is not specified under the OECD Guidelines and not specified under the U.S. Treasury Regulations. The Tested Party's financial results to be tested are described in subsection (c) below.

Such financial results are determined according to the Applicable Accounting Standard, with the proviso that in determining such results, accounting principles and conventions that are generally accepted in the trade or industry must be used.

Such financial results are tested against a point or range as described below. The test is carried out with a frequency, and for certain time periods, as described below. If and when these financial results do not satisfy the test, they must be adjusted as described in section 5 of this Appendix A.

c. Testing of Financial Results Against a Point or Range

The Tested Party's financial results are tested as follows:

- The financial results must equal #X.
- The financial results must be within an Arm's Length Range.
 - The Arm's Length Range is from #X to #Y inclusive.
 - This Arm's Length Range has an associated Median value of #Z.
 - This Arm's Length Range has no associated Median value.
- Two Arm's Length Ranges apply. The first is from #W to #X inclusive and applies to the annual test described in subsection (d) below. The second is from #Y to #Z inclusive and applies to the term test described in subsection (d) below.

- The first Arm's Length Range has an associated Median value of #P, and the second Arm's Length Range has an associated Median value of #Q.
- These Arm's Length Ranges have no associated Median value.
- Two Arm's Length Ranges apply. The first is from #W to #X inclusive and applies to the subterm test described in subsection (d) below. The second is from #Y to #Z inclusive and applies to the annual test described in subsection (d) below.
 - The first Arm's Length Range has an associated Median value of #P, and the second Arm's Length Range has an associated Median value of #Q.
 - These Arm's Length Ranges have no associated Median value.
- Two Arm's Length Ranges apply. The first is from #W to #X inclusive and applies to the test for the first subterm described in subsection (d) below. The second is from #Y to #Z inclusive and applies to the test for the second subterm described in subsection (d) below.
 - The first Arm's Length Range has an associated Median value of #P, and the second Arm's Length Range has an associated Median value of #Q.
 - These Arm's Length Ranges have no associated Median value.
- #OTHER DESCRIPTION, FOR EXAMPLE THE EVALUATION AND TESTING MECHANICS FOR A PROFIT SPLIT, AN INCOME METHOD, AN UNSPECIFIED METHOD, OR A SHARING OF COSTS UNDER A COST CONTRIBUTION ARRANGMENT/COST SHARING ARRANGEMENT.

d. Testing Frequency and Testing Periods

The Tested Party's financial results are tested as of certain APA Covered Years, and for certain time periods, as follows:

- The results are tested annually, meaning that they are tested as of each APA Covered Year, for a period consisting of that APA Covered Year.
 - There is no additional term test.
 - There is an additional term test. For this test, the results are tested as of the Last Effective APA Covered Year, for the period consisting of the Last Effective APA Covered Year and all prior APA Covered Years.

The application of the annual test and the application of the additional term test are coordinated as described in section 5 of this Appendix A.

- * The results are tested on a term basis, meaning that they are tested only once, as of the Last Effective APA Covered Year, for a period consisting of the Last Effective APA Covered Year and all prior APA Covered Years.
- * The results are tested on the basis of two subterms. For this purpose, the APA Term is divided into two subterms. The first subterm consists of all APA Covered Years ending on or before #DATE, and the second subterm consists of all other APA Covered Years. For each subterm, the results are tested as of the Last Effective APA Subterm Covered Year, for a period consisting of the Last Effective APA Subterm Covered Year and all prior APA Covered Years in the subterm.
- * The results are tested on a subterm basis for all APA Covered Years ending on or before #DATE (the "subterm"), and are tested annually for each other APA Covered Year, as follows:
 - The results are tested as of the Last Effective APA Subterm Covered Year, for a period consisting of the Last Effective APA Subterm Covered Year and all prior APA Covered Years in the subterm.
 - The results are tested as of each APA Covered Year that is not in the subterm, for a period consisting of that APA Covered Year.
- * The results are tested on a cumulative basis, meaning that (except as provided in the following sentence) they are not tested as of the first APA Covered Year but they are tested as of each other particular APA Covered Year for a period consisting of such particular APA Covered Year and all prior APA Covered Years. However, if the Last Effective APA Covered Year is the first APA Covered Year, then the results are tested as of the first APA Covered Year, for a period consisting of such APA Covered Year.
- * The results are tested on a three-year rolling average basis, meaning that the results are tested as of each APA Covered Year, for a period consisting of the APA Tax Year corresponding to the APA Covered Year (but excluding any portion of that APA Tax Year that is after the APA Term), and the Tested Party's two preceding tax years.

e. Other Provisions

The Tested Party's financial results, to be tested as described above, are for:

The Tested Party as a whole.

Only a segment of the Tested Party's activity. #DETAILED DESCRIPTION OF THE SEGMENT AND OF THE ALLOCATION AND APPORTIONMENT METHODS USED, INCLUDING ANY APPLICABLE FORMULAS AND DEFINITIONS OF QUANTITIES USED IN THOSE FORMULAS. THIS DESCRIPTION SHOULD BE DETAILED ENOUGH TO ENABLE A STRAIGHTFORWARD VERIFICATION OF COMPLIANCE BY THE IRS EXAMINATION TEAM.

When the Tested Party's financial results are tested as of a given APA Covered Year, those results shall reflect, to the extent relevant, any APA Primary Adjustment for this Covered Method made under section 5 of this Appendix A for the APA Tax Year corresponding to any prior APA Covered Year.

For this Covered Method, if applicable:

* For APA Covered Years ending on or before #DATE, it is agreed that this Covered Method, yields financial results as shown below, and that any APA Primary Adjustments under section 5 of this Appendix A are as shown below. #TEXT AND/OR TABLES SHOWING THE FINANCIAL RESULTS, THE TESTING OF THOSE FINANCIAL RESULTS UNDER THE COVERED METHOD, AND ANY RESULTING APA PRIMARY ADJUSTMENTS.

For this Covered Method, if applicable:

This Covered Method addresses the pricing for a transfer of intangible property (which does not constitute a platform contribution transaction as defined in U.S. Treasury Regulations section 1.482-7(b)(1)(ii)) within the meaning of U.S. Treasury Regulations section 1.482-4. That pricing will not be subject to periodic adjustments by the IRS, during or after the APA Term, under U.S. Treasury Regulations section 1.482-4(f)(2) or (6).

This Covered Method addresses the pricing for a platform contribution transaction ("PCT"). That PCT will not be treated as a Trigger PCT within the meaning of U.S. Treasury Regulations section 1.482-7(i)(6)(i) for purposes of making periodic adjustments, during or after the APA Term, under U.S. Treasury Regulations section 1.482-7(i)(6).

5. Application of Covered Method(s) to Income Reporting

For each APA Tax Year, and for each Covered Method and corresponding Covered Issue(s), the amounts reported by U.S. Taxpayer and Non-U.S. Taxpayer for income tax purposes under the laws of the United States and #COUNTRY(IES) must clearly reflect the Tested Party's actual transactions, allocations, and/or recordkeeping, as applicable, that relate to such Covered Issue(s), adjusted as necessary to conform with section 4 of this Appendix A. Accordingly, for each particular APA Tax Year and corresponding APA Covered Year, and for each such Covered Method:

i. If the Tested Party's financial results are tested as of such APA Covered Year and do not conform with section 4 of this Appendix A, then the tax reporting for such APA Tax Year must clearly reflect an adjustment that brings such results into conformance (an "APA Primary Adjustment"). If section 4 of this Appendix A specifies conformance to an Arm's Length Range, then the adjustment shall be to:

the Median.

* the near edge of the Arm's Length Range.

* the Median for Covered Issues #SPECIFY WHICH ONES, and the near edge of the Arm's Length Range for Covered Issues #SPECIFY WHICH ONES.

ii. If an adjustment is not required under paragraph (i) above, then the tax reporting must clearly reflect the Tested Party's financial results, with no adjustment. In this case there is no APA Primary Adjustment.

iii. If both an annual test and an additional term test apply under such Covered Method, and such APA Covered Year is the Last Effective APA Covered Year, so that as of such APA Covered Year the Tested Party's financial results are tested under both the annual test and the term test, then paragraphs (i) and (ii) above are modified by this paragraph (iii), which coordinates the application of both tests. As explained in more detail below, the annual test is applied first, followed by the term test. Specifically, the need for and amount of any APA Primary Adjustment for such APA Covered Year will be determined as follows:

A. First apply paragraphs (i) and (ii) above under the assumption that only the annual test applies. Any required adjustment will be referred to as the "annual adjustment" rather than an "APA Primary Adjustment." If there is no required adjustment, the annual adjustment is considered to be zero.

B. Next, apply paragraphs (i) and (ii) above to the Tested Party’s financial results as adjusted by any nonzero annual adjustment, under the assumption that only the term test applies to those results. Any required adjustment under this application of paragraphs (i) and (ii) will be referred to as the “term adjustment” rather than an “APA Primary Adjustment.” If there is no such required adjustment, the term adjustment is considered to be zero.

C. Add the annual adjustment and term adjustment, taking account of the magnitude and (if nonzero) direction of each. If this sum is zero, there is no APA Primary Adjustment for such APA Covered Year. If this sum is nonzero, this sum gives the magnitude and direction of the APA Primary Adjustment for such APA Covered Year. Any APA Primary Adjustment, or the lack of an APA Primary Adjustment, must be clearly reflected in the tax reporting for such APA Tax Year (see paragraphs (i) and (ii) above).

iv. If this APA is unilateral and such APA Covered Year is within the Rollback Period, then:

Paragraphs (i)-(iii) above notwithstanding, an APA Primary Adjustment will not be made if that APA Primary Adjustment would decrease the income of U.S. Taxpayer for such APA Tax Year.

* Paragraphs (i)-(iii) above apply without modification.

If indicated, the above provisions on APA Primary Adjustments are modified as follows:

* Any APA Primary Adjustment that would be made under the above provisions for an APA Tax Year ending before #DATE will instead be made for the APA Tax Year ending #THE SAME DATE (the “Telescoping Year”). For each particular Covered Method, all APA Primary Adjustments that are made for the Telescoping Year (including any APA Primary Adjustments that are moved to the Telescoping Year as just described, as well as any APA Primary Adjustment originally made for the Telescoping Year) are netted.

The foregoing provision applies without modification.

The foregoing provision applies with the following modification. An APA Primary Adjustment that is thus moved from a particular APA Tax Year (the “Original Year”) to the Telescoping Year shall be increased in amount to reflect the time value of money. That increase will consist of multiplication by a factor that is an annual rate raised to a power. The annual rate is 1.#XY. The power is the quotient of (i) the average of the number of months by which the end of the Telescoping Year is later than the end of the Original Year, and the number of months by which the start of the Telescoping Year is later than the start of the Original Year (with any fractions of months rounded to whole months), (ii) divided by twelve.

For U.S. tax purposes, the generally applicable Code rules will apply with respect to APA Primary Adjustments, except as otherwise provided in Rev. Proc. 2015–41 or in this APA.

6. Conforming Adjustments and Repatriation of Funds

The provisions in this section 6 apply to “Repatriable Issues,” which are Covered Issues that concern transactions between associated enterprises that fall under Article 9 of the OECD Model Tax Convention. Such transactions correspond to transactions that under U.S. law are subject to application of Code section 482, as modified by any applicable treaty provision.

If the application of a Covered Method to a Repatriable Issue requires an APA Primary Adjustment under section 5 of this Appendix A for a given APA Tax Year, then for U.S. tax purposes there generally must be a corresponding conforming adjustment as specified in U.S. Treasury Regulations section 1.482–1(g)(3) as amplified by Rev. Proc. 99–32 or any successor revenue procedure. However, for this purpose, all APA Primary Adjustments for such APA Tax Year arising from the application of a Covered Method to a Repatriable Issue are first netted to yield a net APA Primary Adjustment for such APA Tax Year. Only if the net APA Primary Adjustment is nonzero is a conforming adjustment required.

For each APA Tax Year with a nonzero net APA Primary Adjustment, for U.S. tax purposes the conforming adjustment will be accomplished in the following steps:

i. The conforming adjustment will be accomplished between #U.S. ENTITY and #NON-U.S. ENTITY, which will be referred to here as “U.S. Entity” and “Non- U.S. Entity”, respectively. An intercompany payable will be established between U.S. Entity and Non-U.S. Entity in the amount and direction of the net APA Primary Adjustment, as of the last day of such APA Tax Year. This payable will be denominated in #CURRENCY. The payable will be treated as indebtedness for all U.S. federal tax purposes; provided, however, that the payable will not be treated as indebtedness for purposes of Code section 956 if the payable is satisfied within 90 days of the close of the APA Tax Year with respect to which it is established.

ii. The intercompany payable will bear interest at an arm’s length rate.

Such arm’s length rate is not specified in this APA and will be determined under applicable legal principles.

- Such arm's length rate is determined as follows. #DESCRIPTION OF ARM'S LENGTH RATE (FOR EXAMPLE, FOR A U.S. DOLLAR PAYABLE, A CERTAIN APPLICABLE FEDERAL RATE UNDER U.S. TREASURY REGULATIONS SECTION 1.482-2(a)(2)(iii)(C)).
- This APA is bilateral or multilateral. As agreed between the United States and #COUNTRY(IES), the intercompany payable will not bear interest.
- iii. The intercompany payable must be satisfied, in a manner permitted under Rev. Proc. 99-32 or any successor revenue procedure, within 90 days of the later of (1) the date for timely filing (with extensions) of the U.S. return for such APA Tax Year, and (2) the APA's U.S. Effective Date. If any amount of the intercompany payable is not otherwise so satisfied within that 90-day period, such amount, on the last day of such period, will be deemed (1) to be paid between U.S. Entity and Non-U.S. Entity in satisfaction of the payable, and (2) to be paid (directly or indirectly, as specified below) between U.S. Entity and Non-U.S. Entity in the opposite direction (that is, from the deemed recipient of the intercompany payable to the deemed payor of the intercompany payable). These two deemed payments on the same day will cancel and thus yield no net cash flow between these two entities. The second of these deemed payments will be referred to as the "reverse payment." The reverse payment will be deemed to be as follows:
- A. If the net APA Primary Adjustment increases U.S. income:
- The reverse payment will be deemed to be a contribution to capital from U.S. Entity to Non-U.S. Entity, either directly, or indirectly through the corporate chain, as the case may be.
- The reverse payment will be deemed to be a distribution from U.S. Entity to Non-U.S. Entity, either directly, or indirectly through the corporate chain, as the case may be.
- The reverse payment will be deemed to be a distribution from U.S. Entity to #COMMON PARENT, either directly, or indirectly through the corporate chain, as the case may be, followed by a contribution by #COMMON PARENT to non-U.S. Entity, either directly or indirectly through the corporate chain, as the case may be.
- B. If the net APA Primary Adjustment decreases U.S. income:
- The reverse payment will be deemed to be a contribution to capital from non-U.S. Entity to U.S. Entity, either directly, or indirectly through the corporate chain, as the case may be.
- The reverse payment will be deemed to be a distribution from non- U.S. Entity to U.S. Entity, either directly, or indirectly through the corporate chain, as the case may be.
- The reverse payment will be deemed to be a distribution from non- U.S. Entity to #COMMON PARENT, either directly, or indirectly through the corporate chain, as the case may be, followed by a contribution by #COMMON PARENT to U.S. Entity, either directly, or indirectly through the corporate chain, as the case may be.

This situation is generally described in paragraph 4.66 of the OECD Guidelines, and in U.S. Treasury Regulations section 1.482-1(g) and Rev. Proc. 99-32.

In this APA, if applicable:

- * For the APA Tax Year(s) ending on or before #DATE, it is agreed that the net APA Primary Adjustment(s), if any, from the application of the Covered Methods are as follows: #FOR EACH SUCH APA TAX YEAR, DESCRIPTION OF WHETHER THERE IS A NET APA PRIMARY ADJUSTMENT, AND IF SO THE AMOUNT AND DIRECTION. IF THERE IS MORE THAN ONE COVERED METHOD FOR A REPATRIABLE ISSUE, ALSO PROVIDE A TABLE SHOWING THE DERIVATION, FOR EACH SUCH APA TAX YEAR, OF THE NET APA PRIMARY ADJUSTMENT FROM THE APA PRIMARY ADJUSTMENT (OR LACK OF ONE) FOR EACH SUCH COVERED METHOD. #FOR ANY SUCH NET APA PRIMARY ADJUSTMENTS, DESCRIPTION OF THE MEANS BY WHICH THE CONFORMING ADJUSTMENT HAS BEEN OR WILL BE SATISFIED, WITH APPLICABLE DATES.

7. Definitions

The definitions in the table below apply to this APA.

The defined terms in this table include certain measures of profitability (e.g., operating profit, operating margin). Most of these measures are ultimately defined in terms of sales revenue, operating expenses, and operating assets (defined terms), and cogs and non-interest-bearing liabilities (undefined terms). The definitions of sales revenue, operating expenses, and operating assets contain a limitation to the relevant business activity. Similarly, each use of the terms "cogs" and "non-interest-bearing liabilities" is accompanied by a limitation to the relevant business activity. Therefore, the measures of profitability based on these five terms all are defined with a limitation to the relevant business activity. (Certain other measures of profitability in this table relate to the provision of services and are defined with reference to those services. Therefore, those measures as well contain a limitation to the relevant business activity.)

Term	Definition
Arm’s Length Range	With respect to a particular Covered Method, a numerical range that defines the values for which certain financial results of the Tested Party are considered to satisfy the arm’s length standard. (This term may be referenced in section 4 of this Appendix A.)
APA Primary Adjustment	(Defined in section 5 of this Appendix A.)
APA Covered Year	(Defined in section 2 of this Appendix A.)
APA Term	(Defined in section 2 of this Appendix A.)
APA Tax Year	(Defined in section 2 of this Appendix A.)
Applicable Accounting Standard	The Applicable Accounting Standard is #CHOOSE FROM U.S. GAAP, IFRS, ETC. for U.S. Taxpayer and #CHOOSE FROM U.S. GAAP, IFRS, ETC. for Non-U.S. Taxpayer.
Berry ratio	The ratio of gross profit to operating expenses.
Code	The U.S. Internal Revenue Code of 1986, title 26 of the United States Code, as amended.
correspond, corresponding	(With regard to APA Covered Years and APA Tax Years, defined in section 2 of this Appendix A; with regard to Covered Issues and Covered Methods, defined in section 4 of this Appendix A.)
Covered Entity(ies)	(Defined in section 1 of this Appendix A.)
Covered Issue(s)	(Defined in section 3 of this Appendix A.)
Covered Method	A method used to resolve one or more Covered Issues, as described in section 4 of this Appendix A. (In some cases, this method may be a “transfer pricing method” within the meaning of chapter II of the OECD Guidelines and U.S. Treasury Regulations section 1.482–1(b).)
Critical Assumption fails, failure of a Critical Assumption	A Critical assumption “fails” when the Critical Assumption has not been met. This situation is referred to as the “failure” of the Critical Assumption.
Early Termination	A termination of this APA’s effectiveness, either in its entirety or only as applied to certain Covered Issues, before the end of the APA Term. Such a termination could result from one or more of the following circumstances: (i) a Critical Assumption failure, (ii) a violation of the terms and conditions of this APA, (iii) a cancellation of the APA under Rev. Proc. 2015–41, and (iv) an amendment of the APA. If an Early Termination so terminates this APA’s effectiveness as applied to a particular Covered Issue, the Early Termination is said to “apply” to or for that Covered Issue. Any such termination of effectiveness would occur as of the end of an APA Tax Year (see Rev. Proc. 2015–41, section 7.06). Because such end of an APA Tax Year is before the end of the APA Term, such end of an APA Tax Year is also the end of the corresponding APA Covered Year (see the definitions of APA Tax Year and APA Covered Year in section 2 of this Appendix A). Thus, an Early Termination always would occur as of the end of an APA Covered Year. That fact is assumed in the definitions in this table of Last Effective APA Covered Year and Last Effective APA Subterm Covered Year.
Gross profit	Sales revenue, less cost of goods sold for the relevant business activity.
Gross profit margin	gross profit, divided by sales revenue
Gross profit markup	gross profit, divided by cost of goods sold for the relevant business activity
Gross services margin	In connection with a provision of services, the ratio of gross services profit to the price paid for the services in an uncontrolled transaction. For this purpose, gross services profit equals the amount of such price that is retained by the Tested Party.
Gross services profit markup	In connection with a provision of services, gross services profit, divided by transactional costs. For this purpose, gross services profit equals sales revenue less transactional costs. Also, for this purpose, transactional costs equal costs directly attributable to providing the services. Such costs would include, for example, all compensation attributable to employees directly involved in the performance of such services, and costs of materials and supplies consumed or made available in rendering the services.
IFRS	International Financial Reporting Standards.

Term	Definition
Invested capital	Operating assets, less non-interest-bearing liabilities used in the relevant business activity.
IRS	The Internal Revenue Service, an agency of the U.S. government.
IFRS	International Financial Reporting Standards.
Last Effective APA Covered Year	For a particular Covered Method, the last APA Covered Year for which this APA remains effective as to the Covered Issue(s) corresponding to that Covered Method. The Last Effective APA Covered Year will be the last APA Covered Year unless an Early Termination applies to such Covered Issue(s). <i>See also</i> the definition in this table of Early Termination.
Last Effective APA Subterm Covered Year	For a particular Covered Method, and with reference to a particular set of APA Covered Years that is defined as a subterm, the last APA Covered Year in the subterm for which this APA remains effective as to the Covered Issue(s) corresponding to that Covered Method. The Last Effective APA Subterm Covered Year will be the last APA Covered Year in the subterm unless an Early Termination applies to such Covered Issue(s) and renders the APA ineffective as to such Covered Issue(s) before the end of the subterm. <i>See also</i> the definition in this table of Early Termination.
Markup on total costs	The ratio of operating profit to total costs.
Median	With respect to a particular Arm’s Length Range, the median of a set of observations of market data from which that Arm’s Length Range was determined.
Non-U.S. Taxpayer	(Defined in section 1 of this Appendix A.)
Non-U.S. Covered Entity(ies)	(Defined in section 1 of this Appendix A.)
OECD Guidelines	Organisation for Economic Co-operation and Development, <i>OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations</i> (July 2017).
OECD PE Report	Organisation for Economic Co-operation and Development, <i>2010 Report on Attribution of Profit to Permanent Establishments</i> (July 22, 2010).
Operating assets	The value of all assets used in the relevant business activity, including fixed assets and current assets (such as accounts receivable and inventories). The following items are excluded from operating assets: cash, cash equivalents, short-term investments, deferred tax assets, tax refunds, intangibles, investments in subsidiaries, portfolio investments.
Operating expenses	All expenses (including depreciation) not included in cost of goods sold except for interest expense, domestic and foreign income taxes, amortization of intangibles, and any other expenses not related to the operation of the relevant business activity. Operating expenses normally include, for example, expenses associated with advertising, promotion, sales, marketing, warehousing and distribution, administration, and a reasonable allowance for depreciation. For U.S. Taxpayer, foreign income taxes are defined in U.S. Treasury Regulations section 1.902–1(a)(7).
Operating margin	The ratio of operating profit to sales revenue.
Operating profit	Sales revenue, less cost of goods sold for the relevant business activity, less operating expenses.
Rev. Proc. 99–32	A revenue procedure issued by the IRS that is cited as Rev. Proc. 99- 32, 1999–2 C.B. 296.
Rev. Proc. 2015–41	A revenue procedure issued by the IRS that is cited as Rev. Proc. 2015–41, 2015–35 I.R.B 263.
Repatriable Issue	(Defined in section 6 of this Appendix A.)
Relevant Financial Data	With respect to a particular Covered Method, the financial results of the Tested Party that are tested, together with any other financial data (of the Tested Party or any other party) that are considered in determining compliance with the Covered Method.
Return on invested capital	(Defined in the same way as “return on operating assets,” but with “operating assets” replaced by “invested capital” wherever it occurs in the definition.)
Return on operating assets	With respect to a particular Covered Method, the Tested Party for that Covered Method, and a testing period used in that Covered Method, the operating profit over the testing period divided by the time- weighted average operating assets over the testing period.

Term	Definition
	<p>For this purpose, the time-weighted average operating assets over the testing period is the sum, over all APA Covered Years in the testing period, of the following product: (i) the simple average of the operating asset levels at the start and end of the APA Tax Year corresponding to such APA Covered Year, multiplied by (ii) the ratio of the number of calendar days in the APA Covered Year, to 365.</p> <p>For example, suppose that (i) the testing period consists of two consecutive APA Covered Years, the first with 183 calendar days and the second with 366 calendar days, (ii) the total operating profit over those two years is exactly 3.4, and (iii) the operating assets levels are exactly 10 at the start of the APA tax year corresponding to the first APA Covered Year, 16 at the end of the APA Tax Year corresponding to the first APA Covered Year (which is also the start of the APA Tax Year corresponding to the second APA Covered Year), and 22 at the end of the APA Tax Year corresponding to the second APA Covered Year. Then the time-weighted average operating assets over the testing period is $[(10+16)/2]*(183/365) + [(16+22)/2]*(366/365) = 25.5699$. The return on operating assets is then $3.4/25.5699 = 13.30\%$.</p>
Rollback Period	(This term, if applicable, is defined in section 2 of this Appendix A.)
Sales revenue	Total receipts from sale of goods and provision of services, less returns and allowances, for the relevant business activity.
Tax year	A standard or irregular year that is used for tax reporting purposes. For U.S. Taxpayer, a tax year is a “taxable year,” as defined in Code section 441.
Tested Party	(Defined in section 4 of this Appendix A with regard to a particular Covered Method.)
Testing period	The time period over which financial results are tested (see section 4 of Appendix A to this APA).
Total costs	Cost of goods sold for the relevant business activity, plus operating expenses.
U.S. Treasury Regulations	Tax regulations issued by the U.S. Treasury Department, found at title 26 of the Code of Federal Regulations.
U.S. Covered Entity(ies)	(Defined in section 1 of this Appendix A.)
U.S. Effective Date	The date, or later date of the dates, upon which the APA is executed by the IRS and by or on behalf of each U.S. Covered Entity.
U.S. GAAP	U.S. generally accepted accounting principles.
U.S. return	Any of the “Returns with respect to income taxes under subtitle A” required by Code section 6012, and any “return” for a partnership required by Code section 6031.
U.S. Taxpayer	(Defined in section 1 of this Appendix A.)

APPENDIX B

CRITICAL ASSUMPTIONS

The Critical Assumptions are:

1. The Covered Entities' business activities, functions performed, risks assumed, assets employed, contractual terms, markets, and economic conditions faced in relation to the Covered Issue(s) will remain materially the same as described in the APA Request. For this purpose, a mere change in business results will not be a material change.
2. The Covered Entities' financial accounting methods and classifications and methods of estimation in relation to the Covered Issue(s) and Covered Method(s) will remain materially the same as described or used in the APA Request.

If indicated, the effect of a critical assumption failure may be limited as follows:

- The failure of Critical Assumptions #XXX listed above will affect the effectiveness of this APA only as to Covered Issues #YYY listed in Appendix A. Thus, as to the other Covered Issues, the APA will remain in force (except to the extent some other condition affects the APA's effectiveness as to those Covered Issues).

The Covered Entities will not cause a critical assumption to fail for the purpose of rendering the APA ineffective, unless they have an independent business justification (unrelated to rendering the APA ineffective) for the action that causes the critical assumption to fail. If one or more Covered Entities do cause a critical assumption to fail for the purpose of rendering the APA ineffective, and without such independent business justification, then the Covered Entities will not withhold consent to an amendment to this APA to the effect that this APA will continue in force without regard to such failure. In this case, if a Covered Entity refuses to sign such an amendment, such an amendment may be executed without such signature and will then have the same force and effect as if the amendment had such signature.

APPENDIX C

APA RECORDS AND ANNUAL REPORT

APA RECORDS

The APA Records will consist of all documents listed below for inclusion in the Annual Report, as well as all documents, notes, work papers, records, or other writings that support the information provided in such documents.

ANNUAL REPORT

An Annual Report must be submitted for each APA Tax Year in accordance with paragraph 6(e) of the APA and section 7.02 of Rev. Proc. 2015–41.

For each APA Tax Year, the Annual Report (and each copy or version as required by paragraph 6(e) of the APA) will include:

1. Two copies of a properly completed APA Annual Report Summary in the form of Appendix D to this APA, one copy of the form bound with, and one copy provided separately from, the rest of the Annual Report. (The electronic version of the Annual Report need have only one copy of this item.)
2. A table of contents, organized according to the additional required items listed below.
3. For such APA Tax Year and the corresponding APA Covered Year, statements that fully identify, describe, analyze, and explain:
 - a. All material differences between the Covered Entities' business activities, functions performed, risks assumed, assets employed, contractual terms, markets, and economic conditions faced in relation to the Covered Issues during such APA Covered Year from those same items described in the APA Request. If there have been no such material differences, the Annual Report will include a statement to that effect.
 - b. All material differences between Covered Entities' financial accounting methods and classifications and methods of estimation in relation to the Covered Issues and Covered Methods used during such APA Covered Year, from those described or used in the APA Request. If any change was made to conform to changes in the Applicable Accounting Standard, U.S. Taxpayer will specifically identify the change. If there have been no such material differences, the Annual Report will include a statement to that effect.
 - c. Regarding notices under paragraph 16 of the APA:
 - i. A current statement of how the IRS should provide such notices to U.S. Taxpayer (and, if applicable, to U.S. Taxpayer's representative).
 - ii. A copy of any such notices that were submitted by U.S. Taxpayer to the IRS after the last Annual Report was submitted (or, if there was no prior Annual Report, after the APA was executed). If there were no such notices, the Annual Report will include a statement to that effect.
 - d. Any failure of any Critical Assumption. If there has been no such failure, the Annual Report will include a statement to that effect.
 - e. Whether or not material information submitted while the APA Request was pending is discovered to be false, incorrect, or incomplete, and if so a correction or completion of that information, as applicable.
 - f. Any change to any entity classification for federal income tax purposes (including any change that causes an entity to be disregarded for federal income tax purposes) of any Worldwide Group member that is a Covered Entity or is otherwise relevant to the Covered Issue(s) or Covered Method(s).
 - g. The following regarding any APA Primary Adjustments made for such APA Tax Year under Appendix A to this APA:
 - i. The amounts of any APA Primary Adjustments;
 - ii. The circumstances that led to such APA Primary Adjustments being necessary;
 - iii. A calculation of the net APA Primary Adjustment as defined in Appendix A to this APA; and
 - iv. A complete description of the means by which the conforming adjustment (see section 6 of Appendix A to this APA) is accomplished, including:
 - A. a description of any accounts payable established, including the entities involved and when the payables are established;

- B. a description of any amounts paid or deemed paid (including amounts paid or deemed paid in satisfaction of an intercompany payable established as described in section 6 of Appendix A to this APA, and including any deemed reverse payments as described in section 6 of Appendix A to this APA), that specifies the entities involved, when the amounts are paid or deemed paid, and by what means any amounts are actually paid; and
 - C. the character (such as capital, ordinary, income, expense, dividend, contribution to capital) and country source of any payments and deemed payments, and the specific affected line item(s) of any affected U.S. return;
- h. A detailed numerical explanation of how the result of the application of the Covered Methods is reflected on the U.S. return, with reference to particular line items on the U.S. return. This explanation shall include the amounts, description, reason for, and financial analysis of any book-tax differences, as reflected on Schedule M-1 or Schedule M-3 of the U.S. return for such APA Tax Year, that (i) are relevant to an APA Primary Adjustment, (ii) otherwise are relevant to the book and tax treatment of any income or expense item that is part of the Relevant Financial Data for, or is determined by, any Covered Method for such APA Tax Year, or (iii) otherwise are relevant to the APA. U.S. Taxpayer shall not simply attach a copy of the pertinent schedule. Rather, U.S. Taxpayer shall specifically identify the relevant items from that schedule and shall describe in appropriate detail the nature of those items, how they arose, and how they are accounted for.
 - i. Whether or not U.S. Taxpayer contemplates requesting, or has requested, to renew, modify, or cancel the APA.
4. The Financial Statements and additional statements required under paragraph 6(f) of the APA, for such APA Tax Year and for any other tax year whose financial data are relevant to compliance with the APA for such APA Tax Year;
 5. A financial analysis that includes U.S. Taxpayer's calculations to apply the Covered Method(s) to the Covered Issue(s) for such APA Covered Year and supports those calculations with additional material that ties those calculations to the Financial Statements. The intent of this requirement is that the analysis submitted should provide a clear, complete, detailed, and self-contained means by which the IRS can verify compliance with the Covered Method(s). This requirement is further explained as follows:
 - a. The additional material must support every numerical input to U.S. Taxpayer's calculations.
 - b. The additional material could include, for example, consolidating financial statements, segmented financial data, and records from the general ledger.
 - c. Where segmented data are used, U.S. Taxpayer must specify in detail how it accomplished the segmentation, including how it made allocations and apportionments, including (i) the definition and calculation of any apportionment keys used, and (ii) the calculations applying such keys. The inputs used for those various calculations must be tied to the Financial Statements.
 - d. The additional material must be annotated sufficiently to let the IRS easily trace U.S. Taxpayer's entire calculations to objective, verifiable sources of data.
 - e. Where needed for clarity, terms must be defined.
 6. The financial results pertinent to the Covered Method(s), for such APA Covered Year and all prior years, entered along with data concerning the Covered Method(s) in an electronic results template available by contacting APMA.
 7. An organizational chart for Worldwide Group, revised annually to reflect all ownership or structural changes of the Covered Entities and any other entities that are relevant to the Covered Issue(s) or are otherwise relevant to the Covered Method(s).
 - * An organizational chart for a part of Worldwide Group that includes all Covered Entities and includes any other entities relevant to the Covered Issue(s) or Covered Method(s), revised annually to reflect all ownership or structural changes of entities that are involved in the Covered Issue(s) or are otherwise relevant to the Covered Issue(s) or Covered Method(s).
 8. A valid IRS Form 2848 "Power of Attorney and Declaration of Representative" for any representative to receive notices under paragraph 16 of this APA.
 9. A copy of the APA and any amendment.
 10. A penalty of perjury statement, executed in accordance with Rev. Proc. 2015-41, sections 7.02(8) and (9).

APPENDIX D

APA ANNUAL REPORT SUMMARY FORM

The APA Annual Report Summary on the next page is a required APA Record. APMA supplies some of the information requested on the form. U.S. Taxpayer is to supply the remaining information requested by the form and submit the form as part of its Annual Report.

Internal Revenue Service	APMA Case No.
Large Business and International Division	Reviewer
Treaty & Transfer Pricing Operations	Team Leader
Advance Pricing Mutual Agreement Program	Economist
	Other APA Team Members

APA Information
U.S. Taxpayer's Name
U.S. Taxpayer's EIN
U.S. Taxpayer's NAICS
Unilateral/Bilateral/Multilateral
Original or Renewal
APA Common Name, if any
APA Request Filing Date
Date APA Executed
APA Term (date-to-date, inclusive)
Foreign Countr(y)ies Involved
Annual Report Due Dates for years ending on or before [date]:
Annual Report Due Dates for other years: [last month of tax year] 15 following close of year
Covered Methods Summary Description (e.g., CPM, operating margin 2%–5%)
Taxpayer's Principal Representative

APA Annual Report Information:	
Year(s) covered by this Annual Report	
Issues for APMA's special attention (or "None")	
Taxpayer Notice Person	Name
<i>If necessary, include a current Form 2848 for the Notice Person</i>	Title
	Address
	City/State/Zip
	Phone/Fax
	Email
Current Representative, if any	Name
<i>Include a current Form 2848 for the representative</i>	Title
	Address
	City/State/Zip
	Phone/Fax
	Email
Date Annual Report Filed (to be filled in by APMA):	

Definition of Terms

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

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

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

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

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

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

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

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

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

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

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

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

Abbreviations

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

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

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

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

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¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2018–27 through 2018–52 is in Internal Revenue Bulletin 2018–52, dated December 27, 2018.

Finding List of Current Actions on Previously Published Items¹

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¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2018–27 through 2018–52 is in Internal Revenue Bulletin 2018–52, dated December 27, 2018.

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INTERNAL REVENUE BULLETIN

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/*.

We Welcome Comments About the Internal Revenue Bulletin

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