

# INTERNAL REVENUE BULLETIN



## HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

**Bulletin No. 2020-7**  
**February 10, 2020**

## EMPLOYEE PLANS

### **Notice 2020-6, page 411.**

Under pre-amended law, by January 31st, financial institutions would have had to notify IRA owners who turned 70½ in 2020 about the required minimum distribution (RMD) which would have needed to be made for 2020. The SECURE Act changed the age triggering the RMD requirement from 70½ to 72, so these notices are no longer due under the amended law. The attached notice provides that if a RMD statement is provided for 2020 to an IRA owner who will attain age 70½ in 2020, the IRS will not consider such statement to be incorrect, provided that the financial institution notifies the IRA owner no later than April 15, 2020, that no RMD is due for 2020.

### **Notice 2020-7, page 411.**

This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for January 2020 used under § 417(e)(3)(D), the 24-month average segment rates applicable for January 2020, and the 30-year Treasury rates, as reflected by the application of § 430(h)(2)(C)(iv).

## EXCISE TAX

### **Notice 2020-8, page 415.**

The notice provides the rules that claimants must follow to make a one-time claim for the credits and payments for biodiesel (including renewable diesel) mixtures and alternative fuels sold or used during calendar years 2018 and 2019. The notice also provides instructions for how a claimant may offset its taxable fuel liability with the alternative fuel mixture credit for 2018 and 2019, and provides instructions for how a claimant may make certain income tax claims for biodiesel, second generation biofuel, and alternative fuel. The credits had expired on December 31, 2017, but were retroactively reinstated as part of the Further Consolidated Appropriations Act of 2020.

Finding Lists begin on page ii.

## INCOME TAX

### **Rev. Rul. 2020-3, page 409.**

Federal rates; adjusted federal rates; adjusted federal long-term rate, the long-term exempt rate, and the blended annual rate. For purposes of sections 382, 1274, 1288, 7872 and other sections of the Code, tables set forth the rates for February 2020.

### **Notice 2020-9, page 417.**

This notice publishes the inflation adjustment factor for calendar years 2018 and 2019 for the Indian coal production credit under section 45 of the Code. The inflation adjustment factor is used in determining the availability of the credit.

# The IRS Mission

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

## Introduction

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

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

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

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

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

The Bulletin is divided into four parts as follows:

### **Part I.—1986 Code.**

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

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

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

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

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

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

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

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

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# Part I

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

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

### Rev. Rul. 2020-3

This revenue ruling provides various prescribed rates for federal income tax

purposes for February 2020 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the

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

<b>REV. RUL. 2020-3 TABLE 1</b>				
Applicable Federal Rates (AFR) for February 2020				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
	<i>Short-term</i>			
AFR	1.59%	1.58%	1.58%	1.57%
110% AFR	1.75%	1.74%	1.74%	1.73%
120% AFR	1.91%	1.90%	1.90%	1.89%
130% AFR	2.06%	2.05%	2.04%	2.04%
	<i>Mid-term</i>			
AFR	1.75%	1.74%	1.74%	1.73%
110% AFR	1.92%	1.91%	1.91%	1.90%
120% AFR	2.10%	2.09%	2.08%	2.08%
130% AFR	2.27%	2.26%	2.25%	2.25%
150% AFR	2.63%	2.61%	2.60%	2.60%
175% AFR	3.07%	3.05%	3.04%	3.03%
	<i>Long-term</i>			
AFR	2.15%	2.14%	2.13%	2.13%
110% AFR	2.36%	2.35%	2.34%	2.34%
120% AFR	2.59%	2.57%	2.56%	2.56%
130% AFR	2.80%	2.78%	2.77%	2.76%

<b>REV. RUL. 2020-3 TABLE 2</b>				
Adjusted AFR for February 2020				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.20%	1.20%	1.20%	1.20%
Mid-term adjusted AFR	1.32%	1.32%	1.32%	1.32%
Long-term adjusted AFR	1.63%	1.62%	1.62%	1.61%

**REV. RUL. 2020-3 TABLE 3**

Rates Under Section 382 for February 2020

Adjusted federal long-term rate for the current month	1.63%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	1.63%

**REV. RUL. 2020-3 TABLE 4**

Appropriate Percentages Under Section 42(b)(1) for February 2020

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

Appropriate percentage for the 70% present value low-income housing credit	7.45%
Appropriate percentage for the 30% present value low-income housing credit	3.19%

**REV. RUL. 2020-3 TABLE 5**

Rate Under Section 7520 for February 2020

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2020. See Rev. Rul. 2020-3, page 409.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2020. See Rev. Rul. 2020-3, page 409.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2020. See Rev. Rul. 2020-3, page 409.

**Section 280G.—Golden Parachute Payments**

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2020. See Rev. Rul. 2020-3, page 409.

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

The applicable federal short-term rates are set forth for the month of February 2020. See Rev. Rul. 2020-3, page 409.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2020. See Rev. Rul. 2020-3, page 409.

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

The adjusted applicable federal long-term rate is set forth for the month of February 2020. See Rev. Rul. 2020-3, page 409.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2020. See Rev. Rul. 2020-3, page 409.

**Section 7520.—Valuation Tables**

The applicable federal mid-term rates are set forth for the month of February 2020. See Rev. Rul. 2020-3, page 409.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2020. See Rev. Rul. 2020-3, page 409.

## Part III

### Relief for Reporting Required Minimum Distributions for IRAs for 2020

#### Notice 2020-6

##### PURPOSE

This notice provides guidance to financial institutions on reporting required minimum distributions for 2020 after the amendment of § 401(a)(9) of the Internal Revenue Code by the Further Consolidated Appropriations Act, 2020, P. L. 116-94 (the Act).

##### BACKGROUND

The Act was enacted on December 20, 2019. Division O of the Act, titled “Setting Every Community Up for Retirement Enhancement Act of 2019” (SECURE Act), included a number of retirement savings provisions. Section 114 of the SECURE Act amended § 401(a)(9) to change the required beginning date applicable to § 401(a) plans and other eligible retirement plans described in § 402(c)(8), including individual retirement accounts and annuities (IRAs). The new required beginning date for an IRA owner is April 1 of the calendar year following the calendar year in which the individual attains age 72, rather than April 1 of the calendar year following the calendar year in which the individual attains age 70½.

This amendment to § 401(a)(9) is effective for distributions required to be made after December 31, 2019, with respect to individuals who will attain age 70½ after that date. As a result of this change, IRA owners who will attain age 70½ in 2020 will not have a required beginning date of April 1, 2021. This means that these IRA owners (who, prior to enactment of the SECURE Act, would have been required to take minimum distributions from their IRAs for 2020) will have no required minimum distribution (RMD) for 2020.

##### IRA REPORTING AND RELIEF

If an IRA owner has an RMD due for 2020, the financial institution that is the trustee, custodian, or issuer maintaining the IRA must file a 2019 Form 5498 (*IRA Contribution Information*) by June 1, 2020, and indicate by a check in Box 11 that an RMD is required for 2020. The financial institution may also choose to provide further information in Box 12a (RMD Date) and Box 12b (RMD Amount). Additionally, under Notice 2002-27, 2002-1 C.B. 814, if an IRA owner has an RMD due for 2020, the financial institution must furnish an RMD statement to the IRA owner by January 31, 2020, that informs the IRA owner of the date by which the RMD must be distributed, and either provides the amount of the RMD or offers to calculate that amount upon request.

The RMD statement required under Notice 2002-27 should not be sent to IRA owners who will attain age 70½ in 2020. However, in recognition of the short amount of time after the enactment of the SECURE Act that financial institutions have had to change their systems for furnishing the RMD statement, relief is being provided. Under this relief, if a financial institution provides an RMD statement to an IRA owner who will attain age 70½ in 2020 (including by providing a Form 5498), then the Internal Revenue Service (IRS) will not consider such a statement to have been provided incorrectly, but only if the IRA owner is notified by the financial institution no later than April 15, 2020, that no RMD is required for 2020.

For IRA owners who will attain age 70½ in 2020, the 2019 Form 5498 should not include a check in Box 11 or entries in Box 12a or 12b.

##### OTHER MATTERS

The SECURE Act did not change the required beginning date for IRA owners who attained age 70½ prior to January 1, 2020. In order to reduce misunderstanding among IRA owners, the IRS encourages all financial institutions, in communicating these RMD changes, to remind IRA

owners who attained age 70½ in 2019, and have not yet taken their 2019 RMDs, that they are still required to take those distributions by April 1, 2020.

The Department of the Treasury and the IRS are considering what additional guidance should be provided with respect to the SECURE Act, including guidance for plan administrators, payors, and distributees if a distribution to a plan participant or IRA owner who will attain age 70½ in 2020 was treated as an RMD.

##### DRAFTING INFORMATION

The principal author of this notice is Brandon Ford of the Office of the Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice, contact Brandon Ford at (202) 317-4148 (not a toll-free number).

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

#### Notice 2020-7

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

##### YIELD CURVE AND SEGMENT RATES

Section 430 specifies the minimum funding requirements that apply to single-employer plans (except for CSEC

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

Notice 2007-81, 2007-44 I.R.B. 899, provides guidelines for determining the monthly corporate bond yield curve, and the 24-month average corporate bond segment rates used to compute the target normal cost and the funding target. Consistent with the methodology specified in Notice 2007-81, the monthly corporate bond yield curve derived from December 2019 data is in Table 2019-12 at the end of this notice. The spot first, second, and third segment rates for the month of December 2019 are, respectively, 2.03, 3.06, and 3.59.

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

centages of the corresponding 25-year average segment rates. For plan years beginning before 2021, the applicable minimum percentage is 90% and the applicable maximum percentage is 110%. The 25-year average segment rates for plan years beginning in 2018, 2019, and 2020 were published in Notice 2017-50, 2017-41 I.R.B. 280, Notice 2018-73, 2018-40 I.R.B. 526 and Notice 2019-51, 2019-41 I.R.B. 866, respectively.

**24-MONTH AVERAGE CORPORATE BOND SEGMENT RATES**

The three 24-month average corporate bond segment rates applicable for January 2020 without adjustment for the 25-year average segment rate limits are as follows:

<i>24-Month Average Segment Rates Without 25-Year Average Adjustment</i>			
<b>Applicable Month</b>	<b>First Segment</b>	<b>Second Segment</b>	<b>Third Segment</b>
January 2020	2.77	3.83	4.28

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

2020, adjusted to be within the applicable minimum and maximum percentages of

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

<i>Adjusted 24-Month Average Segment Rates</i>				
<b>For Plan Years Beginning In</b>	<b>Applicable Month</b>	<b>First Segment</b>	<b>Second Segment</b>	<b>Third Segment</b>
2018	January 2020	3.92	5.52	6.29
2019	January 2020	3.74	5.35	6.11
2020	January 2020	3.64	5.21	5.94

**30-YEAR TREASURY SECURITIES INTEREST RATES**

Section 431 specifies the minimum funding requirements that apply to multi-employer plans pursuant to § 412. Section 431(c)(6)(B) specifies a minimum amount for the full-funding limitation described in § 431(c)(6)(A), based on the plan's current liability. Section 431(c)(6)(E)(ii)(I) pro-

vides that the interest rate used to calculate current liability for this purpose must be no more than 5 percent above and no more than 10 percent below the weighted average of the rates of interest on 30-year Treasury securities during the four-year period ending on the last day before the beginning of the plan year. Notice 88-73, 1988-2 C.B. 383, provides guidelines for determining the weighted average interest rate. The rate

of interest on 30-year Treasury securities for December 2019 is 2.30 percent. The Service determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in November 2049. For plan years beginning in January 2020, the weighted average of the rates of interest on 30-year Treasury securities and the permissible range of rates used to calculate current liability are as follows:

<i>Treasury Weighted Average Rates</i>		
<b>For Plan Years Beginning In</b>	<b>30-Year Treasury Weighted Average</b>	<b>Permissible Range 90% to 105%</b>
January 2020	2.81	2.52 to 2.95

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

MINIMUM PRESENT VALUE  
SEGMENT RATES

In general, the applicable interest rates

under § 417(e)(3)(D) are segment rates computed without regard to a 24-month average. Notice 2007-81 provides guidelines for determining the minimum pres-

ent value segment rates. Pursuant to that notice, the minimum present value segment rates determined for December 2019 are as follows:

<b>Month</b>	<i>Minimum Present Value Segment Rates</i>		
	<b>First Segment</b>	<b>Second Segment</b>	<b>Third Segment</b>
December	2.03	3.06	3.59

DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of the Asso-

ciate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). However, other personnel from the IRS participated in the development

of this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-6700 or Paul Stern at 202-317-8702 (not toll-free numbers).

**Table 2019-12**

Monthly Yield Curve for December 2019

Derived from December 2019 Data

<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>
0.5	1.85	20.5	3.46	40.5	3.61	60.5	3.66	80.5	3.69
1.0	1.91	21.0	3.46	41.0	3.61	61.0	3.66	81.0	3.69
1.5	1.96	21.5	3.47	41.5	3.61	61.5	3.66	81.5	3.69
2.0	1.99	22.0	3.48	42.0	3.61	62.0	3.66	82.0	3.69
2.5	2.02	22.5	3.48	42.5	3.61	62.5	3.66	82.5	3.69
3.0	2.04	23.0	3.49	43.0	3.62	63.0	3.67	83.0	3.69
3.5	2.07	23.5	3.49	43.5	3.62	63.5	3.67	83.5	3.69
4.0	2.10	24.0	3.50	44.0	3.62	64.0	3.67	84.0	3.69
4.5	2.14	24.5	3.50	44.5	3.62	64.5	3.67	84.5	3.69
5.0	2.20	25.0	3.51	45.0	3.62	65.0	3.67	85.0	3.69
5.5	2.26	25.5	3.51	45.5	3.62	65.5	3.67	85.5	3.69
6.0	2.33	26.0	3.52	46.0	3.63	66.0	3.67	86.0	3.69
6.5	2.40	26.5	3.52	46.5	3.63	66.5	3.67	86.5	3.69
7.0	2.48	27.0	3.52	47.0	3.63	67.0	3.67	87.0	3.70
7.5	2.56	27.5	3.53	47.5	3.63	67.5	3.67	87.5	3.70
8.0	2.64	28.0	3.53	48.0	3.63	68.0	3.67	88.0	3.70
8.5	2.72	28.5	3.54	48.5	3.63	68.5	3.67	88.5	3.70
9.0	2.79	29.0	3.54	49.0	3.64	69.0	3.68	89.0	3.70
9.5	2.86	29.5	3.54	49.5	3.64	69.5	3.68	89.5	3.70
10.0	2.92	30.0	3.55	50.0	3.64	70.0	3.68	90.0	3.70
10.5	2.98	30.5	3.55	50.5	3.64	70.5	3.68	90.5	3.70
11.0	3.04	31.0	3.56	51.0	3.64	71.0	3.68	91.0	3.70
11.5	3.09	31.5	3.56	51.5	3.64	71.5	3.68	91.5	3.70
12.0	3.13	32.0	3.56	52.0	3.64	72.0	3.68	92.0	3.70
12.5	3.18	32.5	3.57	52.5	3.64	72.5	3.68	92.5	3.70
13.0	3.21	33.0	3.57	53.0	3.65	73.0	3.68	93.0	3.70
13.5	3.25	33.5	3.57	53.5	3.65	73.5	3.68	93.5	3.70
14.0	3.28	34.0	3.57	54.0	3.65	74.0	3.68	94.0	3.70
14.5	3.30	34.5	3.58	54.5	3.65	74.5	3.68	94.5	3.70
15.0	3.32	35.0	3.58	55.0	3.65	75.0	3.68	95.0	3.70
15.5	3.34	35.5	3.58	55.5	3.65	75.5	3.68	95.5	3.70
16.0	3.36	36.0	3.59	56.0	3.65	76.0	3.68	96.0	3.70
16.5	3.38	36.5	3.59	56.5	3.65	76.5	3.68	96.5	3.70
17.0	3.39	37.0	3.59	57.0	3.65	77.0	3.69	97.0	3.70
17.5	3.40	37.5	3.59	57.5	3.66	77.5	3.69	97.5	3.70
18.0	3.41	38.0	3.60	58.0	3.66	78.0	3.69	98.0	3.70
18.5	3.42	38.5	3.60	58.5	3.66	78.5	3.69	98.5	3.70
19.0	3.43	39.0	3.60	59.0	3.66	79.0	3.69	99.0	3.70
19.5	3.44	39.5	3.60	59.5	3.66	79.5	3.69	99.5	3.71
20.0	3.45	40.0	3.60	60.0	3.66	80.0	3.69	100.0	3.71



# Biodiesel and Alternative Fuels; Claims for 2018-2019

## Notice 2020-8

### SECTION 1. PURPOSE

This notice provides rules claimants must follow to make a one-time claim for payment of the credits and payments allowable under §§ 6426(c), 6426(d), and 6427(e) of the Internal Revenue Code (Code) for biodiesel (including renewable diesel) mixtures and alternative fuels sold or used during calendar years 2018 and 2019 (collectively, 2018 - 2019 biodiesel and alternative fuel incentives). These rules are prescribed under §§ 121 and 133 of the Taxpayer Certainty and Disaster Tax Relief Act of 2019, enacted as part of the Further Consolidated Appropriations Act, 2020, Division Q, Pub. L. 116-94 (December 20, 2019) (the Act). This notice also provides instructions for how a claimant may offset its § 4081 liability with the § 6426(e) alternative fuel mixture credit for 2018 and 2019, and provides instructions for how a claimant may make certain income tax claims for biodiesel, second generation biofuel, and alternative fuel.

### SECTION 2. BACKGROUND

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

Blenders of biodiesel (including renewable diesel) mixtures and persons that sell

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

The Code provisions that authorize these credits and payments expired for sales and uses after December 31, 2017. Sections 121(b)(1)(A) and (B) and 133(a)(1) and (2) of the Act reinstate the biodiesel mixture credit for sales and uses through 2022, and the alternative fuel credit and alternative fuel mixture credit for sales and uses through 2020. Sections 121(b)(3) and 133(a)(3) of the Act direct the Secretary of the Treasury or the Secretary's delegate (Secretary) to issue guidance providing for a one-time submission of claims under §§ 6426(c), 6426(d), and 6427(e) for 2018 and 2019. The Act requires the guidance to provide for a 180-day period for the submission of claims (in such manner as prescribed by the Secretary) to begin no later than 30 days after the guidance is issued.

Sections 121(a) and 122 of the Act also reinstate Code provisions authorizing credits for biodiesel and renewable diesel used as fuel (§ 40A), and second generation biofuel producers (§ 40(b)(6)), respectively. The credit for biodiesel and renewable diesel used as fuel expired for sales and uses after December 31, 2017, and was reinstated by the Act for sales and uses through 2022. The second generation biofuel producer credit expired for production after December 31, 2017, and was reinstated by the Act for production through 2020.

### SECTION 3. SCOPE

This notice provides the procedure for claiming 2018 - 2019 biodiesel and alternative fuel incentives. Claimants that filed "protective" or anticipatory claims for biodiesel and alternative fuel incentives covered by this notice should refile their claims pursuant to the procedures provided in this notice. The Internal Revenue Service (IRS) will not treat as perfected any such protective or anticipatory claims previously filed with the IRS that are not timely supplemented in accordance with these procedures.

Except as provided by this notice, the rules in Notice 2005-4, 2005-1 C.B. 289 (providing guidance on alcohol and biodiesel fuel tax credits and payments), as modified by Notice 2005-62, 2005-2 C.B. 443 (providing guidance for certain biodiesel issues not addressed in Notice 2005-4), and Notice 2006-92, 2006-2 C.B. 774 (providing guidance on alternative fuel and alternative fuel mixture taxes, credits, and payments), apply to claims for 2018 - 2019 biodiesel and alternative fuel incentives.

This notice also prescribes a method for submitting claims for the alternative fuel mixture credit relating to alternative fuel mixtures sold or used during 2018 and/or 2019.

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

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

Claimants must follow the procedures listed below to make a one-time claim under this notice for credits and payments allowable under §§ 6426(c), 6426(d), and 6427(e), relating to 2018 - 2019 biodiesel and alternative fuel incentives.

- Claimants must submit claims for 2018 - 2019 biodiesel and alternative fuel incentives on Form 8849, Claim for Refund of Excise Taxes.
- Claimants must include Schedule 3 (Form 8849), Certain Fuel Mixtures and the Alternative Fuel Cred-

it, with their submission and enter any amounts for 2018 - 2019 biodiesel and alternative fuel incentives on Line 2 and Line 3 of Schedule 3 (Form 8849), as appropriate.

- Each claimant must claim all 2018 - 2019 biodiesel and alternative fuel incentives for which the claimant is eligible on a single Form 8849 and Schedule 3 (Form 8849).
- Claimants must follow the instructions to Form 8849 and Schedule 3 (Form 8849) when preparing their submission to the extent that those instructions do not conflict with this notice.
- Each claimant must mail its submission to the address listed for Schedule 3 (Form 8849) in the instructions to Form 8849 under Where to File. Alternatively, claimants may electronically file Form 8849 and Schedule 3 (Form 8849) through any electronic return originator, transmitter, or intermediate service provider participating in the IRS e-file program for excise taxes.
- Claimants are reminded that they must be registered by the IRS in order to make alternative fuel claims under §§ 6426(d) and 6427(e). Claimants that are not already registered by the IRS may apply to the IRS for registration by filing Form 637, Application for Registration (For Certain Excise Tax Activities), in accordance with the instructions to Form 637.
- Claimants must have and maintain adequate records to substantiate eligibility for the 2018 - 2019 biodiesel and alternative fuel incentives.

#### **SECTION 5. CLAIM PERIOD AND DUE DATE FOR BIODIESEL AND ALTERNATIVE FUEL INCENTIVES**

The 180-day claim period for 2018 - 2019 biodiesel and alternative fuel incentives begins on February 14, 2020. Consequently, all claims for 2018 - 2019 biodiesel and alternative fuel incentives must be filed on or before August 11, 2020. The IRS will not process claims filed after that date. The IRS will deem any claim that is submitted by the method prescribed in this notice before February 14, 2020, as filed on February 14, 2020.

If the IRS does not pay a 2018 - 2019 biodiesel and alternative fuel incentives claim that conforms to this notice within 60 days after the claim is received, the IRS will pay the claim with interest from the claim filing date (February 14, 2020, in the case of claims submitted before that date) using the overpayment rate and method provided by § 6621 of the Code.

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

Claimants must follow the procedures listed below to claim the alternative fuel mixture credit allowable under § 6426(e) for 2018 and/or 2019.

- For 2018 and 2019, all alternative fuel mixture credit claims allowed by § 6426(e) must be made on Form 720X, Amended Quarterly Federal Excise Tax Return.
- Claimants must file one Form 720X for 2018 claims and a separate Form 720X for 2019 claims.
- Claimants must enter amounts for 2018 or 2019 alternative fuel mixture credit claims on Line 2 of Form 720X by quarter. In addition, on Line 6 of Form 720X, claimants must identify, by quarter, the type of alternative fuel(s) in the mixture(s) for which a credit is being claimed and the number of gallons of alternative fuel(s) used by the claimant in producing the mixture(s). This information is the same information claimants are required to report on Line 13 of Schedule C to Form 720, Quarterly Federal Excise Tax Return.
- Claimants must follow the instructions to Form 720X when preparing their submission(s) to the extent that those instructions do not conflict with this notice.
- Each claimant must mail its submission(s) to the address listed for Form 720X in the instructions under Where to File.
- Claimants must be registered by the IRS in order to make alternative fuel mixture credit claims under § 6426(e). Claimants that are not already registered by the IRS may apply to the IRS for registration by filing Form 637, Application for Registration

(For Certain Excise Tax Activities), in accordance with the instructions to Form 637.

- Claimants are reminded that § 6426(e) alternative fuel mixture credit claims for any quarter may not exceed the claimant's § 4081 liability incurred in the quarter for which the credit is being claimed. Further, § 6430 provides in part that the alternative fuel mixture credit shall not be applied against tax imposed at the Leaking Underground Storage Tank Trust Fund financing rate.
- Claimants must have and maintain adequate records to substantiate eligibility for the 2018 or 2019 § 6426(e) credit.
- Failure to file a Form 720, Quarterly Federal Excise Tax Return, and remit the § 4081 tax due for any quarter in 2018 or 2019 before submitting a claim allowed by § 6426(e) on Form 720X will result in delayed processing of the claim (and delayed payment of refunds resulting from the credit) or denial of the claim.
- Failure to follow the claim procedure in this section will result in delayed processing or denial of claim(s).

#### **SECTION 7. CLAIM PERIOD AND DUE DATE FOR ALTERNATIVE FUEL MIXTURE CREDITS**

The claim period for 2018 or 2019 alternative fuel mixture credit claims begins on February 14, 2020. The IRS will deem any claim that is submitted by the method prescribed in section 6 of this notice before February 14, 2020, as filed on February 14, 2020. Generally, claims for the § 6426(e) alternative fuel mixture credit must be made within three years from the time the return was filed or two years from the time the tax was paid, whichever is later.

#### **SECTION 8. CLAIMS NOT AFFECTED BY THIS NOTICE**

This notice does not affect 2018 or 2019 claims for the nonrefundable income tax credit under § 40(b)(6) for second generation biofuel producers. Taxpayers should continue to submit these claims separately on, and in accordance with, Form 6478,

Biofuel Producer Credit. A taxpayer must submit Form 6478 with its income tax return in accordance with the instructions to its income tax return form. This notice also does not affect 2018 or 2019 claims for the nonrefundable income tax credits under § 40A(b)(1) for biodiesel mixtures, § 40A(b)(2) for biodiesel (including renewable diesel), or § 40A(b)(4) for the small agri-biodiesel producer credit. Taxpayers should continue to submit these claims separately on, and in accordance with, Form 8864, Biodiesel and Renewable Diesel Fuels Credit. A taxpayer must submit Form 8864 with its income tax return in accordance with the instructions to its income tax return form. Taxpayers are reminded that under § 40A(c), credits allowable under § 40A must be reduced to the extent that any benefit is claimed under §§ 6426 and 6427 with respect to the same biodiesel (including renewable diesel).

Similarly, this notice does not affect 2018 or 2019 claims for the refundable income tax credit under § 34 for biodiesel mixtures or alternative fuel. Taxpayers should continue to submit these claims separately on, and in accordance with, Form 4136, Credit for Federal Tax Paid on Fuels. A taxpayer must submit Form 4136 with its income tax return in accordance with the instructions to its income tax return form. Taxpayers are reminded that under § 34(b), credits are not allowed under § 34 for any amount properly payable under § 6427 and claimed in a timely filed claim. For this purpose, the IRS will treat as timely filed any claim submitted for amounts payable under § 6427 that conforms to the rules provided in this notice.

## **SECTION 9. DRAFTING INFORMATION**

The principal author of this notice is Natalie A. Payne of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Ms. Payne at (202) 317-6855 (not a toll-free number). For further information regarding the income tax treatment of the 2018 - 2019 biodiesel and alternative fuel incentives, please contact Angella Warren at (202) 317-4718 (not a toll-free number).

# **Credit for Indian Coal Production and Inflation Adjustment Factor for Calendar Years 2018 and 2019**

## **Notice 2020-9**

This notice publishes the inflation adjustment factor for calendar years 2018 and 2019 for the Indian coal production credit under section 45 of the Internal Revenue Code. The 2018 inflation adjustment factor is used in determining the availability of the credit and applies to calendar year 2018 sales of Indian coal produced in the United States or a possession thereof. The 2019 inflation adjustment factor is used in determining the availability of the credit and applies to calendar year 2019 sales of Indian coal produced in the United States or a possession thereof. The inflation adjustment factor for Indian coal for calendar years 2018 and 2019 was published in the Federal Register on January 21, 2020. Section 128 of Division Q of the Further Consolidated Appropriations Act, 2020 (Pub. L. No. 116-94) extends the credit period for the Indian coal production credit from a 12-year period beginning on January 1, 2006, to a 15-year period beginning on January 1, 2006. This provision is effective for coal produced in the United States or a possession thereof after December 31, 2017.

## **BACKGROUND**

For calendar years 2018 and 2019, section 45(e)(10)(A) provides in the case of a producer of Indian coal, the credit determined under section 45 for any taxable year is an amount equal to the applicable dollar amount per ton of Indian coal (i) produced by the taxpayer at an Indian coal production facility during the 15-year period beginning on January 1, 2006, and (ii) sold by the taxpayer (I) to an unrelated person, and (II) during such 15-year period and such taxable year.

Section 45(e)(10)(B)(i) defines “applicable dollar amount” for any taxable year

as (I) \$1.50 in the case of calendar years 2006 through 2009, and (II) \$2.00 in the case of calendar years beginning after 2009.

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

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

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

## **INFLATION ADJUSTMENT FACTOR**

The inflation adjustment factor for calendar year 2018 for Indian coal production is 1.2330. The inflation adjustment factor for calendar year 2019 for Indian coal is 1.2627.

## **CREDIT AMOUNT FOR INDIAN COAL PRODUCTION**

The credit for Indian coal production for calendar year 2018 under section 45(e)(10)(B) is \$2.466 per ton on the sale of Indian coal. The credit for Indian coal production for calendar year 2019 under section 45(e)(10)(B) is \$2.525 per ton on the sale of Indian coal.

**DRAFTING AND CONTACT  
INFORMATION**

The principal author of this notice

is Charles Hyde of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Mr.

Hyde at (202) 317-6853 (not a toll-free number).

# Definition of Terms

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

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

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

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

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

new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

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

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

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

new ruling does more than restate the substance 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.  
FR.—Federal Register.  
FUTA—Federal Unemployment Tax Act.  
FX—Foreign corporation.  
G.C.M.—Chief Counsel’s Memorandum.  
GE—Grantee.  
GP—General Partner.  
GR—Grantor.  
IC—Insurance Company.  
I.R.B.—Internal Revenue Bulletin.  
LE—Lessee.  
LP—Limited Partner.  
LR—Lessor.  
M—Minor.  
Nonacq.—Nonacquiescence.  
O—Organization.  
P—Parent Corporation.  
PHC—Personal Holding Company.  
PO—Possession of the U.S.  
PR—Partner.  
PRS—Partnership.

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

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

## **Finding List of Current Actions on Previously Published Items<sup>1</sup>**

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

# **Internal Revenue Service**

## **Washington, DC 20224**

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## **INTERNAL REVENUE BULLETIN**

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at [www.irs.gov/irb/](http://www.irs.gov/irb/).

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## **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](http://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.