

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.

ADMINISTRATIVE, SPECIAL ANNOUNCEMENT

Notice 2020-47, page 7.

The Department of the Treasury and the Internal Revenue Service invite the public to submit recommendations for items to be included on the 2020-2021 Priority Guidance Plan.

EMPLOYEE PLANS

Notice 2020-45, page 3.

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

EMPLOYMENT TAX

Rev. Proc. 2020-31, page 12.

General Rules and Specifications for Substitute Form 941, Schedule B (Form 941), Schedule D (Form 941), Schedule R (Form 941), and Form 8974. This revenue procedure provides general rules and specifications from the IRS for paper and computer-generated substitutes for Form 941, Schedule B (Form 941), Schedule D (Form 941), Schedule R (Form 941) and Form 8974. This procedure will be reproduced as the next revision of Publication 4436. Rev. Proc. 2018-24 is superseded.

Bulletin No. 2020-27
June 29, 2020

EMPLOYMENT TAX, INCOME TAX

Notice 2020-46, page 7.

This notice provides guidance under the Internal Revenue Code on the federal income and employment tax treatment of cash payments made by employers under leave-based donation programs to aid victims of the ongoing Coronavirus Disease 2019 (COVID-19) pandemic as described in the notice.

INCOME TAX

Notice 2020-49, page 8.

This notice postpones to December 31, 2020, the due dates for making investments, making reinvestments, and expending amounts for construction of real property under § 45D of the Internal Revenue Code (Code) due to be performed or expended on or after April 1, 2020, and before December 31, 2020.

Rev. Proc. 2020-16, page 10.

Revenue Procedure 2020-16 provides an automatic procedure for a State or local government in which an empowerment zone is located to extend the empowerment zone designation made under section 1391(a) of the Internal Revenue Code. Specifically, the automatic procedure under section 3.01 of Rev. Proc. 2020-16 provides that a State or local government that nominated an empowerment zone is deemed to extend until December 31, 2020, the termination date designated by that State or local government in its empowerment zone nomination (designated termination date), as described in section 1391(d)(1)(B). Section 3.02 of Rev. Proc. 2020-16 provides a procedure for such State or local government to decline this deemed extension.

SPECIAL ANNOUNCEMENT

Notice 2020-43, page 1.

Partnerships and certain other persons report partner capital accounts in Box L on the Schedule K-1 (Form 1065) or in Box F on the Schedule K-1 (Form 8865), each as they currently appear on the 2019 forms (Tax Capital Reporting Requirement). For purposes of satisfying the Tax Capital Reporting Requirement with respect to partnership taxable years that end on or after December 31, 2020, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) propose to require the use of one of two alternative methods

described in this notice. As a result, partnerships and certain other persons would no longer be permitted to report partner capital accounts using any other method, including section 704(b) of the Code (§ 704(b)) and generally accepted accounting principles (GAAP). This notice requests comments concerning the Tax Capital Reporting Requirement. Comments received in response to this notice will help inform the development of the instructions to be included in Form 1065, U.S. Return of Partnership Income (to which the instructions for Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, refer), and Partner's Instructions for Schedule K-1 (Form 1065), for 2020.

The IRS Mission

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

Introduction

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

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

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

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

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

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

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

Part II.—Treaties and Tax Legislation.

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

Part III.—Administrative, Procedural, and Miscellaneous.

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

Part IV.—Items of General Interest.

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

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

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Part III

Tax Capital Reporting - Notice Requesting Comments

Notice 2020-43

I. PURPOSE

Partnerships and certain other persons report partner capital accounts in Box L on the Schedule K-1 (Form 1065) or in Box F on the Schedule K-1 (Form 8865), each as they currently appear on the 2019 forms (Tax Capital Reporting Requirement). The final versions of these 2019 forms and their instructions provide that partnerships and other persons must report partner capital accounts consistent with the reporting requirements in the 2018 forms and instructions, including the requirement to report negative tax basis capital accounts on a partner-by-partner basis.

The purpose of this notice is to seek public comment on a proposed requirement for partnerships to use only one of two alternative methods described in section III of this notice to satisfy the Tax Capital Reporting Requirement with respect to partnership taxable years that end on or after December 31, 2020. As a result, partnerships and certain other persons would no longer be permitted to report partner capital accounts using any other method, including § 704(b) of the Internal Revenue Code (Code) and U.S. generally accepted accounting principles (GAAP). Comments received in response to this notice will help inform the development of the instructions to be included in Form 1065, *U.S. Return of Partnership Income* (to which the instructions for Form 8865, *Return of U.S. Persons With Respect to Certain Foreign Partnerships*, refer), and *Partner's Instructions for Schedule K-1 (Form 1065)*, for taxable year 2020.

II. BACKGROUND

The 2019 instructions for Form 1065 and Partner's Instructions for Schedule K-1 (Form 1065), like the 2018 instructions for these forms, require that a partnership reporting its partners' capital on a

method other than the tax basis method report a partner's tax capital account at both the beginning and the end of the partnership's taxable year if either amount is negative with respect to the partner. The 2019 instructions for Form 8865, Schedule K-1, incorporate this requirement by reference to the instructions for Form 1065.

On April 5, 2019, the IRS released Form 1065 Frequently Asked Questions (FAQs) explaining how a partnership should determine a partner's tax capital account and providing a safe harbor approach based on a partner's outside basis in its partnership interest. Thereafter, early releases of drafts of the 2019 Form 1065 and the 2019 Form 8865, released September 30, 2019, and related draft instructions for the 2019 Form 1065 (to which the draft instructions for the 2019 Form 8865 refer), and the 2019 Partner's Instructions for Schedule K-1 (Form 1065), released October 29, 2019, expanded partner tax capital reporting to require all partnerships and certain other persons who file Form 8865 to report all partners' tax capital accounts using the tax basis method.

In response to the change requiring all partnerships to report their partners' tax capital on a tax basis method, commenters stated that some partnerships might be unable to comply, either in a timely manner or ever. These commenters explained that partnerships that have not historically maintained partner tax capital accounts may face difficulties in calculating their partners' tax capital by means of a historical transactional analysis of events. Commenters stated that a partnership would find such a transactional analysis particularly difficult and burdensome where the partnership has been operating for many years and either documentation regarding historical transactional events affecting partner tax capital no longer exists, or the documentation does exist, but its volume or complexity precludes reconstruction of accurate tax capital accounts. In addition, commenters asked for guidance on how to calculate tax capital using a transactional analysis under complicated transactions and structures.

Accordingly, the Department of the Treasury (Treasury Department) and the

Internal Revenue Service (IRS) released Notice 2019-66, 2019-52 I.R.B. 1509 on December 11, 2019, removing the requirement that partnerships and other persons required to furnish and file Form 1065, Schedule K-1 or Form 8865, Schedule K-1, report partner capital accounts in Item L of the 2019 Form 1065, Schedule K-1, or in Item F of the 2019 Form 8865, Schedule K-1, using the tax basis method for 2019. In addition, Notice 2019-66 announced that further guidance would be provided regarding the definition of partner tax capital. In lieu of providing a definition of tax basis capital, this notice proposes two methods that satisfy the Tax Capital Reporting Requirement. Section III of this notice describes the two proposed methods for complying with the Tax Capital Reporting Requirement. Part IV of this notice requests comments on those proposed methods. The Treasury Department and the IRS anticipate that the two proposed methods outlined in section III of this notice will be the only methods that meet the Tax Capital Reporting Requirement for partnership taxable years ending on or after December 31, 2020.

III. PROPOSED METHODS FOR COMPLYING WITH THE TAX CAPITAL REPORTING REQUIREMENT FOR TAXABLE YEARS ENDING ON OR AFTER DECEMBER 31, 2020

Commenters have indicated that many partnerships that currently possess partner tax capital information generally develop and maintain partner tax capital by applying the provisions and principles of subchapter K of chapter 1 of the Code (subchapter K), including those contained in §§ 705, 722, 733, and 742 of the Code, to relevant partnership and partner events. In such a situation, commenters have indicated that partnerships maintaining tax capital (i) increase a partner's tax capital account by the amount of money and the tax basis of property contributed by the partner to the partnership (less any liabilities assumed by the partnership or to which the property is subject) as well as allocations of income or gain made by

the partnership to the partner, and (ii) decrease a partner's tax capital account by the amount of money and the tax basis of property distributed by the partnership to the partner (less any liabilities assumed by the partner or to which the property is subject) as well as allocations of loss or deduction made by the partnership to the partner (Transactional Approach).

The Treasury Department and the IRS understand that many partnerships and other persons have maintained partner tax capital accounts according to the Transactional Approach, but due to the array of transactions that might affect partner tax capital, it is possible that partnerships and other persons that have been using the Transactional Approach may not have been adjusting partner tax capital accounts in the same way under similar fact patterns. Several commenters explained that providing detailed guidance that would make the Transactional Approach consistent in all potential transactions would be a major project that would consume significant IRS resources.

The IRS and Treasury believe that a consistent framework for all partnerships and other persons to comply with the Tax Capital Reporting Requirement will aid the IRS in administering the tax law, and consistency will ultimately reduce complexity of the preparation of partnership returns. Accordingly, this notice proposes two alternative methods that a partnership would be required to use to comply with the Tax Capital Reporting Requirement. For such purpose, a partnership may report, for each partner, either (i) the partner's basis in its partnership interest, reduced by the partner's allocable share of partnership liabilities, as determined under § 752 of the Code (Modified Outside Basis Method) or (ii) the partner's share of previously taxed capital, as calculated under a modified version of § 1.743-1(d) of the Income Tax Regulations (Modified Previously Taxed Capital Method). Both methods are further described below. It is intended that a partnership must use one of these two methods for purposes of satisfying the Tax Capital Reporting Requirement and the method selected must be used with respect to all of the partnership's partners. Capital account amounts based on the Transactional Approach will not satisfy the Tax Capital Report-

ing Requirement. For taxable years after 2020, a partnership may change its Tax Capital Reporting Requirement method from the Modified Outside Basis Method to the Modified Previously Taxed Capital Method, or vice versa, by attaching a disclosure to each Schedule K-1 describing the change, if any, to the amount attributable to each partner's beginning and end of year balances, and the reason for the change.

(1) *The Modified Outside Basis Method*

A partnership may satisfy the Tax Capital Reporting Requirement by determining, or being provided by its partners, the partner's adjusted basis in its partnership interest, determined under the principles and provisions of subchapter K (including those contained in §§ 705, 722, 733, and 742), and subtracting from that basis the partner's share of partnership liabilities under § 752.

If the partnership is satisfying the Tax Capital Reporting Requirement by using the Modified Outside Basis Method, a partner must notify its partnership, in writing, of any changes to the partner's basis in its partnership interest during each partnership taxable year other than changes attributable to contributions to and distributions from the partnership and the partner's share of income, gain, loss, or deduction that are otherwise reflected on the partnership's schedule K-1. The partner must provide such written notification of such changes to the partner's basis within thirty days or by the taxable year-end of the partnership, whichever is later. For example, if a person purchases an interest in a partnership that has chosen to use the Modified Outside Basis Method, the purchasing partner must notify the partnership of its basis in the acquired partnership interest, regardless of whether the partnership has an election under § 754 of the Code in effect or has a substantial built-in loss, as defined in § 743(d) of the Code, at the time of such interest purchase. For purposes of the Modified Outside Basis Method, a partnership is entitled to rely on the partner basis information that the partnership is provided by its partners unless the partnership has knowledge of facts indicating that the provided information is clearly erroneous.

(2) *Modified Previously Taxed Capital Method*

A partnership that does not satisfy the Tax Capital Reporting Requirement by using the Modified Outside Basis Method would be required to do so by using the Modified Previously Taxed Capital Method. Section 1.743-1(d)(1) generally provides that a partnership interest transferee's (transferee's) share of the adjusted basis of partnership property is equal to the sum of the transferee's interest as a partner in the partnership's previously taxed capital, plus the transferee's share of partnership liabilities. The regulation further provides that the transferee's previously taxed capital is equal to—

- (i) The amount of cash that the partner would receive on a liquidation of the partnership following a hypothetical transaction; increased by
- (ii) The amount of tax loss (including any remedial allocations under § 1.704-3(d) of the Income Tax Regulations) that would be allocated to the partner from the hypothetical transaction; and decreased by
- (iii) The amount of tax gain (including any remedial allocations under § 1.704-3(d)) that would be allocated to the partner from the hypothetical transaction.

The hypothetical transaction is a disposition by the partnership of all of its assets in a fully taxable transaction for cash equal to the fair market value of the assets. See § 1.743-1(d)(2).

Part (i) of the above calculation is intended to quantify, for each partner, the partner's economic right to a share of the distributable proceeds of the partnership immediately after the hypothetical transaction and the payment by the partnership of all of its liabilities (partnership net liquidity value). The Treasury Department and the IRS understand that although some partnerships may be able to determine the fair market value of their assets for each taxable period, such information will not be readily available for all partnerships. In most instances, a partnership that calculates its partnership net liquidity value by using a consistent measurement for the value of its assets (such as GAAP basis or § 704(b) basis) rather than their actual fair market value will determine the same amount for each of its partners

as would be determined if the partnership had calculated its partnership net liquidity value by hypothesizing a sale of its assets for actual fair market value. Accordingly, for purposes of the Tax Capital Reporting Requirement, the Modified Previously Taxed Capital Method modifies the calculation described in § 1.743-1(d)(2) (for purposes of the Tax Capital Reporting Requirement only) as follows:

- (i) The cash a partner would receive on a partnership liquidation and calculations of gain and loss in the hypothetical transaction would be based on the assets' fair market value, if readily available. Otherwise, a partnership may determine its partnership net liquidity value and gain or loss by using such assets' bases as determined under § 704(b), GAAP, or the basis set forth in the partnership agreement for purposes of determining what each partner would receive if the partnership were to liquidate, as determined by partnership management; and
- (ii) All liabilities are treated as nonrecourse for purposes of parts (ii) and (iii) of the calculation referring to gain or loss, respectively. This is to avoid the burden of having to characterize the underlying debt and to simplify the computation.

Example – Facts. A and B are equal partners in AB LLC, a calendar-year partnership. On December 31, 2020, AB LLC's balance sheet reflects the following assets and liabilities:

- \$500 of cash;
- Inventory with a tax and book basis of \$1,000;
- Equipment with a tax and book basis of \$500;
- Land with a tax and book basis of \$1,000; and
- A long-term loan of \$5,000.

AB LLC chooses to comply with the Tax Capital Reporting Requirement by using the Previously Taxed Capital Method and calculating liquidation values, gains, and losses, based on the book basis of the assets. Each of A and B's Previously Taxed Capital under that method would be \$(1,000), an amount equal to (i) the cash each would receive after the hypothetical liquidation (zero, because the debt of \$5,000 exceeds the \$3,000 book basis of the assets), less (ii) gain that would be

allocated to each partner on the hypothetical liquidation and sale (\$1,000, each partner's 50% share of the excess of the \$5,000 amount realized on a sale of the property for the debt over the tax basis of \$3,000), plus (iii) loss that would be allocated to each partner (zero).

A partnership that adopts the Modified Previously Taxed Capital Method would be required, for each taxable year in which the method is used, to attach a statement indicating that the Modified Previously Taxed Capital Method is used and the method it used to determine its partnership net liquidity value (for example, fair market value, §704(b) book basis, etc.).

IV. REQUEST FOR COMMENTS

The Treasury Department and the IRS request comments on the following topics:

- (i) Whether the methods used to satisfy the Tax Capital Reporting Requirement described in section III of this notice should be modified or adopted;
- (ii) Whether an ordering rule should apply to the basis used in determining the partnership's net liquidity value; for example, use of fair market value is required, but if not readily available, §704(b) book basis is required, and, if the partnership does not maintain § 704(b) capital, GAAP is required, etc.;
- (iii) How, if at all, the Tax Capital Reporting Requirement should be modified to apply to partnerships that are treated as publicly traded partnerships under § 7704 of the Code;
- (iv) Whether the Transactional Approach, or similar method, should be permitted for purposes of meeting the Tax Capital Reporting Requirement and, if recommended, what additional guidance would be necessary; and
- (v) Whether and in what circumstances limitations should be imposed on partnerships to change from one method to another (for example, whether there should be a limit on how many times the method can be changed over a period of years), including compliance with such rules in the case of the merger of partnerships using different methods.

Written or electronic comments must be received by **August 4th, 2020**, and

should contain a reference to Notice 2020-43. Commenters are strongly encouraged to submit comments electronically, as access to mail may be limited. Comments may be submitted in one of two ways:

(1) Electronically via the Federal eRulemaking Portal at www.regulations.gov (type IRS Notice 2020-43 in the search field on the [regulations.gov](http://www.regulations.gov) homepage to find the docket for this notice and submit comments).

(2) Alternatively, by mail to Internal Revenue Service, CC:PA: LPD (Notice 2020-43, Room 5207, P.O. Box 7604, Ben Franklin Station, Washington, D.C. 20044. Comments will be available for public inspection and copying.

V. DRAFTING INFORMATION

The principal author of this notice is Kara Altman of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Kara Altman at (202) 317-5576 (not a toll-free number).

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

Notice 2020-45

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.¹ However, an election may be made under § 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates.

Notice 2007-81, 2007-44 I.R.B. 899, provides guidelines for determining the monthly corporate bond yield curve, and the 24-month average corporate bond segment rates used to compute the target normal cost and the funding target. Consistent with the methodology specified in Notice 2007-81, the monthly corporate bond yield curve derived from May 2020 data is in Table 2020-5 at the end of this notice. The spot first, second, and third segment rates for the month of May 2020 are, respectively, 1.08, 2.78, and 3.47.

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 percentag-

es 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 2019 and 2020 were published in 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 June 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>			
Applicable Month	First Segment	Second Segment	Third Segment
June 2020	2.54	3.61	4.09

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

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>				
For Plan Years Beginning In	Applicable Month	First Segment	Second Segment	Third Segment
2019	June 2020	3.74	5.35	6.11
2020	June 2020	3.64	5.21	5.94

30-YEAR TREASURY SECURITIES INTEREST RATES

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

purpose must be no more than 5 percent above and no more than 10 percent below the weighted average of the rates of interest on 30-year Treasury securities during the four-year period ending on the last day before the beginning of the plan year. Notice 88-73, 1988-2 C.B. 383, provides guidelines for determining the weighted average interest rate. The rate of interest on 30-year Treasury securities for May 2020 is 1.38 percent. The Service determined this rate as the aver-

age of the daily determinations of yield on the 30-year Treasury bond maturing in February 2050 determined each day through May 12, 2020 and the yield on the 30-year Treasury bond maturing in May 2050 determined each day for the balance of the month. For plan years beginning in June 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>		
For Plan Years Beginning In	30-Year Treasury Weighted Average	Permissible Range 90% to 105%
June 2020	2.59	2.33 to 2.72

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

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 May 2020 are as follows:

<i>Minimum Present Value Segment Rates</i>			
Month	First Segment	Second Segment	Third Segment
May 2020	1.08	2.78	3.47

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 2020-5
Monthly Yield Curve for May 2020
Derived from May 2020 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	0.67	20.5	3.34	40.5	3.49	60.5	3.55	80.5	3.58
1.0	0.80	21.0	3.35	41.0	3.49	61.0	3.55	81.0	3.58
1.5	0.92	21.5	3.35	41.5	3.49	61.5	3.55	81.5	3.58
2.0	1.01	22.0	3.36	42.0	3.50	62.0	3.55	82.0	3.58
2.5	1.08	22.5	3.36	42.5	3.50	62.5	3.55	82.5	3.58
3.0	1.13	23.0	3.37	43.0	3.50	63.0	3.55	83.0	3.58
3.5	1.19	23.5	3.37	43.5	3.50	63.5	3.55	83.5	3.58
4.0	1.26	24.0	3.38	44.0	3.50	64.0	3.56	84.0	3.58
4.5	1.34	24.5	3.38	44.5	3.51	64.5	3.56	84.5	3.58
5.0	1.43	25.0	3.39	45.0	3.51	65.0	3.56	85.0	3.58
5.5	1.54	25.5	3.39	45.5	3.51	65.5	3.56	85.5	3.58
6.0	1.65	26.0	3.39	46.0	3.51	66.0	3.56	86.0	3.58
6.5	1.78	26.5	3.40	46.5	3.51	66.5	3.56	86.5	3.58
7.0	1.90	27.0	3.40	47.0	3.51	67.0	3.56	87.0	3.58
7.5	2.03	27.5	3.41	47.5	3.52	67.5	3.56	87.5	3.59
8.0	2.16	28.0	3.41	48.0	3.52	68.0	3.56	88.0	3.59
8.5	2.28	28.5	3.42	48.5	3.52	68.5	3.56	88.5	3.59
9.0	2.39	29.0	3.42	49.0	3.52	69.0	3.56	89.0	3.59
9.5	2.50	29.5	3.42	49.5	3.52	69.5	3.56	89.5	3.59
10.0	2.60	30.0	3.43	50.0	3.52	70.0	3.56	90.0	3.59
10.5	2.69	30.5	3.43	50.5	3.53	70.5	3.57	90.5	3.59
11.0	2.78	31.0	3.44	51.0	3.53	71.0	3.57	91.0	3.59
11.5	2.85	31.5	3.44	51.5	3.53	71.5	3.57	91.5	3.59
12.0	2.92	32.0	3.44	52.0	3.53	72.0	3.57	92.0	3.59
12.5	2.98	32.5	3.45	52.5	3.53	72.5	3.57	92.5	3.59
13.0	3.04	33.0	3.45	53.0	3.53	73.0	3.57	93.0	3.59
13.5	3.08	33.5	3.45	53.5	3.53	73.5	3.57	93.5	3.59
14.0	3.12	34.0	3.46	54.0	3.53	74.0	3.57	94.0	3.59
14.5	3.16	34.5	3.46	54.5	3.54	74.5	3.57	94.5	3.59
15.0	3.19	35.0	3.46	55.0	3.54	75.0	3.57	95.0	3.59
15.5	3.21	35.5	3.47	55.5	3.54	75.5	3.57	95.5	3.59
16.0	3.24	36.0	3.47	56.0	3.54	76.0	3.57	96.0	3.59
16.5	3.26	36.5	3.47	56.5	3.54	76.5	3.57	96.5	3.59
17.0	3.27	37.0	3.47	57.0	3.54	77.0	3.57	97.0	3.59
17.5	3.29	37.5	3.48	57.5	3.54	77.5	3.57	97.5	3.59
18.0	3.30	38.0	3.48	58.0	3.54	78.0	3.58	98.0	3.59
18.5	3.31	38.5	3.48	58.5	3.54	78.5	3.58	98.5	3.59
19.0	3.32	39.0	3.48	59.0	3.55	79.0	3.58	99.0	3.59
19.5	3.33	39.5	3.49	59.5	3.55	79.5	3.58	99.5	3.60
20.0	3.34	40.0	3.49	60.0	3.55	80.0	3.58	100.0	3.60

Treatment of Amounts Paid to Section 170(c) Organizations under Employer Leave-Based Donation Programs to Aid Victims of the Coronavirus Disease (COVID-19) Pandemic

Notice 2020-46

Subsequent to the March 13, 2020, emergency declaration issued by the President of the United States under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) (42 U.S.C. 5121 et seq.) in response to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic, the President issued major disaster declarations under the authority of the Stafford Act for each of the 50 states, the District of Columbia, and five U.S. territories (affected geographic areas).¹ This notice provides guidance under the Internal Revenue Code (Code) on the federal income and employment tax treatment of cash payments made by employers under leave-based donation programs to aid victims of the ongoing COVID-19 pandemic in the affected geographic areas.

EMPLOYER LEAVE-BASED DONATION PROGRAMS

In response to the need to provide relief to victims of the COVID-19 pandemic throughout the affected geographic areas, employers may have adopted or may be considering adopting leave-based donation programs. Under leave-based donation programs, employees can elect to forgo vacation, sick, or personal leave in exchange for cash payments that the employer makes to charitable organizations described in section 170(c) of the Code (section 170(c) organizations).

TREATMENT OF EMPLOYER LEAVE-BASED DONATION PAYMENTS

Cash payments an employer makes to section 170(c) organizations in exchange

for vacation, sick, or personal leave that its employees elect to forgo will not be treated as wages (or compensation, as applicable) to the employees or otherwise be included in the gross income of the employees if the payments are: (1) made to the section 170(c) organizations for the relief of victims of the COVID-19 pandemic in the affected geographic areas; and (2) paid to the section 170(c) organizations before January 1, 2021. Similarly, employees electing to forgo leave will not be treated as having constructively received gross income or wages (or compensation, as applicable). The amount of cash payments to which this guidance applies should not be included in Box 1, 3 (if applicable), or 5 of the Form W-2. Electing employees may not claim a charitable contribution deduction under section 170 with respect to the value of forgone leave.

An employer may deduct these cash payments under the rules of section 170 or the rules of section 162 if the employer otherwise meets the respective requirements of either section.

DRAFTING INFORMATION

For further information, please contact Suzanne R. Sinno of the Office of Associate Chief Counsel (Income Tax and Accounting) at (202) 317-4718 (not a toll-free number).

Public Recommendations Invited on Items to be Included on the 2020-2021 Priority Guidance Plan

Notice 2020-47

The Department of the Treasury (Treasury Department) and the Internal Revenue Service (Service) invite the public to submit recommendations for items to be included on the 2020-2021 Priority Guidance Plan.

The Treasury Department's Office of Tax Policy and the Service use the Pri-

ority Guidance Plan each year to identify and prioritize the tax issues that should be addressed through regulations, revenue rulings, revenue procedures, notices, and other published administrative guidance. The 2020-2021 Priority Guidance Plan will identify guidance projects that the Treasury Department and the Service intend to actively work on as priorities during the period from July 1, 2020, through June 30, 2021.

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

In reviewing recommendations and selecting additional projects for inclusion on the 2020-2021 Priority Guidance Plan, the Treasury Department and the Service will consider the following:

1. Whether the recommended guidance resolves significant issues relevant to a broad class of taxpayers;
2. Whether the recommended guidance reduces controversy and lessens the burden on taxpayers or the Service;
3. Whether the recommended guidance relates to recently enacted legislation;
4. Whether the recommendation involves existing regulations or other guidance that is outdated, unnecessary, ineffective, insufficient, or unnecessarily burdensome and that should be modified, streamlined, expanded, replaced, or withdrawn;
5. Whether the recommended guidance would be in accordance with Executive Order 13771 (82 FR 9339), Executive Order 13777 (82 FR 12285), Executive Order 13789 (82 FR 19317), or other executive orders.
6. Whether the recommended guidance promotes sound tax administration;

¹ See <https://www.fema.gov/coronavirus/disaster-declarations>.

7. Whether the Service can administer the recommended guidance on a uniform basis; and
8. Whether the recommended guidance can be drafted in a manner that will enable taxpayers to easily understand and apply the guidance.

Please submit recommendations for guidance by Wednesday, July 22, 2020, for possible inclusion on the original 2020-2021 Priority Guidance Plan. Taxpayers may, however, submit recommendations for guidance at any time during the year. The Treasury Department and the Service will update the 2020-2021 Priority Guidance Plan periodically to reflect additional guidance that the Treasury Department and the Service intend to publish during the plan year. The periodic updates allow the Treasury Department and the Service to respond in a timely manner to the need for additional guidance that may arise during the plan year.

Taxpayers are not required to submit recommendations for guidance in any particular format. Taxpayers should, however, briefly describe the recommended guidance and explain the need for the guidance. In addition, taxpayers may include an analysis of how the issue should be resolved. For recommendations to modify, streamline, or withdraw existing regulations or other guidance, taxpayers should explain how the changes would reduce taxpayer cost and/or burden or benefit tax administration. It would be helpful if taxpayers suggesting more than one guidance project prioritize the projects by order of importance. If a large number of projects are being suggested, it would be helpful if the projects were grouped by subject matter and then in terms of high, medium, or low priority. Requests for guidance in the form of petitions for rulemaking will be considered with other recommendations for guidance in accordance with the considerations described in this notice.

Taxpayers are strongly encouraged to submit recommendations for guidance electronically via the Federal eRulemaking Portal at www.regulations.gov (type IRS-2020-0015 in the search field on the [regulations.gov](http://www.regulations.gov) homepage to find this notice and submit recommendations). The IRS expects to have limited personnel

available to process recommendations that are submitted on paper through the mail. Until further notice, any recommendations submitted on paper will be considered to the extent practicable. Taxpayers submitting recommendations by mail should send them to:

Internal Revenue Service
Attn: CC:PA:LPD:PR (Notice 2020-47) Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

All recommendations for guidance submitted by the public in response to this notice will be available for public inspection and copying in their entirety. For further information regarding this notice, contact Emily M. Lesniak of the Office of the Associate Chief Counsel (Procedure and Administration) at (202) 317-3400 (not a toll-free number).

Notice 2020-49

I. PURPOSE

On March 13, 2020, the President of the United States issued an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) in response to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic (Emergency Declaration). The Emergency Declaration instructed the Secretary of the Treasury “to provide relief from tax deadlines to Americans who have been adversely affected by the COVID-19 emergency, as appropriate, pursuant to 26 U.S.C. 7508A(a).” This notice postpones to December 31, 2020, the due dates for making investments, making reinvestments, and expending amounts for construction of real property under § 45D of the Internal Revenue Code (Code) due to be performed or expended on or after April 1, 2020, and before December 31, 2020.

II. BACKGROUND

Section 38(b) of the Code provides a credit against income taxes for certain business credits, including the new mar-

kets tax credit determined under § 45D(a). *See* § 38(b)(13).

Under § 45D(a)(1), a taxpayer may claim the new markets tax credit on certain credit allowance dates described in § 45D(a)(3) over a 7-year credit period with respect to a qualified equity investment (QEI) in a qualified community development entity (CDE) described in § 45D(c).

Under § 45D(b), in general, a QEI means any equity investment in a CDE if: (A) the investment is acquired by the taxpayer at its original issue (directly or through an underwriter) solely in exchange for cash; (B) substantially all of such cash is used by the CDE to make qualified low-income community investments (QLICIs); and (C) the investment is designated for purposes of § 45D as a QEI by the CDE.

Section 45D(c)(1) provides that a domestic corporation or partnership is a CDE if: (A) the primary mission of the entity is serving, or providing investment capital for, low-income communities (as defined in § 45D(e)) or low-income persons; (B) the entity maintains accountability to residents of low-income communities through their representation on any governing board of the entity or on any advisory board to the entity; and (C) the entity is certified by the Secretary of the Treasury or his delegate (Secretary) as a qualified CDE.

Section 45D(d)(1) defines a QLICI as: (A) any capital or equity investment in, or loan to, any qualified active low-income community business (as defined in § 45D(d)(2)); (B) the purchase from another qualified CDE of any loan made by such entity that is a QLICI; (C) financial counseling and other services specified in regulations prescribed by the Secretary to businesses located in, and residents of, low-income communities; and (D) any equity investment in, or loan to, any qualified CDE.

Section 45D(d)(2)(A) defines a qualified active low-income community business (QALICB), with respect to any taxable year, as any corporation (including a nonprofit corporation) or partnership if for such year, among other requirements, (i) at least 50 percent of the total gross income of the entity is derived from the active

conduct of a qualified business within any low-income community, (ii) a substantial portion of the use of the tangible property of the entity (whether owned or leased) is within any low-income community, (iii) a substantial portion of the services performed for the entity by its employees are performed in any low-income community, and (iv) less than 5 percent of the average of the aggregate unadjusted bases of the property of the entity is attributable to nonqualified financial property (as defined in § 1397C(e)).

Under § 45D(d)(3), with certain exceptions, a qualified business is any trade or business within the meaning of § 1397C(d) of the Code. Together, these sections and § 1.45D-1(d)(5)(ii) of the Income Tax Regulations provide that the rental to others of real property located in any low-income community is a qualified business (for purposes of § 45D) only if the property is not residential rental property (as defined in § 168(e)(2)(A) of the Code) and there are substantial improvements located on the real property.

Section 1.45D-1(c)(5)(i) provides a safe harbor with respect to a CDE's investment in QLICs. Generally, a CDE must invest at least 85 percent of its QEI in QLICs.

Section 1.45D-1(c)(5)(iv) provides the timing requirement of a CDE's investment in QLICs. Specifically, it provides that a taxpayer's cash investment received by a CDE is treated as invested in a QLICI as defined in § 1.45D-1(d)(1) only to the extent that the cash is so invested within the 12-month period beginning on the date the cash is paid by the taxpayer (directly or through an underwriter) to the CDE. Thus, a CDE generally has a 12-month period to invest cash it receives that is designated as a QEI in a QLICI under § 1.45D-1(c)(5)(iv).

Section 1.45D-1(d)(2)(i) provides in general that amounts received by a CDE in payment of, or for, capital, equity or principal with respect to a QLICI must be reinvested by the CDE in a QLICI no later than 12 months from the date of receipt to be treated as continuously invested in a QLICI.

Under § 1.45D-1(d)(4)(i)(E), in general, with respect to any taxable year, a QALICB must have less than 5 percent of the average of the aggregate unadjusted

basis of its property that is attributable to nonqualified financial property. Nonqualified financial property means debt, stock, partnership interests, options, futures contracts, forward contracts, warrants, notional principal contracts, annuities, and other similar property except reasonable amounts of working capital held in cash and other forms, and certain debt instruments. *See* § 1.45D-1(d)(4)(i)(E)(1)(i); *see also* § 1397C(e).

Section 1.45D-1(d)(4)(i)(E)(2) provides that the proceeds of a capital or equity investment or loan by a CDE that will be expended for construction of real property within 12 months after the date the investment or loan is made are treated as a reasonable amount of working capital under § 1.45D-1(d)(4)(i)(E)(1)(i).

III. TIME-SENSITIVE ACTIONS AFFECTED BY COVID-19 EMERGENCY

A time-sensitive action to which this notice applies is an action required to be performed by a CDE or QALICB, which is due to be performed on or after April 1, 2020, and before December 31, 2020, in order to meet the requirements under §§ 1.45D-1(c)(5)(iv), 1.45D-1(d)(2)(i), or 1.45D-1(d)(4)(i)(E)(2).

IV. RELIEF FOR SPECIFIED TIME-SENSITIVE ACTIONS AFFECTED BY COVID-19 EMERGENCY

A. TIME LIMIT FOR MAKING INVESTMENTS

For purposes of § 1.45D-1(c)(5)(iv), if the last day of the 12-month period during which a CDE must invest the cash it receives in a QLICI would fall on or after April 1, 2020, and before December 31, 2020, the last day of the 12-month period is postponed to December 31, 2020. Accordingly, the 12-month investment requirement is treated as timely satisfied if the cash is so invested by December 31, 2020.

B. TIME LIMIT FOR MAKING REINVESTMENTS

For purposes of § 1.45D-1(d)(2)(i), if the last day of the 12-month period during

which a CDE must reinvest in a QLICI amounts it receives, in payment of, or for capital, equity or principal with respect to a QLICI, would fall on or after April 1, 2020, and before December 31, 2020, the last day of the 12-month period is postponed to December 31, 2020. Accordingly, the 12-month reinvestment requirement is treated as timely satisfied to the extent that the amounts are reinvested in a QLICI by December 31, 2020.

C. TIME LIMIT FOR EXPENDING AMOUNTS FOR CONSTRUCTION OF REAL PROPERTY

For purposes of § 1.45D-1(d)(4)(i)(E)(1) and (2), if the last day of the 12-month period for a QALICB to expend the proceeds of a capital or equity investment or loan by a CDE for construction of real property would fall on or after April 1, 2020, and before December 31, 2020, the last day of the 12-month period is postponed to December 31, 2020. Accordingly, the proceeds are treated as a reasonable amount of working capital of the QALICB and the 12-month requirement is treated as timely satisfied if the proceeds are so expended by December 31, 2020.

D. OTHER REQUIREMENTS

Except as expressly provided in this notice, all other rules and requirements of § 45D and § 1.45D-1 continue to apply by their terms.

V. DRAFTING INFORMATION

The principal authors of this notice are Dillon Taylor and Michael J. Torruella Costa, Office of the Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, contact Dillon Taylor or Michael J. Torruella Costa at (202) 317-4137 (not a toll-free number).

Rev. Proc. 2020-16

SECTION 1. PURPOSE

This revenue procedure provides an automatic procedure for a State or local government in which an empowerment zone is located to extend the empowerment zone designation made under section 1391(a) of the Internal Revenue Code (Code). Specifically, the automatic procedure under section 3.01 of this revenue procedure provides that a State or local government that nominated an empowerment zone is deemed to extend until December 31, 2020, the termination date designated by that State or local government in its empowerment zone nomination (designated termination date), as described in section 1391(d)(1)(B). Section 3.02 of this revenue procedure provides a procedure for such State or local government to decline this deemed extension of its designated termination date.

SECTION 2. BACKGROUND

.01 *Empowerment Zones.* An empowerment zone is an area of high poverty and unemployment located in an urban or rural area that is designated under section 1391(a), as appropriate, by the Secretary of Housing and Urban Development or the Secretary of Agriculture, each Secretary an “appropriate Secretary” under section 1393(a)(1) of the Code. *See* section 1391(a); *see generally* section 1393. Qualifying taxpayers and businesses located within the boundaries of empowerment zones are eligible for Federal income tax incentives to promote economic development in those designated areas. *See* section 1396 of the Code (regarding empowerment zone employment credits); section 1397A of the Code (providing an increase in expensing under section 179 of the Code); section 1397B of the Code (providing nonrecognition of gain on rollover of empowerment zone investments).

.02 *Duration of Empowerment Zone Designation and Extensions.*

(1) *Initial duration of designation.* As originally enacted in 1993, section 1391(d)(1) provided that the designation of an empowerment zone remained in effect during the period beginning on the date of the designation and ending on the earliest of (i) the close of the 10th calendar year beginning on or after such date of designation (statutory termination date), (ii) the termination date designated by a State or local government in its nomination (that is, the designated termination date), or (iii) the date the appropriate Secretary revokes the designation. *See* section 13301(a) of the Omnibus Budget Reconciliation Act of 1993 (OBRA of 1993), Public Law 103-66, 107 Stat. 312 (August 10, 1993) (adding section 1391(d)(1) to the Code).

(2) *First extension of empowerment zone designations.* Section 112 of the Community Renewal Tax Relief Act of 2000 (CRTA of 2000), enacted as part of the Consolidated Appropriations Act, 2001, Appendix G, Public Law 106-554, 114 Stat. 2763A-587 (December 21, 2000), amended section 1391(d)(1)(A) (i) to extend the designation of empowerment zones through December 31, 2009, regardless of the designated termination date provided by a State or local government in its nomination. *See also* part II of Notice 2013-38, 2013-25 I.R.B. 1251. Therefore, following the enactment of the CRTA of 2000, the respective nominations for all empowerment zones were treated at that time as having a designated termination date of December 31, 2009. *See id.*

(3) *Subsequent extensions of statutory termination date.* The statutory termination date has been extended several additional times, most recently in 2019 to extend that date to December 31, 2020. *See* section 118(a) of the Taxpayer Certainty and Disaster Tax Relief Act of 2019 (TCDTRA of 2019), enacted as part of the Further Consolidated Appropriations Act, 2020, Division Q, Public Law 116-94, 133 Stat. 2534 (December 20, 2019). *See also* section 40311(a)(1) of the Bipartisan Budget Act of 2018 (BBA of 2018), Public Law 115-123, 132 Stat. 64 (February 9, 2018); section 171(a)(1) of the Protecting Americans from Tax Hikes Act of 2015 (PATH ACT of 2015), enacted as part of the Consolidated Appropriations Act, 2016, Division Q, Public Law 114-

113, 129 Stat. 2242 (December 18, 2015); section 139(a) of the Tax Increase Prevention Act of 2014 (TIPA of 2014), Public Law 113-295, 128 Stat. 4010 (December 19, 2014); section 327(a) of the American Taxpayer Relief Act of 2012 (ATRA of 2012), Public Law 112-240, 126 Stat. 2313 (January 2, 2013); section 753(a)(1) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (TRUIRJA of 2010), Public Law 111-312, 124 Stat. 3296 (December 17, 2010).

(4) *Subsequent extensions of designated termination date.* After each subsequent extension of the statutory termination date, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) have issued guidance for automatically treating a designated termination date as extended to the date of the amended statutory termination date, unless the State or local government declined the extension in a written notification to the IRS. *See* part III of Notice 2018-47, 2018-21 I.R.B. 621 (deemed extension to December 31, 2017); part III of Notice 2016-28, 2016-15 I.R.B. 576 (deemed extension to December 31, 2016); part III of Notice 2015-26, 2015-13 I.R.B. 814 (deemed extension to December 31, 2014); part III of Notice 2013-38 (deemed extension to December 31, 2013). The Treasury Department and the IRS issued each of these notices pursuant to a specific grant of authority provided in the statutes described in section 2.02(3) of this revenue procedure. *See* section 40311(a)(2) of the BBA of 2018; section 171(a)(2) of the PATH ACT of 2015; section 139(b) of the TIPA of 2014; section 327(c) of the ATRA of 2012; section 753(c) of TRUIRJA of 2010.

(5) *Current designated termination date of all empowerment zones.* The IRS has received no written request from a State or local government to decline any extension otherwise provided under Notice 2013-38, Notice 2015-26, Notice 2016-28, or Notice 2018-47. Therefore, as of June 11, 2020, all empowerment zones have a designated termination date of December 31, 2017, the latest statutory termination date prior to enactment of the TCDTRA of 2019.

.03 *Statutory authority to extend current designated termination date.*

Section 118(b) of the TCDTRA of 2019 provides that, if a nomination for an empowerment zone includes a designated termination date of December 31, 2017, section 1391(d)(1)(B) does not apply to the designation if, after the date of enactment of the TCDTRA of 2019, the State or local government that made such nomination extends the termination date to December 31, 2020 (that is, the statutory designation date), in such manner as may be provided by the Secretary of the Treasury (or the Secretary's designee). Accordingly, to provide procedures to extend a designated termination date to December 31, 2020, section 3.01 of this revenue procedure sets forth an automatic extension procedure and section 3.02 of this revenue procedure sets forth a written declination procedure consistent with the notices described above.

SECTION 3. AUTOMATIC EXTENSION OF DESIGNATED TERMINATION DATE

.01 *Automatic extension.* Subject to declination by written notification pur-

suant to section 3.02 of this revenue procedure, the designated termination date with regard to all empowerment zones is deemed to be extended from December 31, 2017 to December 31, 2020. Accordingly, the designated termination date is deemed to be the same date as the date provided in section 1391(d)(1)(A)(i) (that is, December 31, 2020). Therefore, section 1391(d)(1)(B) does not apply and the designation of all empowerment zones will remain in effect until December 31, 2020 (unless terminated at an earlier date by the appropriate Secretary under section 1391(d)(1)(C)).

.02 *Declination of automatic extension.*

(1) *In general.* Pursuant to section 3.02(2) of this revenue procedure, a State or local government may decline the extension of a designated termination date described in section 3.01 of this revenue procedure.

(2) *Form and manner.*

(a) *Deadline for written notification.* To make a declination under section 3.02(1) of this revenue procedure, not later than August 10, 2020, the State or local government must provide written notification to the IRS that affirmatively declines the

December 31, 2020, designated termination date extension under section 3.01 of this revenue procedure.

(b) *Electronic delivery.* This written notification must be sent by electronic facsimile to Bruce Chang, CC:ITA:B07, at facsimile number (855) 576-2341.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Notice 2018-47 is obsoleted for taxable years beginning after 2017.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective June 11, 2020.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Bruce Chang of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure, contact Mr. Chang at (202) 317-4870 (not a toll-free number).

Part III

NOTE. This revenue procedure will be reproduced as the next revision of IRS Publication 4436, General Rules and Specifications for Substitute Form 941, Schedule B (Form 941), Schedule D (Form 941), Schedule R (Form 941), and Form 8974.

Rev. Proc. 2020-31

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Part 1

Section 1.1 – Purpose

.01 The purpose of this Revenue Procedure 2020-31, IRB 2020-27, at *IRS.gov/irb/2020-27_IRB-B#RP-2020-31*, is to provide general rules and specifications from the IRS for paper and computer-generated substitutes for Form 941, Employer’s QUARTERLY Federal Tax Return; Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors (referred to in this revenue procedure as “Schedule B”); Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations (referred to in this revenue procedure as “Schedule D”); Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers (referred to in this revenue procedure as “Schedule R”); and Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.

Caution. Before creating a substitute Form 941, see Pub. 1167, General Rules and Specifications for Substitute Forms and Schedules, for additional rules and specifications for payment vouchers (Vouchers), printing in margins (Marginal Printing), and additional instructions (Additional Instructions for All Forms).

Note. Substitute territorial forms (941-PR, Planilla para la Declaración Federal TRIMESTRAL del Patrono; 941-SS, Employer’s QUARTERLY Federal Tax Return (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands); and Anexo B (Formulario 941-PR), Registro de la Obligación Contributiva para los Despositantes de Itinerario Bisemanal), should also conform to the specifications outlined in this revenue procedure.

.02 This revenue procedure provides information for substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974. If you need more in-depth information on who must complete these forms and how to complete them, see the Instructions for Form 941, the Instructions for

Schedule B, the Instructions for Schedule D, the instructions included with Schedule R, the Instructions for Form 8974, and Pub. 15, Employer's Tax Guide, or visit IRS.gov.

Note. Failure to produce acceptable substitutes of the forms and schedules listed in this revenue procedure may result in delays in processing and penalties.

.03 Forms that completely follow the guidelines in this revenue procedure and are exact replicas of the official IRS forms do not need to be submitted to the IRS for specific approval. Substitute forms and schedules need to be scanned using IRS scanning equipment.

If you are uncertain of any specification and want clarification, do the following.

1. Submit a letter citing the specification.
2. State your understanding of the specification.
3. Enclose an example (if appropriate) of how the form would appear if produced using your understanding.
4. Be sure to include your name, complete address, phone number, and, if applicable, your email address with your correspondence. Send your request to *SCRIPS@IRS.gov* or *Substitute-Forms@IRS.gov*, or use the following address.

Internal Revenue Service
Attn: Substitute Forms Program SE:W:CAR:MP:P:TP
1111 Constitution Ave. NW, Room 6554
Washington, DC 20224

Note. Allow at least 30 days for the IRS to respond.

.04 However, software developers and form producers should send a blank copy of their substitute Form 941 and Schedule B in Portable Document Format (PDF) to *SCRIPS@IRS.gov*. The purpose is not specifically for approval but to assist the IRS in preparing to scan these forms. Submitters will only receive comments if a significant problem is discovered through this process.

Submitters are not expected to delay marketing their forms in order to receive feedback. Submitters must not include any "live" taxpayer data on any substitute form submitted for review.

.05 The following six-digit form ID codes are used on Form 941, the schedules for Form 941, and Form 8974.

- **Official paper forms:** 950120 (Form 941, page 1); 950220 (Form 941, page 2); 950920 (Form 941, page 3); 951020 (Form 941, page 4); 960311 (Schedule B); 950420 (Schedule R, page 1); 950520 (Schedule R, page 2); and 950817 (Form 8974).
- **Substitute 6x10 grids:** 970120 (Form 941, page 1); 970220 (Form 941, page 2); 970920 (Form 941, page 3); 971020 (Form 941, page 4); 970311 (Schedule B); 970420 (Schedule R, page 1); 970520 (Schedule R, page 2); and 970817 (Form 8974).

Generally, the last two digits of the form ID code represent the last year in which the IRS made major formatting changes to the layout of the form.

Note. Page 4 of Form 941 (page intentionally left blank) is not required to be filed with the IRS as part of a substitute Form 941. However, if page 4 of the substitute Form 941 is filed, it must include the form ID code.

.06 This revenue procedure will be updated only if there are major formatting changes to the layout of the forms or there are other changes that impact the processing of substitute forms. This revenue procedure won't be updated solely because a line is changed to "Reserved for future use."

Section 1.2 – What's New

Due to the enactment of P.L. 116-127, Families First Coronavirus Response Act (FCCRA), and P.L. 116-136, The Coronavirus Aid, Relief, and Economic Security (CARES) Act, we have made significant changes to Form 941 and Schedule R (Form 941). See the Instructions for Form 941 at *IRS.gov/Form941* and the Instructions for Schedule R (Form 941) at *IRS.gov/Form941* for information on the changes made to these forms.

Due to the COVID-19 pandemic, CPEOs are permitted to file a paper Form 941 and its accompanying schedules in lieu of electronic submissions for the second, third, and fourth quarters of calendar year 2020. For more information about the waiver, see Notice 2020-35, available at *IRS.gov/pub/irs-drop/n-20-35*.

Caution. Don't use the April 2020 revision of Form 941 to report employment taxes for the first quarter of 2020. Use the January 2020 revision of Form 941 to report employment taxes for the first quarter of 2020.

Section 1.3 – Reminders

.01 Qualified small business payroll tax credit for increasing research activities. For tax years beginning after December 31, 2015, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit against the employer's share of social security tax. The portion of the credit used against the employer's share of social security tax is allowed in the first calendar quarter beginning after the date that the qualified small business filed its income tax return electing to take the payroll tax credit. The election and determination of the credit amount that will be used against the employer's share of social security tax is made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765, line 44, must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities. Form 8974 is used to determine the amount of the credit that can be used in the current quarter. The amount from Form 8974, line 12, is reported on Form 941, line 11a. If you are claiming the research payroll tax credit on your Form 941, you must attach Form 8974 to that Form 941.

.02 Draft forms. Draft forms can be found at *IRS.gov/DraftForms*.

.03 Certification program for professional employer organizations. The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 required the IRS to establish a voluntary certification program for professional employer organizations (PEOs). PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, certified professional employer organizations (CPEOs) must meet tax status, background, experience, business location, financial reporting, bonding, and other requirements described in sections 3511 and 7705 and related published guidance. The IRS began accepting applications for PEO certifica-

tion in July 2016. Certification as a CPEO affects the employment tax liabilities of both the CPEO and its customers. A CPEO is generally treated as the employer of any individual performing services for a customer of the CPEO and covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. For more information, visit the IRS website at *IRS.gov/CPEO*.

CPEOs must generally file Form 941 and Schedule R electronically. However, CPEOs are permitted to file a paper Form 941 and its accompanying schedules in lieu of electronic submission for the second, third, and fourth quarters of calendar year 2020. For more information about a CPEO's requirement to file electronically, and the waiver for 2020, see Revenue Procedure 2017-14, 2017-3 I.R.B. 426, available at *IRS.gov/irb/2017-03_IRB#RP-2017-14*, and Notice 2020-35, available at *IRS.gov/pub/irs-drop/n-20-35*, respectively.

Section 1.4 – General Requirements for Reproducing IRS Official Form 941, Schedule B, Schedule D, Schedule R, and Form 8974

.01 Submit substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 to the IRS for specifications review. Substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 that **completely conform** to the specifications contained in this revenue procedure do not require prior approval from the IRS, but should be submitted to *SCRIPS@IRS.gov* to ensure that they conform to IRS format and scanning specifications.

.02 Print the form on standard 8.5-inch wide by 11-inch paper.

.03 Use white paper that meets generally accepted weight, color, and quality standards (minimum 20 lb. white bond paper).

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

.04 The IRS prefers printing Form 941 on both sides of a single sheet of paper, but it is acceptable to print on one side of each of two separate sheets of paper.

.05 Make the substitute paper form as identical to the official form as possible.

.06 Print the substitute form using nonreflective black (not blue or other-colored) ink. Printing in an ink color other than black may reduce readability in the scanning process. This may result in figures being too faint to be recognizable.

.07 Use typefaces that are substantially identical in size and shape to the official form and use rules and shading (if used) that are substantially identical to those on the official form. Use font size as large as possible within the fields.

.08 In the same location as shown on the official IRS forms, print the six-digit form ID code (if one exists on the official form) on each form using nonreflective black, carbon-based, 12-point font. The use of non-OCR-A font may reduce readability for scanning. Use the official form to develop your substitute form.

Note. Maintain as much white space as possible around the form ID code. Do not allow character strings to print adjacent to the code.

The year digits represent the last year in which the IRS made major formatting changes to the layout of the form. Therefore, the last two digits may not be the same as the current tax year. For the tax period starting April 2020 and until this revenue procedure is superseded, print “950120” on Form 941, page 1; “950220” on Form 941, page 2; “950920” on Form 941, page 3; “951020” on Form 941, page 4; “960311” on Schedule B; “950420” on Schedule R, page 1; “950520” on Schedule R, page 2; and “950817” on Form 8974. See *Section 1.5* for information on form ID codes for software-generated forms.

Note. Page 4 of Form 941 (page intentionally left blank) is not required to be filed with the IRS as part of a substitute Form 941. However, if page 4 of the substitute Form 941 is filed, it must include the form ID code.

.09 Print the OMB number in the same location as on the official form. Be sure to include the OMB number on Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

.10 Print all entry boxes and checkboxes exactly as shown (**location and size**) on the official forms.

Note. Instead of a four-sided checkbox for the entry, just the bottom line of the box can be used as long as the location and size remain the same.

.11 Print “For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.” at the bottom of page 1 of Form 941.

.12 Print “For Paperwork Reduction Act Notice, see separate instructions.” at the bottom of Schedule B and Schedule D.

.13 Print “For Paperwork Reduction Act Notice, see the separate instructions.” at the bottom of Schedule R.

.14 Print “For Paperwork Reduction Act Notice, see the separate instructions.” at the bottom of Form 8974.

.15 Do not print the form catalog number (“Cat. No.”) at the bottom of the forms or instructions. Instead, print your IRS-issued three-letter substitute form source code in place of the catalog number on the left at the bottom of page 1 of Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

Note. You can obtain a three-letter substitute form source code by requesting it by email at *SubstituteForms@IRS.gov*. Please enter “Substitute Forms” on the subject line.

.16 Do not print the Government Printing Office (GPO) symbol at the bottom of the forms or instructions.

Section 1.5 – Reproducing Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 for Software-Generated Paper Forms

.01 You may use the PDF files to develop the layout for your forms. Draft forms found at *IRS.gov/DraftForms* can be used to develop interim formats until the forms are finalized. When forms become finalized, they are posted and can be found at *IRS.gov/Forms*. You may use 6x10 grid formats to develop software versions of Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

Please follow the specifications exactly to develop the fields.

.02 If you are developing software using the 6x10 grid, you may make the following modifications.

- “970120” for Form 941, page 1; “970220” for Form 941, page 2; “970920” for Form 941, page 3; “971020” for Form 941, page 4; “970311” for Schedule B; “970420” for Schedule R, page 1; “970520” for Schedule R, page 2; and “970817” for Form 8974, as the form ID codes.

Note. Maintain as much white space as possible around the form ID code. Do not allow character strings to print adjacent to the code.

- Place all 6x10 grid boxes and entry spaces in the same field locations as indicated on the official forms.
- Use single lines for “Employer Identification Number (EIN)” and other entry areas in the entity section of Form 941, pages 1, 2, and 3; Schedule B; Schedule R, pages 1 and 2; and Form 8974.
- Reverse type is not needed as shown on the official form.
- **Do not** pre-print decimal points in the data boxes. However, where the amounts are required, the amounts should be printed with decimal points and place holders for cents.
- Delete the pre-printed formatting in any “date” boxes.
- Use a single box for “Personal Identification Number (PIN)” on Form 941.
- You may delete all shading when using the 6x10 grid format.

.03 If producing both the form and the data or the form only, print your three-letter source code at the bottom of Form 941, page 1; Schedule B; Schedule D; Schedule R, page 1; or Form 8974. See *Section 1.4.15*.

.04 If producing only the data on the form, print your four-digit software industry vendor code on Form 941. The four-digit vendor code preceded by four zeros and a slash (0000/9876) must be pre-printed. If you have a valid vendor code issued to you through the National Association of Computerized Tax Processors (NACTP), you should use that code. If you do not have a valid vendor code, contact the NACTP via email at president@nactp.org for information on these codes.

.05 Print “For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.” at the bottom of Form 941, page 1.

.06 Print “For Paperwork Reduction Act Notice, see separate instructions.” at the bottom of Schedule B and Schedule D.

.07 Print “For Paperwork Reduction Act Notice, see the separate instructions.” at the bottom of Schedule R, page 1.

.08 Print “For Paperwork Reduction Act Notice, see the separate instructions.” at the bottom of Form 8974.

.09 Be sure to print the OMB number in the same location as on the official forms on substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

.10 Do not print the form catalog number (“Cat. No.”) at the bottom of the forms or instructions.

.11 Do not print the Government Printing Office (GPO) symbol at the bottom of the forms or instructions.

.12 To ensure accurate scanning and processing, enter data on Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 as follows.

- Display/print the name and EIN on all pages and attachments in the proper associated fields.
- Use 12-point (minimum 10-point) Courier font (where possible).
- Omit dollar signs, but use commas when showing amounts.
- Except for Form 941, lines 1 and 2, leave blank any data field with a value of zero.
- Enter negative amounts with a minus sign. For example, report “-10.59” instead of “(10.59).”

Note. The IRS prefers that you use a minus sign for negative amounts instead of parentheses or some other means. However, if your software only allows for parentheses in reporting negative amounts, you may use them.

Section 1.6 – Specific Instructions for Schedule D

.01 To properly file and to reduce delays and contact from the IRS, Schedule D must be produced as close as possible to the official form.

.02 Use Schedule D to explain why you have certain discrepancies. See the Instructions for Schedule D for more information. In many cases, the information on Schedule D helps the IRS resolve discrepancies without contacting you.

.03 If a substitute Schedule D is not submitted in similar format to the official IRS schedule, the substitutes may be returned, you may be contacted by the IRS, delays in processing may occur, and you may be subject to penalties.

Section 1.7 – Specific Instructions for Schedule R

Schedule R has been redesigned to allow the new lines from the April 2020 revision of Form 941 to be reported on Schedule R.

Caution. Columns x and y, if applicable, are used only on a Schedule R filed with the second quarter 2020 Form 941. Don’t enter any amounts in columns x and y for the third or fourth quarter of 2020.

.01 To properly file and to reduce delays and contact from the IRS, Schedule R and Continuation Sheets for Schedule R must be produced as close as possible to the official form.

Note. Do not present the information in spreadsheet or similar format. We may not be able to properly process nonconforming documents with an excessive number of entries. Complete as

many Continuation Sheets for Schedule R (Schedule R, page 2) as necessary. If Continuation Sheets are not used or they vary in form from the official form, processing may be delayed and you may be subject to penalties.

.02 Use Schedule R to allocate the aggregate information reported on Form 941 to each client. If you have more than 5 clients, complete as many Continuation Sheets for Schedule R as necessary. Attach Schedule R, including any Continuation Sheets, to your aggregate Form 941 and file it with your return. Enter your business information carefully.

Make sure all information exactly matches the information shown on the aggregate Form 941. Compare the total of each column on Schedule R, line 9 (including your information on line 8), to the amounts reported on the aggregate Form 941. For each column total of Schedule R, the relevant line from Form 941 is noted in the column heading. If the totals on Schedule R, line 9, do not match the totals on Form 941, there is an error that must be corrected before submitting Form 941 and Schedule R.

.03 Do:

- Develop and submit only conforming Schedules R,
- Follow the format and fields exactly as on the official Schedule R, and
- Maintain the same number of entry lines on the substitute Schedule R as on the official form.

.04 Do not:

- Add or delete entry lines;
- Submit spreadsheets, database printouts, or similar formatted documents instead of using the Schedule R format to report data; and
- Reduce or expand font size to add or delete extra data or lines.

.05 If substitute Schedules R and Continuation Sheets for Schedule R are not submitted in similar format to the official schedule, the substitutes may be returned, you may be contacted by the IRS, delays in processing may occur, and you may be subject to penalties.

Section 1.8 – Specific Instructions for Form 8974

.01 To properly file and to reduce delays and contact from the IRS, Form 8974 must be produced as close as possible to the official form.

.02 Use Form 8974 only if you are claiming the qualified small business payroll tax credit for increasing research activities.

.03 If a substitute Form 8974 is not submitted in similar format to the official IRS form, the substitutes may be returned, you may be contacted by the IRS, delays in processing may occur, and you may be subject to penalties.

Section 1.9 – Office of Management and Budget (OMB) Requirements for Substitute Forms

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

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

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

.03 The OMB requirements for substitute IRS forms are the following.

- Any substitute form or substitute statement to a recipient must show the OMB number as it appears on the official form.
- For Form 941, Schedule B, Schedule D, Schedule R, and Form 8974, the OMB number (1545-0029) must appear exactly as shown on the official form.
- For Form 941, Schedule B, Schedule D, Schedule R, and Form 8974, the OMB number must use one of the following formats.
 1. OMB No. 1545-0029 (preferred).
 2. OMB # 1545-0029 (acceptable).

.04 If no instructions are provided to users of your forms, you must furnish to them the exact text of the Privacy Act and Paperwork Reduction Act Notice.

Section 1.10 – Order Forms and Instructions

.01 You can order forms and instructions at *IRS.gov/OrderForms*.

Section 1.11 – Effect on Other Documents

.01 Revenue Procedure 2018-24, 2018-18 I.R.B. 525, dated April 30, 2018, is superseded.

Section 1.12 – Helpful Information

.01 Please follow the specifications and guidelines to produce substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

.02 These forms are subject to review and possible changes, as required. Therefore, employers are cautioned against overstocking supplies of privately printed substitutes.

.03 Here is a review of references that were listed throughout this document.

- Form 941, Employer’s QUARTERLY Federal Tax Return.
- Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors (referred to in this revenue procedure as “Schedule B”).
- Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations (referred to in this revenue procedure as “Schedule D”).
- Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers (referred to in this revenue procedure as “Schedule R”).
- Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.
- Substitute territorial forms (941-PR, 941-SS, and Anexo B (Formulario 941-PR)).
- Instructions for Form 941.
- Instructions for Schedule B (Form 941).
- Instructions for Schedule D (Form 941).
- Instructions for Schedule R (Form 941).
- Instructions for Form 8974.
- Pub. 15, Employer’s Tax Guide.
- *SCRIPS@IRS.gov* for submissions.
- *SubstituteForms@IRS.gov* for questions.
- For questions:

Internal Revenue Service
Attn: Substitute Forms Program SE:W:CAR:MP:P:TP
1111 Constitution Ave. NW, Room 6554
Washington, DC 20224

- *IRS.gov/DraftForms* for draft forms.
- *IRS.gov/Forms* for final forms.

Form 941 Page 2

June 29, 2020

Exhibit C

Form 941 Page 3

.50 in
 450920

Name (not your trade name)	Employer identification number (EIN)
----------------------------	--------------------------------------

Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.

17	If your business has closed or you stopped paying wages	<input type="checkbox"/>	Check here, and enter the final date you paid wages / / 1.10 in
18	If you're a seasonal employer and you don't have to file a return for every quarter of the year	<input type="checkbox"/>	Check here.
19	Qualified health plan expenses allocable to qualified sick leave wages	19	1.80 in
20	Qualified health plan expenses allocable to qualified family leave wages	20	
21	Qualified wages for the employee retention credit	21	
22	Qualified health plan expenses allocable to wages reported on line 21	22	
23	Credit from Form 5884-C, line 11, for this quarter	23	
24	Qualified wages paid March 13 through March 31, 2020, for the employee retention credit (use this line only for the second quarter filing of Form 941)	24	
25	Qualified health plan expenses allocable to wages reported on line 24 (use this line only for the second quarter filing of Form 941)	25	

Part 4: May we speak with your third-party designee?
 Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

☐ Yes. Designee's name and phone number
 Select a 5-digit personal identification number (PIN) to use when talking to the IRS.

☐ No.

Part 5: Sign here. You MUST complete all three pages of Form 941 and SIGN it.
 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

X

Sign your name here
 Date / /

Print your name here
 Print your title here
 Best daytime phone

Paid Preparer Use Only

Preparer's name
 Preparer's signature
 Firm's name (or yours if self-employed)
 Address
 City State ZIP code

Check if you're self-employed ☐
 PTIN
 Date / /
 EIN
 Phone

951020

This page intentionally left blank

Exhibit E

Form 941-V

.50 in

Form 941-V,
Payment Voucher

✂
▼ **Detach Here and Mail With Your Payment and Form 941.** ▼
✂

Form
941-V
Department of the Treasury
Internal Revenue Service

Payment Voucher

► **Don't staple this voucher or your payment to Form 941.**

OMB No. 1545-0029

2020

<p>1 Enter your employer identification number (EIN).</p>	<p>2 Enter the amount of your payment. ► <small>Make your check or money order payable to "United States Treasury"</small></p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; text-align: center; border-bottom: 1px solid black;"><small>Dollars</small></td> <td style="width: 40%; text-align: center; border-bottom: 1px solid black;"><small>Cents</small></td> </tr> </table>	<small>Dollars</small>	<small>Cents</small>		
<small>Dollars</small>	<small>Cents</small>					
<p>3 Tax Period</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"> <input type="radio"/> 1st Quarter </td> <td style="width: 50%; text-align: center;"> <input type="radio"/> 3rd Quarter </td> </tr> <tr> <td style="text-align: center;"> <input type="radio"/> 2nd Quarter </td> <td style="text-align: center;"> <input type="radio"/> 4th Quarter </td> </tr> </table>	<input type="radio"/> 1st Quarter	<input type="radio"/> 3rd Quarter	<input type="radio"/> 2nd Quarter	<input type="radio"/> 4th Quarter	<p>4 Enter your business name (individual name if sole proprietor).</p> <hr/> <p>Enter your address.</p> <hr/> <p>Enter your city, state, and ZIP code, or your city, foreign country name, foreign province/county, and foreign postal code.</p> <hr/>	
<input type="radio"/> 1st Quarter	<input type="radio"/> 3rd Quarter					
<input type="radio"/> 2nd Quarter	<input type="radio"/> 4th Quarter					

.50 in

7.50 in

.50 in

.50 in

Exhibit F

Schedule B (Form 941)

Schedule B (Form 941):

Report of Tax Liability for Semiweekly Schedule Depositors

(Rev. January 2017)

Department of the Treasury — Internal Revenue Service

Employer identification number (EIN)

3.27 in

Name (not your trade name)

3.50 in

Calendar year

1.33 in

(Also check quarter)

Report for this Quarter...

(Check one.)

- ☐ 1: January, February, March
- ☐ 2: April, May, June
- ☐ 3: July, August, September
- ☐ 4: October, November, December

Use this schedule to show your TAX LIABILITY for the quarter; don't use it to show your deposits. When you file this form with Form 941 or Form 941-SS, don't change your tax liability by adjustments reported on any Forms 941-X or 944-X. You must fill out this form and attach it to Form 941 or Form 941-SS if you're a semiweekly schedule depositor or became one because your accumulated tax liability on any day was \$100,000 or more. Write your daily tax liability on the numbered space that corresponds to the date wages were paid. See Section 11 in Pub. 15 for details.

Month 1

1.20 in

1.20 in

1.80 in

1.60 in

Month 2

1.20 in

6.30 in

1.58 in

Month 3

1.41 in

1.50 in

1.20 in

1.55 in

Fill in your total liability for the quarter (Month 1 + Month 2 + Month 3) ▶

Total must equal line 12 on Form 941 or Form 941-SS.

For Paperwork Reduction Act Notice, see separate instructions.

IRS.gov/form941

Cat. No. 11967Q

Schedule B (Form 941) (Rev. 1-2017)

Schedule D (Form 941):
Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations
 (Rev. June 2011) Department of the Treasury—Internal Revenue Service

OMB No. 1545-0029

Employer Identification Number (EIN) - 2.85 in

Name (not your trade name) 3.40 in

Trade name (if any) 3.70 in

Address 4.20 in

Number 2.60 in Street .50 in Suite or room number .90 in

City 2.29 in State ZIP code

Phone number

Tax Year of Discrepancies (Fill in) Format: YYYY 1.75 in

Type of Submission (Check one) ☐ Original ☐ Corrected 2.20 in 1.08 in

About this schedule

Each year the Internal Revenue Service (IRS) and the Social Security Administration (SSA) compare the totals on your Forms 941, Employer's *QUARTERLY Federal Tax Return*, with the totals on Forms W-2, *Wage and Tax Statement*, to verify that:

- The wages you reported on Forms 941 match those you reported on Forms W-2 (Copy A) so that your employees' social security earnings records are complete for benefit purposes; and
- You have paid the appropriate taxes.

Generally, the totals on your Forms W-2 (Copy A) should equal the totals you reported on Forms 941. Use this schedule if discrepancies exist between the totals you reported on those forms ONLY as a result of an acquisition, statutory merger, or consolidation. In many cases, the information on this schedule should help the IRS resolve discrepancies without contacting you. If you are an eligible employer who elects to use the alternate procedure set forth in Rev. Proc. 2004-53, explained in the instructions, you should file this schedule.

Read the separate instructions before you fill out this schedule.

Part 1: Answer these background questions.

1. Are you filing this schedule —

☐ After a statutory merger or consolidation? (See Rev. Rul. 62-60, 1962-1 C.B. 186 and Rev. Proc. 2004-53, 2004-2 C.B. 320.)

You are either: ☐ An acquired corporation or ☐ A surviving corporation.

OR

☐ After an acquisition and you are using the alternate procedure under Rev. Proc. 2004-53, 2004-2 C.B. 320?

You are either: ☐ A predecessor or ☐ A successor.

2. The effective date of the statutory merger/consolidation or acquisition is 1.70 in

MM / DD / YYYY

3. The OTHER PARTY in this transaction is ...

Other party's EIN -

Other party's name 6.00 in

Trade name (if any)

Address

Number Street Suite or room number

City 2.30 in State ZIP code

Phone number

Next

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 38791Y Schedule D (Form 941) (Rev. 6-2011) .50 in

Exhibit H

Form 941 Schedule D Page 2

Your EIN - 2.86 in

Name (not your trade name) 3.60 in

Other party's EIN -

Tax Year of Discrepancies (Fill in)

.80 in

Format: YYYY 2.20 in

Part 2: Tell us about the discrepancies with your returns.

	Column A	Column B	Column C
	Amount you reported to IRS for the tax year	- Amount you reported to SSA for the tax year	= The difference
	Totals from Forms 941 as corrected by any Forms 941-X	Totals from Forms W-2 (Copy A) as corrected by any Forms W-2c (Copy A)	
4. Social security wages	1.80 in	.20 in	=
5. Medicare wages and tips		-	=
6. Social security tips		-	=
7. Federal income tax withheld		-	=
8. Advance earned income credit (EIC) payments (for tax years ending before January 1, 2011)		-	=

If you are filing for one transaction only, STOP here. If you are filing for more than one transaction, go to Part 3.

Part 3: Fill this part out ONLY if you are filing more than one Schedule D (Form 941) for any calendar year.

9. File one Schedule D (Form 941) for each separate transaction. This is schedule .70 in of . (Example: This is schedule 1 of 3.)

	Column A	Column B	Column C
	Amount you reported to IRS for the tax year for the employees affected by the transaction reported on this Schedule D (Form 941)	- Amount you reported to SSA for the tax year for the employees affected by the transaction reported on this Schedule D (Form 941)	= The difference
	Totals from Forms 941 as corrected by any Forms 941-X	Totals from Forms W-2 (Copy A) as corrected by any Forms W-2c (Copy A)	
10. Social security wages		5.80 in	=
11. Medicare wages and tips		-	=
12. Social security tips		-	=
13. Federal income tax withheld		-	=
14. Advance earned income credit (EIC) payments (for tax years ending before January 1, 2011)		-	=

Page 2

Schedule D (Form 941) (Rev. 6-2011)

Schedule R (Form 941): Allocation Schedule for Aggregate Form 941 Filers

(Rev. June 2020) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN)

Name as shown on Form 941

Type of filer (check one):
☐ Section 504 Agent ☐ CPEO ☐ Other Third Party

Read the instructions before you complete Schedule R. Type or print within the boxes. Complete a separate line for the amounts allocated to each of your clients. The term "client" as used on this form includes the term "customer." See the instructions.

Line	(a) Client's EIN	(b) Type of wages (CPEO only)	(c) Form 941, line 1	(d) Form 941, line 2	(e) Form 941, line 3	(f) Form 941, line 5a(i), column 1	(g) Form 941, line 5a(ii), column 1	(h) Form 941, line 5e	(i) Form 941, line 5f
1									
2									
3									
4									
5									
6	Subtotals for clients. Add lines 1 through 5								
7	Enter the combined subtotal from line 9 of all Continuation Sheets for Schedule R								
8	Enter Form 941 amounts for your employees								
9	Totals. Add lines 6, 7, and 8								

Line	(j) Form 941, line 11a	(k) Form 941, line 11b	(l) Form 941, line 11c	(m) Form 941, line 12	(n) Form 941, line 13a	(o) Form 941, line 13b	(p) Form 941, line 13c	(q) Form 941, line 13d
1								
2								
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Line	(r) Form 941, line 13f	(s) Form 941, line 19	(t) Form 941, line 20	(u) Form 941, line 21	(v) Form 941, line 22	(w) Form 941, lines 5a and 5b, column 2, total	(x) Form 941, line 24	(y) Form 941, line 25
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9								

Report for calendar year:

Check the quarter (same as Form 941):
☐ 1: January, February, March
☐ 2: April, May, June
☐ 3: July, August, September
☐ 4: October, November, December

950520

Report for calendar year:

Check the quarter (same as Form 941):

☐ **1:** January, February, March

☐ **2:** April, May, June

☐ **3:** July, August, September

☐ **4:** October, November, December

Continuation Sheet for Schedule R (Form 941)

(Rev. June 2023)

Page _____ of _____

Employer identification number (EIN) -

Name as shown on Form 941

Type of filer (check one): ☐ Section 5004 Agent ☐ CPEO ☐ Other Third Party

(a) Client's EIN	(b) Type of wages (CPEO only)	(c) Form 941, line 1	(d) Form 941, line 2	(e) Form 941, line 3	(f) Form 941, line 3a, column 1	(g) Form 941, line 5a(i), column 1	(h) Form 941, line 5e	(i) Form 941, line 5f
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9 Subtotals for clients. Add lines 1 through 8. Induce the subtotals from this line on Schedule R, Page 1, line 7.								
(j) Form 941, line 11a	(k) Form 941, line 11b	(l) Form 941, line 11c	(m) Form 941, line 12	(n) Form 941, line 13a	(o) Form 941, line 13b	(p) Form 941, line 13c	(q) Form 941, line 13d	
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(r) Form 941, line 13f	(s) Form 941, line 19	(t) Form 941, line 20	(u) Form 941, line 21	(v) Form 941, line 22	(w) Form 941, lines 5a and 5b, column 2, total	(x) Form 941, line 24	(y) Form 941, line 25	
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Form 8974

Bulletin No. 2020-27

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.

Numerical Finding List¹

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¹ 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 Items¹

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¹ 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.

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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

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