

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.

INCOME TAX

Notice 2021-51, page 361.

The notice announces that the Treasury Department and the IRS intend to amend certain regulations under sections 1446(a) and 1446(f) to defer the applicability date to January 1, 2023.

Bulletin No. 2021-36
September 7, 2021

Rev. Rul. 2021-16, page 359.

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term tax exempt rate. For purposes of sections 382, 1274, 1288, 7872 and other sections of the Code, tables set forth the rates for September 2021.

The IRS Mission

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

Introduction

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

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

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

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 Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases.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

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

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

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

Part II.—Treaties and Tax Legislation.

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

Part III.—Administrative, Procedural, and Miscellaneous.

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

Part IV.—Items of General Interest.

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

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

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Part I

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

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

Rev. Rul. 2021-16

This revenue ruling provides various prescribed rates for federal income tax

purposes for September 2021 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropri-

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

REV. RUL. 2021-16 TABLE 1				
Applicable Federal Rates (AFR) for September 2021				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
		<i>Short-term</i>		
AFR	0.17%	0.17%	0.17%	0.17%
110% AFR	0.19%	0.19%	0.19%	0.19%
120% AFR	0.20%	0.20%	0.20%	0.20%
130% AFR	0.22%	0.22%	0.22%	0.22%
		<i>Mid-term</i>		
AFR	0.86%	0.86%	0.86%	0.86%
110% AFR	0.95%	0.95%	0.95%	0.95%
120% AFR	1.03%	1.03%	1.03%	1.03%
130% AFR	1.12%	1.12%	1.12%	1.12%
150% AFR	1.29%	1.29%	1.29%	1.29%
175% AFR	1.52%	1.51%	1.51%	1.51%
		<i>Long-term</i>		
AFR	1.73%	1.72%	1.72%	1.71%
110% AFR	1.90%	1.89%	1.89%	1.88%
120% AFR	2.07%	2.06%	2.05%	2.05%
130% AFR	2.25%	2.24%	2.23%	2.23%

REV. RUL. 2021-16 TABLE 2				
Adjusted AFR for September 2021				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	0.13%	0.13%	0.13%	0.13%
Mid-term adjusted AFR	0.65%	0.65%	0.65%	0.65%
Long-term adjusted AFR	1.31%	1.31%	1.31%	1.31%

REV. RUL. 2021-16 TABLE 3
Rates Under Section 382 for September 2021

Adjusted federal long-term rate for the current month	1.31%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	1.57%

REV. RUL. 2021-16 TABLE 4
Appropriate Percentages Under Section 42(b)(1) for September 2021

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

Appropriate percentage for the 70% present value low-income housing credit	7.30%
Appropriate percentage for the 30% present value low-income housing credit	3.13%

REV. RUL. 2021-16 TABLE 5
Rate Under Section 7520 for September 2021

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	1.0%
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Section 42.—Low-Income Housing Credit

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of September 2021. See Rev. Rul. 2021-16, page 359.

Section 280G.—Golden Parachute Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of September 2021. See Rev. Rul. 2021-16, page 359.

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

The adjusted applicable federal long-term rate is set forth for the month of September 2021. See Rev. Rul. 2021-16, page 359.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of September 2021. See Rev. Rul. 2021-16, page 359.

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

The applicable federal short-term rates are set forth for the month of September 2021. See Rev. Rul. 2021-16, page 359.

Section 482.—Allocation of Income and Deductions Among Taxpayers

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of September 2021. See Rev. Rul. 2021-16, page 359.

Section 483.—Interest on Certain Deferred Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of September 2021. See Rev. Rul. 2021-16, page 359.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of September 2021. See Rev. Rul. 2021-16, page 359.

Section 7520.—Valuation Tables

The applicable federal mid-term rates are set forth for the month of September 2021. See Rev. Rul. 2021-16, page 359.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of September 2021. See Rev. Rul. 2021-16, page 359.

Part III

Applicability Date of Certain Regulations Under Sections 1446(a) and (f)

Notice 2021-51

I. PURPOSE

This notice announces that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to amend the regulations under sections 1446(a) and 1446(f) to defer the applicability date to January 1, 2023 for certain provisions relating to the following: (i) withholding under section 1446(f) on transfers of interests in publicly traded partnerships (“PTP interests”); (ii) withholding under section 1446(a) on distributions made with respect to PTP interests; and (iii) withholding under section 1446(f)(4) by partnerships on distributions to transferees. Before the issuance of these amendments, taxpayers may rely on the provisions of this notice regarding the modified applicability dates.

II. BACKGROUND

Sections 864(c)(8) and 1446(f) were added to the Code by the Tax Cuts and Jobs Act, Pub. L. 115-97 on December 22, 2017. Section 864(c)(8) generally provides that gain or loss derived by a foreign person on the sale or exchange of an interest in a partnership engaged in a U.S. trade or business is treated as effectively connected gain or loss and, therefore, is subject to U.S. tax. Section 1446(f)(1) requires a transferee of an interest in a partnership to withhold 10 percent of the amount realized if any portion of the gain on the disposition would be treated under section 864(c)(8) as effectively connected with the conduct of a trade or business within the United States (unless an exception applies). Section 1446(f)(4) provides that if a transferee fails to withhold on the disposition as required under section 1446(f)(1), the partnership must withhold on distributions to the transferee.

On November 30, 2020, the Treasury Department and the IRS published final regulations (TD 9926) in the Federal Register (85 FR 76910, as corrected at 86 FR 13191) primarily relating to withholding and information reporting under section 1446(f). The final regulations include withholding and reporting requirements under section 1446(f)(1) applicable to brokers effecting transfers of PTP interests on behalf of foreign persons. The final regulations also require a broker that pays an amount realized to a foreign broker to withhold on the amount realized, unless the foreign broker is a qualified intermediary (QI) (or a U.S. branch treated as a U.S. person) that assumes primary withholding responsibility under section 1446(f)(1). The final regulations modify certain rules in §1.1446-4, which previously permitted only a publicly traded partnership or a U.S. person to be the withholding agent, to allow a QI (or a U.S. branch treated as a U.S. person) to assume withholding on distributions with respect to PTP interests under section 1446(a), in part to coordinate with withholding requirements under section 1446(f)(1). Under the final regulations, a QI that assumes withholding on a distribution under section 1446(a) must also assume withholding on the distribution under section 1446(f). The final regulations also provide rules under section 1446(f)(4) for withholding and reporting by partnerships (other than publicly traded partnerships) making distributions to transferees of partnership interests who failed to withhold as required under section 1446(f)(1). The provisions of the final regulations described in this paragraph apply to transfers and distributions that occur on or after January 1, 2022.

III. AMENDED APPLICABILITY DATES

Following the publication of the final regulations, the Treasury Department and the IRS received comments noting that taxpayers will face significant challenges complying with certain provisions of the final regulations by January 1, 2022, and requesting a deferred applicability date. These challenges include the follow-

ing: designing, building, and testing new withholding and reporting infrastructure; analyzing new forms and withholding statements; and implementing systems to capture required data. Brokers that are qualified intermediaries (and U.S. branches treated as U.S. persons) have the additional challenge of implementing systems and processes to withhold and report under section 1446(a) as well as section 1446(f).

In consideration of the concerns raised by taxpayers, and to allow for an orderly implementation of the requirements of section 1446(f) with respect to PTP interests, the Treasury Department and the IRS intend to amend certain applicability dates of the final regulations (primarily the applicability date in §1.1446(f)-4(f)) to provide that the provisions relating to withholding and reporting on transfers of PTP interests under section 1446(f)(1) will apply to transfers that occur on or after January 1, 2023. The Treasury Department and the IRS also intend to amend the applicability date of the modifications to §1.1446-4 listed in §1.1446-7 to apply to distributions with respect to PTP interests made on or after January 1, 2023. The modified applicability date for these provisions will then align with the modified applicability date for withholding and reporting under section 1446(f)(1) with respect to PTP interests. In addition, in order to allow for an orderly implementation of the withholding and reporting requirements for partnerships under section 1446(f)(4), the Treasury Department and the IRS intend to amend the applicability date in §1.1446(f)-3(f) so that the provisions of the final regulations requiring partnerships to withhold under section 1446(f)(4) will apply to transfers that occur on or after January 1, 2023.

IV. DRAFTING INFORMATION

The principal author of this notice is Charles Rioux of the Office of Associate Chief Counsel (International). For further information regarding this notice, contact Mr. Rioux at (202) 317-4992 (not a toll-free number).

Definition of Terms

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

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

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

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

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

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

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

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

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

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

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

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

Abbreviations

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

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

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

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

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2021–27 through 2021–52 is in Internal Revenue Bulletin 2021–52, dated December 27, 2021.

Finding List of Current Actions on Previously Published Items¹

Bulletin 2021–36

¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2021–27 through 2021–52 is in Internal Revenue Bulletin 2021–52, dated December 27, 2021.

Internal Revenue Service

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INTERNAL REVENUE BULLETIN

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

We Welcome Comments About the Internal Revenue Bulletin

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