

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.

EMPLOYEE PLANS

Notice 2021-60, page 719.

This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for October 2021 used under § 417(e)(3)(D), the 24-month average segment rates applicable for October 2021, and the 30-year Treasury rates, as reflected by the application of § 430(h)(2)(C)(iv).

**Bulletin No. 2021-45
November 8, 2021**

EXEMPT ORGANIZATIONS

Notice 2021-56, page 716.

This notice sets forth current standards that a limited liability company (LLC) must satisfy to receive a determination letter recognizing it as tax-exempt under section 501(a) of the Internal Revenue Code and described in section 501(c)(3). This notice also requests public comments on these standards as well as specific issues relating to tax-exempt status for LLCs. This notice does not affect the status of organizations currently recognized as described in section 501(c)(3).

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

Standards for Section 501(c)(3) Status of Limited Liability Companies

Notice 2021-56

SECTION 1. PURPOSE

This notice sets forth current standards that a limited liability company (LLC) must satisfy to receive a determination letter recognizing it as tax-exempt under section 501(a)¹ and described in section 501(c)(3). This notice also requests public comments on these standards as well as specific issues relating to tax-exempt status for LLCs to assist the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) in determining whether additional guidance is needed concerning the standards that an LLC must satisfy to be exempt from taxation by reason of being described in section 501(c). This notice does not affect the status of organizations currently recognized as described in section 501(c)(3).

SECTION 2. BACKGROUND

.01 General Requirements under Section 501(c)(3)

Section 501(a) generally provides that an organization described in section 501(c) shall be exempt from federal income taxation.

Section 501(c)(3) refers, in part, to corporations, and any community chest, fund, or foundation organized and operated exclusively for certain purposes (referred to collectively in this notice as “charitable purposes” or “exempt purposes”), no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 508(e) generally provides that a private foundation will not be exempt from taxation under section 501(a) unless its governing instrument includes provisions requiring the foundation to comply

with sections 4941, 4942, 4943, 4944, and 4945.

Section 7701(a)(3) generally provides that the term “corporation” includes associations for purposes of the Code.

Section 1.501(c)(3)-1(b)(1) of the Income Tax Regulations provides that an organization is organized and operated exclusively for one or more exempt purposes only if its articles of organization limit the purposes of the organization to one or more exempt purposes and do not expressly empower the organization to engage, other than as an insubstantial part of its activities, in activities that are not in furtherance of one or more exempt purposes. Section 1.501(c)(3)-1(b)(2) provides that the term “articles of organization” or “articles” includes the trust instrument, the corporate charter, the articles of association, or any other written instrument by which an organization is created.

Under § 1.501(c)(3)-1(b)(4), an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization’s assets will be considered dedicated to an exempt purpose, for example, if, upon dissolution of the organization, such assets would, by reason of a provision in the organization’s articles or by operation of law, be distributed for one or more exempt purposes, or to the federal government, or to a state or local government, for a public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of the court will best accomplish the general purposes for which the dissolved organization was organized. However, an organization will not be considered to satisfy the organizational test if its articles or the law of the state in which it was created provide that its assets would, upon dissolution, be distributed to its members or shareholders.

Section 1.501(c)(3)-1(b)(5) provides that the law of the state in which an organization is created is controlling when construing the terms of the organization’s articles. Any organization contending

that the terms of its articles have a different meaning under state law than their generally accepted meaning must establish such special meaning by clear and convincing reference to relevant court decisions, opinions of the state attorney general, or other evidence of applicable state law.

Section 1.508-3(d) describes circumstances in which a private foundation’s governing instrument will be deemed to comply with the requirements of section 508(e) based on provisions of applicable state law.

.02 Entity classification

Entity classification regulations under §§ 301.7701-1 through -3 of the Procedure and Administration Regulations (commonly known as check-the-box regulations) were first issued in 1996 and provide federal tax rules for the treatment of business entities. Under § 301.7701-1(a)(1), whether an organization is an entity separate from its owners for federal tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law. Similarly, under § 301.7701-1(a)(3), an entity formed under local law is not always recognized as a separate entity for federal tax purposes.

Under § 301.7701-2(a), a business entity is any entity recognized for federal tax purposes (including an entity with a single owner that may be disregarded as an entity separate from its owner under § 301.7701-3 (disregarded entity)) that is not properly classified as a trust under § 301.7701-4 or otherwise subject to special treatment under the Code. A business entity with two or more members is classified for federal tax purposes as either a corporation or a partnership. A business entity with only one owner is classified as a corporation or a disregarded entity. If the entity is a disregarded entity, its activities are treated in the same manner as a sole proprietorship, branch, or division of the owner. Section 301.7701-3(a) generally provides that a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4),

¹All Code, section, and “§” references are to the Internal Revenue Code of 1986, as amended, or regulations thereunder, unless otherwise specified.

(5), (6), (7), or (8) is an eligible entity. An eligible entity with at least two members can elect to be classified as either an association (and thus a corporation) or a partnership, and an eligible entity with a single owner can elect to be classified as an association or a disregarded entity. In general, a domestic eligible entity that does not file an election is treated as a partnership or a disregarded entity. See § 301.7701-3(b)(1). Section 301.7701-3(c)(1)(v)(A) provides, however, that an eligible entity that has been determined to be, or claims to be, exempt from taxation under section 501(a) is treated as having made an election to be classified as an association (and thus as a corporation under § 301.7701-2(b)(2)).

.03 Treatment of LLCs under Section 501(c)(3)

Section 1.501(c)(3)-1(b), which sets forth the organizational test, was issued in 1959, prior to the enactment of the first LLC statute in the United States.² As a result, the regulations under section 501(c)(3) do not specifically address LLCs and the Treasury Department and the IRS have not issued other formal guidance addressing the requirements for recognition of LLCs as organizations described in section 501(c)(3). Historically, the standards that the IRS has applied for purposes of issuing determination letters have generally included a requirement that all the members of an LLC must themselves be section 501(c)(3) organizations, governmental units, or wholly-owned instrumentalities of a state or political subdivision thereof.

.04 State LLC Statutes

In considering the requirements that an LLC must satisfy to qualify as an organization described in section 501(c)(3), the Treasury Department and the IRS reviewed state laws governing LLCs and the ways in which those laws may differ from the state laws governing not-for-profit (or nonstock) corporations and charitable trusts. It appears that, in a few states, the LLC law may not allow an LLC to be organized and operated exclusively for charitable purposes. See section 4.01(3) of this notice. It also appears

that most state LLC laws include default provisions granting the members of an LLC certain economic rights that would be inconsistent with section 501(c)(3) requirements if the members were “private shareholders or individuals” within the meaning of § 1.501(a)-1(c). See section 4.01(4) of this notice. A few states do not permit a statement of the LLC’s purposes in the articles of organization, but only in the operating agreement, which is not filed with the state. See section 4.01(6) of this notice.

SECTION 3. STANDARDS FOR AN LLC SUBMITTING FORM 1023

.01 In general

The Treasury Department and the IRS construe section 501(c)(3) and § 1.501(c)(3)-1 to permit the IRS to issue a favorable determination letter to an LLC that submits Form 1023, *Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code*, after October 21, 2021, only if the LLC satisfies the requirements set forth in sections 3.02 and 3.03 of this notice in addition to the general requirements under section 501(c)(3). The requirements in sections 3.02 and 3.03 of this notice are intended to ensure that the LLC is organized and operated exclusively for exempt purposes, including that its assets are dedicated to an exempt purpose and do not inure to private interests.

.02 Required provisions of LLC articles of organization and operating agreement

Except as set forth in section 3.04 of this notice, the IRS will issue a determination letter recognizing an LLC as exempt from tax and described in section 501(c)(3) only if both the LLC’s articles of organization and its operating agreement each include:

- (1) Provisions requiring that each member of the LLC be either (i) an organization described in section 501(c)(3) and exempt from taxation under section 501(a) or (ii) a governmental unit described in section 170(c)(1) (or wholly-owned instrumentality of such a governmental unit).

- (2) Express charitable purposes and charitable dissolution provisions in compliance with § 1.501(c)(3)-1(b)(1) and (4).
- (3) The express chapter 42 compliance provisions described in section 508(e)(1), if the LLC is a private foundation.
- (4) An acceptable contingency plan (such as suspension of its membership rights until a member regains recognition of its section 501(c)(3) status) in the event that one or more members cease to be section 501(c)(3) organizations or governmental units (or wholly-owned instrumentalities thereof).

.03 Representation on enforceability

The LLC must represent that all provisions in its articles of organization and operating agreement are consistent with applicable state LLC law and are legally enforceable.

.04 States with limitations on articles provisions

If an LLC is formed under a state LLC law that prohibits the addition of provisions to articles of organization other than certain specific provisions required by the state LLC law, the requirements of section 3.02 of this notice will be deemed satisfied if the LLC’s operating agreement includes the provisions set forth in section 3.02 of this notice and if the articles of organization and operating agreement do not include any inconsistent provisions.

SECTION 4. REQUEST FOR PUBLIC COMMENTS

.01 Section 501(c)(3)

The Treasury Department and the IRS request comments on the standards in section 3 of this notice. Comments supporting recognition of section 501(c)(3) status for LLCs whose membership includes individuals and/or organizations other than section 501(c)(3) organizations, governmental units, or instrumentalities of a state or political subdivision thereof should recommend specific safeguards to ensure the LLC would be able to satisfy the existing federal statutory and regula-

²The IRS first addressed the tax classification of LLCs, in the context of the Wyoming LLC Act, in Rev. Rul. 88-76, 1988-2 C.B. 360 (obsoleted in Rev. Rul. 98-37, 1998-2 C.B. 133). Since then, every other state has enacted laws providing for the creation and regulation of LLCs. Many states have adopted some version of the Uniform Limited Liability Company Act (ULLCA), generally with some modifications. Several states have adopted nonprofit LLC statutes (as discussed in section 4.01(7) of this notice).

tory requirements, including the requirement for assets to remain dedicated to an exempt purpose and the prohibition against private inurement. Additionally, comments are requested from state attorneys general and charity officials, as well as from the general public, with respect to interpretation of state LLC laws, reference to other pertinent laws, and applicability of state charity laws to LLCs formed for charitable purposes (charitable LLCs).

In particular, the Treasury Department and the IRS request comments with respect to the following:

- (1) What are the potential advantages and disadvantages of forming an entity for exclusively charitable purposes under a state LLC law rather than under a state not-for-profit (or non-stock) corporation or charitable trust law?
- (2) Do state laws regulating charitable assets apply to assets held by charitable LLCs to the same degree as such laws apply to assets held by trusts or state-law corporations formed for charitable purposes?
- (3) Most state LLC statutes specify that an LLC may be formed for any lawful purpose. In a few states, however, the LLC statute appears to require that an LLC be a profit-seeking enterprise. In those states, is it permissible as a matter of state law for an LLC to be formed exclusively for section 501(c)(3) purposes?
- (4) Most state LLC statutes appear to provide that, upon dissolution and after payment of creditors, an LLC may dispose of its remaining assets among its members or otherwise in whatever manner specified in its articles of organization (also referred to as a certificate of organization or certificate of formation) or operating agreement (also referred to as a limited liability company agreement). In those states, the state LLC statute merely provides default rules that apply in the absence of any provision in the articles or operating agreement. Other state LLC statutes, however, appear to require distributions of net assets only to members upon dissolution, as immutable rules.
 - a. In a state in which the LLC statute appears to require distributions of net assets only to LLC members on dissolution, could LLC members at the time of creation of an LLC effectively disclaim their financial interests in the LLC or assign or transfer their financial interests to the LLC or to another section 501(c)(3) charity as a means of satisfying the dissolution clause requirement under § 1.501(c)(3)-1(b)(4), notwithstanding the state dissolution requirements?
 - b. Would such a disclaimer be enforceable against the LLC members?
 - c. Would such a disclaimer be enforceable against creditors of the members?
- (5) The organizational test regulations under § 1.501(c)(3)-1(b) generally require certain language (in particular, stated charitable purposes and charitable distribution of assets upon dissolution) to appear in the articles of organization, defined as the written instrument by which the organization is created. Private foundations also must include certain language in their articles of organization to be in compliance with section 508(e). See § 1.508-3. In many cases, state law satisfies the dissolution requirements and section 508(e) requirements for charitable trusts and corporations if there is no contrary provision in the articles of organization. State LLC statutes generally provide that an LLC is created upon filing its articles of organization with the state. In addition to the articles of organization, an operating agreement governs the affairs and activities of an LLC. Unlike the articles of organization, the operating agreement is not filed with the state. State laws differ as to which document is controlling. In some states, the articles control. In other states, the articles control as to outside parties to the extent they reasonably rely on the public record, but the operating agreement governs relations among the LLC's members and between the members and the LLC.
 - a. Are there state laws that satisfy the dissolution requirements and section 508(e) requirements for charitable LLCs?
 - b. Is there any reason why an LLC should not be required (except as provided in section 4.01(6)) to include appropriate charitable purpose and dissolution language (and section 508(e) language, if applicable) in both its articles of organization and its operating agreement?
- (6) Most state LLC statutes do not restrict the ability of an LLC to include the language required under § 1.501(c)(3)-1(b) (and section 508(e), if applicable) in its articles of organization. However, a few states appear to strictly limit what provisions may be included in an LLC's articles of organization.
 - a. Should the regulations for the section 501(c)(3) organizational test and section 508(e) requirements be revised to accommodate LLCs organized in states that limit what provisions may be included in an LLC's articles of organization if the LLC includes the appropriate language in the LLC's operating agreement?
 - b. Should it matter that the operating agreement (unlike the articles of organization) is not filed with the state, and therefore may not be readily available to the IRS and the public?
- (7) Several states have enacted special statutory provisions for nonprofit LLCs (beyond a mere provision in the statute that allows an LLC to be formed for a nonprofit purpose), subjecting them to regulation as nonprofit organizations and, in some cases, limiting membership. In such states, must a charitable LLC form under the state's nonprofit LLC law, or are charitable LLCs permitted to form under the state's general LLC law?
- (8) State laws generally provide an LLC's members with management authority unless the articles of organization (or in some states, the operating agreement) delegate management authority to one or more managers.
 - a. With respect to qualification for section 501(c)(3) status, should LLCs managed by managers be treated the same as LLCs managed by members?

- b. Should LLC managers be treated as officers for federal exempt organization tax purposes generally, including, for example, the compliance provisions of chapter 42?
- (9) Are there any other provisions of the LLC law in one or more states that may affect the ability of an LLC to qualify under section 501(c)(3)?
- (10) Are there any specific provisions that should be included in an LLC's articles of organization and operating agreement in addition to, or in lieu of, those discussed in section 3.02 of this notice, to address particular provisions of state LLC law?
- (11) Are there circumstances in which an LLC seeking recognition under section 501(c)(3) should be permitted to have members that are not themselves section 501(c)(3) organizations, governmental units, or wholly-owned instrumentalities of governmental units?

.02 Other exemption provisions

The Treasury Department and the IRS also request comments as to whether there should be special requirements or considerations for recognition of tax-exempt status for LLCs under paragraphs of section 501(c) other than section 501(c)(3).

SECTION 5: WHEN AND WHERE TO SEND COMMENTS

Written comments may be submitted by February 6, 2022. Comments should include a reference to Notice 2021-56. Comments may be submitted in one of two ways:

- (1) Electronically via the Federal eRulemaking Portal at www.regulations.gov (type IRS-2020-0042 in the search field on the [regulations.gov](http://www.regulations.gov) homepage to find this notice and submit comments).
- (2) Alternatively, by mail to: Internal Revenue Service, CC:PA:LPD:PR (Notice 2021-56), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

All commenters are strongly encouraged to submit comments electronically,

as access to mail may be limited. The IRS expects to have limited personnel available to process public comments that are submitted on paper through mail. Until further notice, any comments submitted on paper will be considered to the extent practicable. The Treasury Department and the IRS will publish for public availability any comment submitted electronically, and to the extent practicable on paper, to its public docket.

SECTION 6. PAPERWORK REDUCTION ACT

Section 3 of this notice sets forth a collection of information (required provisions of articles of organization and operating agreement and representation on enforceability, to be provided to the IRS with Form 1023). This collection of information is reflected in the collection of information for Form 1023 that has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507(c)) under control number 1545-0047.

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

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

SECTION 7. DRAFTING INFORMATION

The principal authors of this notice are Christopher A. Hyde and Ward L. Thomas of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice, contact Mr. Hyde at (202) 317-6171 or Mr. Thomas at (202) 317-6173 (not toll-free numbers).

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

Notice 2021-60

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 September

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)).

2021 data is in Table 2021-9 at the end of this notice. The spot first, second, and third segment rates for the month of September 2021 are, respectively, 0.70, 2.55, and 3.06

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 appli-

cable minimum and maximum percentages of the corresponding 25-year average segment rates.

The 25-year average segment rates for plan years beginning in 2020, 2021 and 2022 were published in Notice 2019-51, 2019-41 I.R.B. 866, Notice 2020-72, 2020-40 I.R.B. 789, and Notice 2021-54, 2021-41 I.R.B. 457, respectively.

24-MONTH AVERAGE CORPORATE BOND SEGMENT RATES

The three 24-month average corporate bond segment rates applicable for October 2021 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
October 2021	1.01	2.65	3.34

25-YEAR AVERAGE SEGMENT RATES

Section 9706(a) of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (ARP), which was enacted on March 11, 2021, changes the 25-year average segment rates and the applicable minimum and maximum percentages used under § 430(h)(3)(C)(iv) of the Code to adjust the 24-month average segment rates. Prior to this change, the applicable minimum and maximum percentages were 90% and 110% for a plan year beginning in 2020, and 85% and 115% for a plan

year beginning in 2021, respectively. After this change, the applicable minimum and maximum percentages are 95% and 105% for a plan year beginning in 2020, 2021, or 2022. In addition, pursuant to this change, any 25-year average segment rate that is less than 5% is deemed to be 5%.²

Pursuant to § 9706(c)(1) of ARP, these changes apply with respect to plan years beginning on or after January 1, 2020. However, § 9706(c)(2) of ARP provides that a plan sponsor may elect not to have these changes apply to any plan year beginning before January 1, 2022.³

The adjusted 24-month average segment rates set forth in the chart below reflect § 430(h)(2)(C)(iv) of the Code as amended by § 9706(a) of ARP. These adjusted 24-month average segment rates apply only for plan years for which an election under § 9706(c)(2) of ARP is not in effect. For a plan year for which such an election does not apply, the 24-month averages applicable for October 2021, adjusted to be within the applicable minimum and maximum percentages of the corresponding 25-year average segment rates in accordance with § 430(h)(2)(C)(iv) of the Code, are as follows:

<i>Adjusted 24-Month Average Segment Rates</i>				
For Plan Years Beginning In	Applicable Month	First Segment	Second Segment	Third Segment
2020	October 2021	4.75	5.50	6.27
2021	October 2021	4.75	5.36	6.11
2022	October 2021	4.75	5.18	5.92

The adjusted 24-month average segment rates set forth in the chart below do not reflect the changes to § 430(h)(2)(C)(iv) of the Code made by § 9706(a) of ARP. These adjusted 24-month average

segment rates apply only for plan years for which an election under § 9706(c)(2) of ARP is in effect. For a plan year for which such an election applies, the 24-month averages applicable for October 2021,

adjusted to be within the applicable minimum and maximum percentages of the corresponding 25-year average segment rates in accordance with § 430(h)(2)(C)(iv) of the Code, are as follows:

<i>Pre-ARP Adjusted 24-Month Average Segment Rates</i>				
For Plan Years Beginning In	Applicable Month	First Segment	Second Segment	Third Segment
2020	October 2021	3.64	5.21	5.94
2021	October 2021	3.32	4.79	5.47

² Pursuant to this change, the 25-year averages of the first segment rate for 2020, 2021, and 2022 are increased to 5.00% because those 25-year averages as originally published are below 5.00%.

³ This election may be made either for all purposes for which the amendments under § 9706 of ARP apply or solely for purposes of determining the adjusted funding target attainment percentage under § 436 of the Code for the plan year.

30-YEAR TREASURY SECURITIES INTEREST RATES

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

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

of interest on 30-year Treasury securities for September 2021 is 1.94 percent. The Service determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in August 2051. For plan years beginning in October 2021, 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:

For Plan Years Beginning In	<i>Treasury Weighted Average Rates</i>	
	30-Year Treasury Weighted Average	Permissible Range 90% to 105%
October 2021	2.17	1.95 to 2.28

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 September 2021 are as follows:

Month	<i>Minimum Present Value Segment Rates</i>		
	First Segment	Second Segment	Third Segment
September 2021	0.70	2.55	3.06

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 2021-9
 Monthly Yield Curve for September 2021
 Derived from September 2021 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	0.13	20.5	3.00	40.5	3.07	60.5	3.11	80.5	3.12
1.0	0.26	21.0	3.00	41.0	3.07	61.0	3.11	81.0	3.12
1.5	0.39	21.5	3.01	41.5	3.07	61.5	3.11	81.5	3.12
2.0	0.51	22.0	3.01	42.0	3.08	62.0	3.11	82.0	3.12
2.5	0.63	22.5	3.01	42.5	3.08	62.5	3.11	82.5	3.12
3.0	0.75	23.0	3.01	43.0	3.08	63.0	3.11	83.0	3.12
3.5	0.88	23.5	3.01	43.5	3.08	63.5	3.11	83.5	3.12
4.0	1.00	24.0	3.01	44.0	3.08	64.0	3.11	84.0	3.12
4.5	1.13	24.5	3.02	44.5	3.08	64.5	3.11	84.5	3.12
5.0	1.27	25.0	3.02	45.0	3.08	65.0	3.11	85.0	3.12
5.5	1.40	25.5	3.02	45.5	3.08	65.5	3.11	85.5	3.12
6.0	1.53	26.0	3.02	46.0	3.08	66.0	3.11	86.0	3.12
6.5	1.66	26.5	3.02	46.5	3.09	66.5	3.11	86.5	3.12
7.0	1.79	27.0	3.02	47.0	3.09	67.0	3.11	87.0	3.13
7.5	1.92	27.5	3.03	47.5	3.09	67.5	3.11	87.5	3.13
8.0	2.03	28.0	3.03	48.0	3.09	68.0	3.11	88.0	3.13
8.5	2.14	28.5	3.03	48.5	3.09	68.5	3.11	88.5	3.13
9.0	2.25	29.0	3.03	49.0	3.09	69.0	3.11	89.0	3.13
9.5	2.34	29.5	3.04	49.5	3.09	69.5	3.11	89.5	3.13
10.0	2.43	30.0	3.04	50.0	3.09	70.0	3.11	90.0	3.13
10.5	2.51	30.5	3.04	50.5	3.09	70.5	3.11	90.5	3.13
11.0	2.58	31.0	3.04	51.0	3.09	71.0	3.11	91.0	3.13
11.5	2.64	31.5	3.04	51.5	3.09	71.5	3.12	91.5	3.13
12.0	2.70	32.0	3.05	52.0	3.09	72.0	3.12	92.0	3.13
12.5	2.75	32.5	3.05	52.5	3.10	72.5	3.12	92.5	3.13
13.0	2.79	33.0	3.05	53.0	3.10	73.0	3.12	93.0	3.13
13.5	2.83	33.5	3.05	53.5	3.10	73.5	3.12	93.5	3.13
14.0	2.86	34.0	3.05	54.0	3.10	74.0	3.12	94.0	3.13
14.5	2.88	34.5	3.06	54.5	3.10	74.5	3.12	94.5	3.13
15.0	2.91	35.0	3.06	55.0	3.10	75.0	3.12	95.0	3.13
15.5	2.92	35.5	3.06	55.5	3.10	75.5	3.12	95.5	3.13
16.0	2.94	36.0	3.06	56.0	3.10	76.0	3.12	96.0	3.13
16.5	2.95	36.5	3.06	56.5	3.10	76.5	3.12	96.5	3.13
17.0	2.96	37.0	3.06	57.0	3.10	77.0	3.12	97.0	3.13
17.5	2.97	37.5	3.06	57.5	3.10	77.5	3.12	97.5	3.13
18.0	2.98	38.0	3.07	58.0	3.10	78.0	3.12	98.0	3.13
18.5	2.99	38.5	3.07	58.5	3.10	78.5	3.12	98.5	3.13
19.0	2.99	39.0	3.07	59.0	3.10	79.0	3.12	99.0	3.13
19.5	2.99	39.5	3.07	59.5	3.10	79.5	3.12	99.5	3.13
20.0	3.00	40.0	3.07	60.0	3.10	80.0	3.12	100.0	3.13

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

Bulletin 2021–45

Announcements:

2021-12, 2021-31 I.R.B. 267
2021-13, 2021-33 I.R.B. 314
2021-14, 2021-33 I.R.B. 315

Notices:

2021-39, 2021-27 I.R.B. 3
2021-40, 2021-28 I.R.B. 15
2021-41, 2021-29 I.R.B. 17
2021-42, 2021-29 I.R.B. 19
2021-38, 2021-30 I.R.B. 155
2021-44, 2021-31 I.R.B. 166
2021-45, 2021-31 I.R.B. 170
2021-47, 2021-32 I.R.B. 269
2021-46, 2021-33 I.R.B. 303
2021-48, 2021-33 I.R.B. 305
2021-49, 2021-34 I.R.B. 316
2021-43, 2021-35 I.R.B. 332
2021-50, 2021-35 I.R.B. 333
2021-51, 2021-36 I.R.B. 361
2021-52, 2021-38 I.R.B. 381
2021-53, 2021-39 I.R.B. 438
2021-54, 2021-41 I.R.B. 457
2021-55, 2021-41 I.R.B. 461
2021-58, 2021-43 I.R.B. 660
2021-59, 2021-43 I.R.B. 664
2021-57, 2021-44 I.R.B. 706
2021-56, 2021-45 I.R.B. 716
2021-60, 2021-45 I.R.B. 719

Proposed Regulations:

REG-107705-21, 2021-30 I.R.B. 162
REG-102951-16, 2021-32 I.R.B. 272
REG-109077-21, 2021-39 I.R.B. 445
REG-100718-21, 2021-42 I.R.B. 653
REG-107707-21, 2021-42 I.R.B. 657

Revenue Procedures:

2021-28, 2021-27 I.R.B. 5
2021-29, 2021-27 I.R.B. 12
2021-24, 2021-29 I.R.B. 19
2021-14, 2021-30 I.R.B. 158
2021-30, 2021-31 I.R.B. 172
2021-31, 2021-33 I.R.B. 324
2021-33, 2021-34 I.R.B. 327
2021-34, 2021-35 I.R.B. 337
2021-35, 2021-35 I.R.B. 355
2021-36, 2021-35 I.R.B. 357
2021-37, 2021-38 I.R.B. 385
2021-38, 2021-38 I.R.B. 425
2021-39, 2021-38 I.R.B. 426
2021-40, 2021-38 I.R.B. 426

Revenue Procedures:—Continued

2021-41, 2021-39 I.R.B. 443
2021-32, 2021-42 I.R.B. 465
2021-44, 2021-42 I.R.B. 469
2021-42, 2021-43 I.R.B. 666

Revenue Rulings:

2021-12, 2021-27 I.R.B. 1
2021-13, 2021-30 I.R.B. 152
2021-14, 2021-31 I.R.B. 164
2021-19, 2021-42 I.R.B. 470
2021-15, 2021-35 I.R.B. 331
2021-16, 2021-36 I.R.B. 359
2021-17, 2021-37 I.R.B. 362
2021-18, 2021-40 I.R.B. 447
2021-21, 2021-44 I.R.B. 704

Treasury Decisions:

9951, 2021-30 I.R.B. 25
9952, 2021-39 I.R.B. 428
9953, 2021-39 I.R.B. 430
9956, 2021-41 I.R.B. 449
9957, 2021-41 I.R.B. 452
9955, 2021-42 I.R.B. 471

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 2021-45

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.

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