

## 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.

### SPECIAL ANNOUNCEMENTS

#### Announcement 96-48, page 10.

A public hearing will be held on June 24, 1996, on proposed regulations relating to when amounts deferred or paid from certain retirement plans are taken into account as "wages" for FICA and FUTA purposes.

#### Announcement 96-49, page 10.

A public hearing will be held on June 28, 1996, on proposed regulations relating to loans made from a qualified employer plan to plan participants or beneficiaries.

### INCOME TAX

#### T.D. 8668, page 4.

Final regulations under section 7701 of the Code relate to the classification of certain organizations as trusts for federal tax purposes.

### EMPLOYEE PLANS

#### Notice 96-32, page 7.

Guidelines are set forth for determining for May 1996, the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for purposes of the full funding limitation of section 412(c)(7) of the Code as amended by the Omnibus Budget Reconciliation Act of 1987 and by the Uruguay Round Agreements Act (GATT).

### EXEMPT ORGANIZATIONS

#### Announcement 96-52, page 12.

A list is provided of organizations that no longer qualify as organizations to which contributions are deductible under section 170 of the Code.

Finding Lists begin on page 16.

Announcement of Disbarments and Suspensions begins on page 13.

### TAX CONVENTIONS

#### Notice 96-31, page 7.

This notice clarifies the application of the U.S.-Canada Income Tax Convention, as revised by the Protocol dated March 17, 1995, to Canadian Registered Retirement Savings Plans, Canadian Registered Retirement Income Funds and the beneficiaries of both.

### ADMINISTRATIVE

#### Notice 96-33, page 8.

T.D. 8618, 1995-40 I.R.B. 4, relating to final regulations governing the definitions of a controlled foreign corporation, foreign base company income, and foreign personal holding company income of a controlled foreign corporation, is corrected.

#### Rev. Proc. 96-33, page 8.

**Section 911(d)(4) waiver Rev. Proc.** Guidance is provided to individuals who fail to meet the eligibility requirements of section 911(d)(1) of the Code because adverse conditions in the foreign country preclude the individual from meeting those requirements. A current list of countries and the dates those countries are subject to the section 911(d)(4) waiver is provided.

#### Announcement 96-47, page 10.

Form 3115, Application for Change in Accounting Method, and its instructions are approved by the Office of Management and Budget through May 31, 1999, and are available.

#### Announcement 96-50, page 11.

T.D. 8658, 1996-13 I.R.B. 9, providing guidance on the imposition of the accuracy-related penalty, is corrected.

#### Announcement 96-51, page 11.

T.D. 8657, 1996-14 I.R.B. 4, final regulations relating to the determination of effectively connected income; and final and temporary regulations relating to the branch-level interest tax, is corrected.

# Mission of the Service

The purpose of the Internal Revenue Service is to collect the proper amount of tax revenue at the least cost; serve the public by continually improving the

quality of our products and services; and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency and fairness.

## Statement of Principles of Internal Revenue Tax Administration

The function of the Internal Revenue Service is to administer the Internal Revenue Code. Tax policy for raising revenue is determined by Congress.

With this in mind, it is the duty of the Service to carry out that policy by correctly applying the laws enacted by Congress; to determine the reasonable meaning of various Code provisions in light of the Congressional purpose in enacting them; and to perform this work in a fair and impartial manner, with neither a government nor a taxpayer point of view.

At the heart of administration is interpretation of the Code. It is the responsibility of each person in the Service, charged with the duty of interpreting the law, to try to find the true meaning of the statutory provision and not to adopt a strained construction in the belief that he or she is "protecting the revenue." The revenue is properly protected only when we ascertain and apply the true meaning of the statute.

The Service also has the responsibility of applying and administering the law in a reasonable, practical manner. Issues should only be raised by examining officers when they have merit, never arbitrarily or for trading purposes. At the same time, the examining officer should never hesitate to raise a meritorious issue. It is also important that care be exercised not to raise an issue or to ask a court to adopt a position inconsistent with an established Service position.

Administration should be both reasonable and vigorous. It should be conducted with as little delay as possible and with great courtesy and considerateness. It should never try to overreach, and should be reasonable within the bounds of law and sound administration. It should, however, be vigorous in requiring compliance with law and it should be relentless in its attack on unreal tax devices and fraud.

# 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 and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents of a permanent nature are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

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 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.**

With the exception of the Notice of Proposed Rulemaking and the disbarment and suspension list included in this part, none of these announcements are consolidated in the Cumulative Bulletins.

The first Bulletin for each month includes an index for the matters published during the preceding month. These monthly indexes are cumulated on a quarterly and semiannual basis, and are published in the first Bulletin of the succeeding quarterly and semi-annual period, respectively.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

For sale by the Superintendent of Documents U.S. Government Printing Office, Washington, D.C. 20402.

# Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

## Section 911.—Citizens or Residents of the United States Living Abroad

26 CFR 1.911-1: *Partial exclusion for earned income from sources within a foreign country and foreign housing costs.*

Guidance is provided to individuals who fail to meet the eligibility requirements of section 911(d)(1) of the Internal Revenue Code because adverse conditions in a foreign country preclude the individual from meeting those requirements. A current list of countries and the dates those countries are subject to the section 911(d)(4) waiver is provided. See Rev. Proc. 96-33, page 8.

## Section 1441.—Withholding of Tax on Nonresident Aliens

Notice 96-31 clarifies the application of the U.S.-Canada Income Tax Convention, as revised by the Protocol dated March 17, 1995 (“Protocol”), to Canadian Registered Retirement Savings Plans, Canadian Registered Retirement Income Funds and the beneficiaries of both.

## Section 7701.—Definitions

26 CFR 301.7701-4: *Trusts.*

T.D. 8668

DEPARTMENT OF THE TREASURY  
Internal Revenue Service  
26 CFR Parts 1, 301, and 602

### Environmental Settlement Funds- Classification

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final Regulations.

SUMMARY: This document contains final regulations relating to the classification of certain organizations as trusts for federal tax purposes. The final regulations provide guidance to taxpayers on the proper classification of trusts formed to collect and disburse amounts for environmental remediation of an existing waste site to discharge taxpayers’ liability or potential liability under applicable environmental laws.

DATES: These regulations are effective May 1, 1996.

For dates of applicability, see §301.7701-4(e)(5).

FOR FURTHER INFORMATION CONTACT: James A. Quinn, (202) 622-3060 (not a toll-free number).

## SUPPLEMENTARY INFORMATION:

### *Paperwork Reduction Act*

The collection of information contained in these final regulations has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1465. This information is required by the IRS to ensure the proper reporting of items of income and expense of an environmental remediation trust in which a portion of the trust is treated as owned by a grantor.

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 control number.

The estimated annual burden per respondent is 4 hours.

Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be sent to the **Internal Revenue Service**, Attn: IRS Reports Clearance Officer, T:FP, Washington, DC 20224, and to the **Office of Management and Budget**, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503.

Books or records relating to this collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

### *Background*

On August 4, 1995, the IRS published in the **Federal Register** a notice of proposed rulemaking (60 FR 39903 [PS-54-94, 1995-37 I.R.B. 48]) to provide guidance on the classification of certain organizations as trusts for federal tax purposes. Written comments responding to the notice were received, and a public hearing was held on October 26, 1995. After consideration of the comments received, the proposed regulations are adopted as revised by this Treasury decision.

### *Summary of Significant Comments and Revisions*

The proposed regulations provide that an environmental remediation trust

is considered a trust for purposes of the Internal Revenue Code. Under the proposed regulations, a trust is an environmental remediation trust if the primary purpose of the trust is collecting and disbursing amounts for environmental remediation of an existing waste site. One commentator suggested that “response costs” should be considered amounts incurred for environmental remediation. To address this concern, the final regulations clarify that environmental remediation includes the costs of remedying and removing environmental contamination. One commentator also suggested that the final regulations define the term *existing waste site*. The final regulations do not adopt this comment. The term existing waste site should be sufficiently specific to allow taxpayers to establish an environmental remediation trust for any contaminated site that currently requires remediation under environmental laws.

The proposed regulations provide that all contributors to an environmental remediation trust must have potential liability or a reasonable expectation of liability under federal, state, or local environmental laws for environmental remediation of the waste site. A commentator suggested that the final regulations be clarified to provide that eligible contributors include contributors with “actual” as well as potential liability and contributors who are released from liability upon their contribution to the trust. The final regulations clarify that contributors having “actual” liability are eligible contributors. The final regulations do not address the treatment of contributors that are released from liability by the governmental authority upon contribution to the trust; the regulations are intended only to address the tax treatment of environmental remediation trusts in which contributors continue to have actual or potential liability (and thus are treated as owners of the trust under section 677). In situations where one or more contributors are released from liability by the governmental authority upon contribution to the trust, the rules for qualified settlement funds may apply to the entire trust. See §1.468B-1(c) and (h)(2). If such contributors contribute amounts to a trust that is separate from the environmental remediation trust, however, the classi-

fication of the environmental remediation trust as a trust will not be affected.

One commentator suggested that a cross-reference to these regulations be inserted in §1.671-4(a) and §1.677(a)-1(d) because the proposed regulations address reporting and grantor trust issues. The final regulations include the suggested cross-references.

Other commentators suggested that the final regulations address the timing of deductions for contributions to the trust, the treatment of interest earned by the trust, and other federal tax consequences of the trust. The final regulations do not adopt these suggestions. The regulations are limited to the classification of an environmental remediation trust as a trust for purposes of section 7701 and do not address or affect the timing or amount of a deduction for environmental remediation costs. Amounts contributed to an environmental remediation trust and interest earned on those amounts must be taken into account under the appropriate federal tax accounting rules, including the economic performance rules of section 461(h). Under those rules, taxpayers generally cannot deduct contributions to the trust at the time of contribution or deduct earnings at the time they are received by the trust.

The proposed regulations provide that the regulations will apply to trusts formed on or after the date of publication of final regulations. One commentator suggested that the final regulations should be effective, at the trustee's option, to trusts meeting the requirements of an environmental remediation trust established prior to such date, effective as of any date designated by the trustee. The commentator further suggested that, with respect to amounts held in a fund, account, or trust meeting the requirements of an environmental remediation trust prior to the date of publication of the final regulations, the IRS should not challenge the classification of the fund, account, or trust as a trust for federal tax purposes.

The final regulations are effective for trusts meeting the definition of an environmental remediation trust that are formed on or after May 1, 1996. The final regulations may be relied on by trusts formed before May 1, 1996, if the trust has at all times met all requirements of the final regulations and the grantors reported items of

income and deduction consistent with the final regulations on original or amended returns. This provision allows a trust and grantors that have met all of the requirements of the final regulations throughout the existence of the trust to treat the trust as an environmental remediation trust. The final regulations also provide that, for trusts formed before May 1, 1996, that are not described by the preceding rule, the Commissioner may permit by letter ruling, in appropriate circumstances, the final regulations to be applied subject to appropriate terms and conditions.

*Special Analyses*

It has been determined that this Treasury decision is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these regulations, and, therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Code, the notice of proposed rulemaking preceding these regulations was submitted to the Small Business Administration for comment on its impact on small business.

*Drafting Information*

The principal author of these regulations is James A. Quinn of the Office of Assistant Chief Counsel (Pass-throughs and Special Industries). However, other personnel from the IRS and Treasury Department participated in their development.

\* \* \* \* \*

*Amendments to the Regulations*

Accordingly, 26 CFR parts 1, 301, and 602 are amended as follows:

**PART 1—INCOME TAXES**

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 \* \* \*

Par. 2. Section 1.671-4 is amended by adding a sentence at the end of paragraph (a) to read as follows:

*§1.671-4 Method of reporting.*

(a) \* \* \* Section 301.7701-4(e)(2) of this chapter provides guidance on how these reporting rules apply to an environmental remediation trust.

\* \* \* \* \*

Par. 3. Section 1.677(a)-1 is amended by adding a sentence at the end of paragraph (d) to read as follows:

*§1.677(a)-1 Income for benefit of grantor; general rule.*

\* \* \* \* \*

(d) \* \* \* See §301.7701-4(e) of this chapter for rules on the classification of and application of section 677 to an environmental remediation trust.

\* \* \* \* \*

**PART 301—PROCEDURE AND ADMINISTRATION**

Par. 4. The authority citation for part 301 continues to read as follows:

Authority: 26 U.S.C. 7805 \* \* \*

Par. 5. Section 301.7701-4(e) is added to read as follows:

*§301.7701-4 Trusts.*

\* \* \* \* \*

(e) *Environmental remediation trusts.* (1) An environmental remediation trust is considered a trust for purposes of the Internal Revenue Code. For purposes of this paragraph (e), an organization is an environmental remediation trust if the organization is organized under state law as a trust; the primary purpose of the trust is collecting and disbursing amounts for environmental remediation of an existing waste site to resolve, satisfy, mitigate, address, or prevent the liability or potential liability of persons imposed by federal, state, or local environmental laws; all contributors to the trust have (at the time of contribution and thereafter) actual or potential liability or a reasonable expectation of liability under federal, state, or local environmental laws for environmental remediation of the waste site; and the trust is not a qualified settlement fund within the meaning of §1.468B-1(a) of this chapter. An environmental remediation trust is classified as a trust because its primary purpose is environmental remediation of an existing waste site and

not the carrying on of a profit-making business that normally would be conducted through business organizations classified as corporations or partnerships. However, if the remedial purpose is altered or becomes so obscured by business or investment activities that the declared remedial purpose is no longer controlling, the organization will no longer be classified as a trust. For purposes of this paragraph (e), environmental remediation includes the costs of assessing environmental conditions, remedying and removing environmental contamination, monitoring remedial activities and the release of substances, preventing future releases of substances, and collecting amounts from persons liable or potentially liable for the costs of these activities. For purposes of this paragraph (e), persons have potential liability or a reasonable expectation of liability under federal, state, or local environmental laws for remediation of the existing waste site if there is authority under a federal, state, or local law that requires or could reasonably be expected to require such persons to satisfy all or a portion of the costs of the environmental remediation.

(2) Each contributor (grantor) to the trust is treated as the owner of the portion of the trust contributed by that grantor under rules provided in section 677 and §1.677(a)-1(d) of this chapter. Section 677 and §1.677(a)-1(d) of this chapter provide rules regarding the treatment of a grantor as the owner of a portion of a trust applied in discharge of the grantor's legal obligation. Items of income, deduction, and credit attributable to an environmental remediation trust are not reported by the trust on Form 1041, but are shown on a separate statement to be attached to that form. See §1.671-4(a) of this chapter. The trustee must also furnish to each grantor a statement that shows all items of income, deduction, and credit of the trust for the grantor's taxable year attributable to the portion of the trust treated as owned by the grantor. The statement must provide the grantor with the information necessary to take the items into account in computing the grantor's taxable income, including information necessary to determine the federal tax treatment of the items (for example, whether an item is a deductible expense under section 162(a) or a capital expenditure under section 263(a)) and how the item should be taken into account under the

economic performance rules of section 461(h) and the regulations thereunder. See §1.461-4 of this chapter for rules relating to economic performance.

(3) All amounts contributed to an environmental remediation trust by a grantor (cash-out grantor) who, pursuant to an agreement with the other grantors, contributes a fixed amount to the trust and is relieved by the other grantors of any further obligation to make contributions to the trust, but remains liable or potentially liable under the applicable environmental laws, will be considered amounts contributed for remediation. An environmental remediation trust agreement may direct the trustee to expend amounts contributed by a cash-out grantor (and the earnings thereon) before expending amounts contributed by other grantors (and the earnings thereon). A cash-out grantor will cease to be treated as an owner of a portion of the trust when the grantor's portion is fully expended by the trust.

(4) The provisions of this paragraph (e) may be illustrated by the following example:

*Example.* (a) X, Y, and Z are calendar year corporations that are liable for the remediation of an existing waste site under applicable federal environmental laws. On June 1, 1996, pursuant to an agreement with the governing federal agency, X, Y, and Z create an environmental remediation trust within the meaning of paragraph (e)(1) of this section to collect funds contributed to the trust by X, Y, and Z and to carry out the remediation of the waste site to the satisfaction of the federal agency. X, Y, and Z are jointly and severally liable under the federal environmental laws for the remediation of the waste site, and the federal agency will not release X, Y, or Z from liability until the waste site is remediated to the satisfaction of the agency.

(b) The estimated cost of the remediation is \$20,000,000. X, Y, and Z agree that, if Z contributes \$1,000,000 to the trust, Z will not be required to make any additional contributions to the trust, and X and Y will complete the remediation of the waste site and make additional contributions if necessary.

(c) On June 1, 1996, X, Y, and Z each contribute \$1,000,000 to the trust. The trust agreement directs the trustee to spend Z's contributions to the trust and the income allocable to Z's portion before spending X's and Y's portions. On November 30, 1996, the trustee disburses \$2,000,000 for remediation work performed from June 1, 1996, through September 30, 1996. For the six-month period ending November 30, 1996, the interest earned on the funds in the trust was \$75,000, which is allocated in equal shares of \$25,000 to X's, Y's, and Z's portions of the trust.

(d) Z made no further contributions to the trust. Pursuant to the trust agreement, the trustee expended Z's portion of the trust before expend-

ing X's and Y's portion. Therefore, Z's share of the remediation disbursement made in 1996 is \$1,025,000 (\$1,000,000 contribution by Z plus \$25,000 of interest allocated to Z's portion of the trust). Z takes the \$1,025,000 disbursement into account under the appropriate federal tax accounting rules. In addition, X's share of the remediation disbursement made in 1996 is \$487,500, and Y's share of the remediation disbursement made in 1996 is \$487,500. X and Y take their respective shares of the disbursement into account under the appropriate federal tax accounting rules.

(e) The trustee made no further remediation disbursements in 1996, and X and Y made no further contributions in 1996. From December 1, 1996, to December 31, 1996, the interest earned on the funds remaining in the trust was \$5,000, which is allocated \$2,500 to X's portion and \$2,500 to Y's portion. Accordingly, for 1996, X and Y each had interest income of \$27,500 from the trust and Z had interest income of \$25,000 from the trust.

(5) This paragraph (e) is applicable to trusts meeting the requirements of paragraph (e)(1) of this section that are formed on or after May 1, 1996. This paragraph (e) may be relied on by trusts formed before May 1, 1996, if the trust has at all times met all requirements of this paragraph (e) and the grantors have reported items of income and deduction consistent with this paragraph (e) on original or amended returns. For trusts formed before May 1, 1996, that are not described in the preceding sentence, the Commissioner may permit by letter ruling, in appropriate circumstances, this paragraph (e) to be applied subject to appropriate terms and conditions.

## PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT

Par. 6. The authority citation for part 602 continues to read as follows:

Authority: 26 U.S.C. 7805.

Par. 7. In §602.101, paragraph (c) is amended by adding the entry “301.7701-4(e) .... 1545-1465” in numerical order to the table.

Margaret Milner Richardson,  
*Commissioner of Internal Revenue.*

Approved April 5, 1996.

Leslie Samuels,  
*Assistant Secretary of the Treasury.*

(Filed by the Office of the Federal Register on April 30, 1996, 8:45 a.m., and published in the issue of the Federal Register for May 1, 1996, 61 F.R. 19189)

## Part III. Administrative, Procedural, and Miscellaneous

### RRSPs and RRIFs Under 1995 Protocol to U.S.-Canada Income Tax Treaty

#### Notice 96-31

This notice clarifies the application of the Convention Between the United States of America and Canada with Respect to Taxes on Income and on Capital, dated September 26, 1980, as amended by the Protocols dated June 14, 1983, March 28, 1984, and March 17, 1995 (the "Convention") to dividends and interest derived by, distributions from, and income accrued in Canadian Registered Retirement Savings Plans ("RRSPs") and Registered Retirement Income Funds ("RRIFs").

Article 9(1) of the Protocol of March 17, 1995 (the "Protocol"), amended paragraph 3 of Article XVIII (Pensions and Annuities) of the Convention to expand the definition of "pensions" to include a retirement "arrangement." Article 9(3) of the Protocol added paragraph 7 to Article XVIII of the Convention, allowing a citizen or resident of one state to defer taxation in that state on income accrued as the beneficiary of a trust, company, organization or other arrangement that is a resident of, and generally exempt from income taxation in the other state, until the income is distributed from the plan, or any plan substituted therefor, provided that the arrangement is operated exclusively to provide pension, retirement or employee benefits. Under Article 21(2)(a) of the Protocol, these revisions of Article XVIII apply to amounts paid or credited on or after January 1, 1996.

Article 10(1) of the Protocol amended paragraph 2 of Article XXI (Exempt Organizations) of the Convention to provide an exemption from taxation for dividends and interest derived from one Contracting State by certain trusts, companies, organizations or other arrangements resident in the other Contracting State. The trust, company, organization or other arrangement generally must be exempt from income taxation in the taxable year in the resident Contracting State, and be operated exclusively either to administer or provide pension, retirement or employee benefits, or to earn income for the benefit of an exempt trust, company, organization or other retirement arrangement providing such benefits. The exemption does not apply to income from carrying on a trade or business or from certain related persons. Under Article 21(2)(b) of the Protocol, the revision of Article XXI applies to taxable years of RRSPs or RRIFs beginning on or after January 1, 1996.

The Treasury Department Technical Explanation of the Protocol ("Technical Explanation") states that RRSPs and RRIFs, for example, are eligible for benefits under paragraph 7 of Article XVIII and paragraph 2 of Article XXI provided that they are "operated exclusively to provide" or "administer," in the case of Article XXI(2), "pension, retirement, or employee benefits."

The Technical Explanation was not intended to imply that, under current Canadian law, RRIFs and RRSPs might not be eligible for benefits under Articles XVIII(3) and (7) and XXI(2)

of the Convention because they might not be operated exclusively to provide pension, retirement or employee benefits. It is the position of the Internal Revenue Service that, under current Canadian law, RRSPs and RRIFs are examples of arrangements that meet the conditions stated in the Protocol. Thus, RRSPs and RRIFs qualify for the benefits of Article XVIII of the Convention, and paragraph 2 of Article XXI of the Convention, as amended by Articles 9(1) and 9(3), and Article 10(1) of the Protocol, respectively.

The principal author of this notice is Kenneth Allison of the Office of the Associate Chief Counsel (International). For further information regarding this notice contact Mr. Allison at (202)-622-3860 (not a toll-free call).

### Weighted Average Interest Rate Update

#### Notice 96-32

Notice 88-73 provides guidelines for determining the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of § 412(c)(7) of the Internal Revenue Code as amended by the Omnibus Budget Reconciliation Act of 1987 and as further amended by the Uruguay Round Agreements Act, Pub. L. 103-465 (GATT).

The average yield on the 30-year Treasury Constant Maturities for April 1996 is 6.79 percent.

The following rates were determined for the plan years beginning in the month shown below.

Month	Year	Weighted Average	90% to 108% Permissible Range	90% to 110% Permissible Range
May	1996	6.93	6.24 to 7.49	6.24 to 7.63

The principal author of this notice is Donna Prestia of the Employee Plans Division. For further information regarding this notice, call (202) 622-6076 between 2:30 and 4:00 p.m. Eastern time (not a toll-free number). Ms. Prestia's number is (202) 622-7377 (also not a toll-free number).

Accordingly, the publication of the final regulations which are the subject of FR Doc. 95-21838 is corrected as follows:

SEC. 2. BACKGROUND

Definition of a Controlled Foreign Corporation, Foreign Base Company Income and Foreign Personal Holding Company Income of a Controlled Foreign Corporation; Correction

§602.101 [Corrected]

On page 46530, column 3, under amendatory instruction 1. of "Par. 11.", §602.101(c) is corrected in the table by removing the entry for "§1.954A-2".

01. Section 911(a) of the Code allows a "qualified individual," as defined in § 911(d)(1), to exclude foreign earned income and housing cost amounts from gross income. Section 911(c)(3) allows a qualified individual to deduct housing cost amounts from gross income.

Notice 96-33

Cynthia E. Grigsby,  
Chief, Regulations Unit,  
Assistant Chief Counsel (Corporate).

02. Section 911(d)(1) of the Code defines the term "qualified individual" as an individual whose tax home is in a foreign country and who is (A) a citizen of the United States and establishes to the satisfaction of the Secretary of the Treasury that the individual has been a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire taxable year, or (B) a citizen or resident of the United States who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days.

AGENCY: Internal Revenue Service, Treasury.

(Filed by the Office of the Federal Register on March 29, 1996, 8:45 a.m., and published in the issue of the Federal Register for April 1, 1996, 61 F.R. 14248)

ACTION: Correction to final regulations.

26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability. (Also Part I, § 911, 1.911-1)

SUMMARY: This document contains a correction to final regulations (TD 8618 [1995-40 I.R.B. 4]) which were published in the **Federal Register** for Thursday, September 7, 1995 (60 FR 46500). The final regulations govern the definition of a controlled foreign corporation and the definitions of foreign base company income and foreign personal holding company income of a controlled foreign corporation.

Rev. Proc. 96-33

SECTION 1. PURPOSE

01. This revenue procedure provides information to any individual who failed to meet the eligibility requirements of § 911(d)(1) of the Internal Revenue Code because adverse conditions in a foreign country precluded the individual from meeting those requirements for taxable year 1995.

03. Section 911(d)(4) of the Code provides an exception to the eligibility requirements of § 911(d)(1). An individual will be treated as a qualified individual with respect to a period in which the individual was a bona fide resident of, or was present in, a foreign country if the individual left the country during a period for which the Secretary of the Treasury, after consultation with the Secretary of State, determines that individuals were required to leave because of war, civil unrest, or similar adverse conditions that precluded the normal conduct of business. An individual must establish that but for those conditions the individual could reasonably have been expected to meet the eligibility requirements.

EFFECTIVE DATE: September 7, 1995.

02. The Internal Revenue Service previously has listed countries for which the eligibility requirements of § 911(d)(1) of the Code are waived under § 911(d)(4) because of adverse conditions in those countries during the time periods stated. See Rev. Proc. 95-45, 1995-44 I.R.B. 22, Rev. Proc. 94-31, 1994-1 C.B. 625, Rev. Proc. 94-15, 1994-1 C.B. 575, and Rev. Proc. 92-63, 1992-2 C.B. 421. This revenue procedure relists countries where the adverse conditions are still in effect. Rev. Proc. 95-45, Rev. Proc. 94-31, Rev. Proc. 94-15, and Rev. Proc. 92-63 remain in full force and effect; the older periods listed therein are omitted

04. For purposes of § 911(d)(4) of the Code, the Secretary of the Treasury in consultation with the Secretary of State, has determined that war, civil unrest, or similar adverse conditions that precluded the normal conduct of business existed in the following countries during the specified periods:

FOR FURTHER INFORMATION CONTACT: Valerie Mark, (202) 622-3840 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations which are the subject of this correction are under sections 954 and 957 of the Internal Revenue Code.

Need for Correction

As published, TD 8618 contains an error that is in need of clarification.



<i>Country</i>	<i>On or After</i>	<i>Date of Departure</i>	<i>On or Before</i>
Afghanistan	April 23, 1979		(still in effect)
Bosnia and Herzegovina	April 7, 1992		(still in effect)
Croatia	April 7, 1992		(still in effect)
Iran	September 1, 1978		(still in effect)
Lebanon	August 31, 1979		(still in effect)
The Former Yugoslav Republic of Macedonia	June 13, 1992		(still in effect)
1) Montenegro	June 13, 1992		(still in effect)
1) Serbia	June 13, 1992		(still in effect)
Somalia	December 21, 1990		(still in effect)

1) Montenegro and Serbia, formerly part of the Socialist Federal Republic of Yugoslavia, have asserted the formation of a joint independent state, but this entity has not been formally recognized as a state by the United States.

.05 Accordingly, for purposes of § 911 of the Code, an individual who left one of the foregoing countries during the specified period shall be treated as a qualified individual with respect to the period during which that individual was a bona fide resident of, or present in, that foreign country if the individual establishes a reasonable expectation of meeting the requirements of § 911(d) but for those conditions.

.06 To qualify for relief under § 911(d)(4), an individual must have established residency or have been physically present in the foreign country on or prior to the date that the Secretary of the Treasury determines that individuals were required to leave the foreign country. Individuals who establish residency or are first physically present in the foreign country

after the date that the Secretary prescribes, but during the period for which the Secretary determines that individuals were required to leave the foreign country, shall not be treated as qualified individuals under § 911(d)(4) pursuant to § 911(d)(4)(C). For example, individuals who establish residency or are first physically present in Iran after September 1, 1978, are not eligible to qualify for the exemption prescribed in § 911(d)(4). The same holds true with respect to individuals who move to Afghanistan after April 23, 1979, or Lebanon after August 31, 1979.

#### SEC. 3. INQUIRIES

A taxpayer who needs assistance on how to claim this exclusion, or on how

to file an amended return, should contact a local IRS Office or, for a taxpayer residing or traveling outside the United States, the nearest overseas IRS office.

#### SEC. 4. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 91-29, 1991-1 C.B. 562 is obsolete.

#### DRAFTING INFORMATION

The principal author of this revenue procedure is Leslie B. van der Wal of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure contact Ms. van der Wal on (202) 622-3880 (not a toll-free call).

## Part IV. Items of General Interest

### OMB Approval of Form 3115

#### Announcement 96-47

**Form 3115**, Application for Change in Accounting Method, and the separate **Instructions for Form 3115**, were revised and have been approved by the Office of Management and Budget (OMB) through May 31, 1999. This February 1996 revision is the current Form 3115 and replaces the November 1992 version. Copies of the revised form and instructions are available at most IRS offices.

Applicants may order Form 3115 by telephone or they may use other IRS electronic information services to get copies.

Request by—	Number or Address
Telephone	800-TAX-FORM (800-829-3676)
Computer and modem	703-321-8020 (modem settings are N, 8, 1)
Internet: World Wide Web FTP Telnet	www.irs.ustreas.gov ftp.irs.ustreas.gov iris.irs.ustreas.gov

### FUTA Taxation of Amounts Under Employee Benefits Plans; FICA Taxation of Amounts Under Employee Benefits Plans; Hearing

#### Announcement 96-48

**AGENCY:** Internal Revenue Service, Treasury.

**ACTION:** Notice of public hearing on proposed regulations.

**SUMMARY:** This document provides notice of a public hearing on proposed Income Tax Regulations relating to when amounts deferred under or paid from certain nonqualified deferred compensation plans are taken into account as “wages” for purposes of the employment taxes imposed by the Federal Unemployment Tax Act and

the Federal Insurance Contributions Act.

**DATES:** The public hearing will be held on Monday, June 24, 1996, beginning at 10:00 a.m. Requests to speak and outlines of oral comments must be received by Monday, June 3, 1996.

**ADDRESSES:** The public hearing will be held in the Internal Revenue Service Auditorium, Seventh Floor, 7400 Corridor, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC. Requests to speak and outlines of oral comments should be submitted to the Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Attn: CC:DOM:CORP:R [EE-55-95]; [EE-142-87] Room 5228, Washington, DC 20044.

**FOR FURTHER INFORMATION CONTACT:** Mike Slaughter of the Regulations Unit, Assistant Chief Counsel (Corporate), (202) 622-7190, (not a toll-free number).

**SUPPLEMENTARY INFORMATION:** The subject of the public hearing is proposed amendments to the Income Tax Regulations under sections 3306 and 3121 of the Internal Revenue Code of 1986. These proposed regulations (EE-55-95, 1996-12 I.R.B. 12; EE-142-87, 1996-12 I.R.B. 13) appeared in the Federal Register for Thursday, January 25, 1996 (61 FR 2194; 2214).

The rules of § 601.601 (a)(3) of the “Statement of Procedural Rules” (26 CFR part 601) shall apply with respect to the public hearing. Persons who have submitted written comments within the time prescribed in the notice of proposed rulemaking and who also desire to present oral comments at the hearing on the proposed regulations should submit not later than Monday, June 3, 1996, an outline of the oral comments/testimony to be presented at the hearing and the time they wish to devote to each subject.

Each speaker (or group of speakers representing a single entity) will be limited to 10 minutes for an oral presentation exclusive of the time consumed by the questions from the panel for the government and answers to these questions.

Because of controlled access restrictions, attendees cannot be admitted beyond the lobby of the Internal Revenue Building until 9:45 a.m.

An agenda showing the scheduling of the speakers will be made after outlines are received from the persons testifying. Copies of the agenda will be available free of charge at the hearing.

Cynthia E. Grigsby,  
*Chief, Regulations Unit,*  
*Assistant Chief Counsel (Corporate).*

(Filed by the Office of the Federal Register on May 7, 1996, 8:45 a.m., and published in the issue of the Federal Register for May 8, 1996, 61 F.R. 20767)

### Loans to Plan Participants; Hearing

#### Announcement 96-49

**AGENCY:** Internal Revenue Service, Treasury.

**ACTION:** Notice of public hearing on proposed rulemaking.

**SUMMARY:** This document provides notice of a public hearing on proposed regulations relating to loans made from a qualified employer plan to plan participants or beneficiaries.

**DATES:** The public hearing will be held on Friday, June 28, 1996, beginning at 10:00 a.m. Requests to speak and outlines or oral comments must be received by Friday, May 31, 1996.

**ADDRESSES:** The public hearing will be held in the Internal Revenue Service Auditorium, Seventh Floor, 7400 Corridor, Internal Revenue Building, 1111 Constitution Avenue NW, Washington, DC. Requests to speak and outlines of oral comments should be mailed to the Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Attn: CC:DOM:CORP:R [EE 106-82], Room 5226, Washington, DC 20044.

**FOR FURTHER INFORMATION CONTACT:** Christina Vasquez of Regulations Unit, Assistant Chief Counsel (Corporate), (202) 622-6803 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

The subject of the public hearing is proposed amendments to the Income Tax Regulations under section 72 of the Internal Revenue Code of 1986. The proposed regulations (EE-106-82, 1996-10 I.R.B. 31) appeared in the Federal Register for Thursday, December 21, 1995 (60 FR 66233).

The rules of §601.601(a)(3) of the "Statement of Procedural Rules" (26 CFR Part 601) shall apply with respect to the public hearing. Persons who have submitted written comments within the time prescribed in the notice of proposed rulemaking and who also desire to present oral comments at the hearing on the proposed regulations should submit not later than Friday, May 31, 1996, an outline of the oral comments/testimony to be presented at the hearing and the time they wish to devote to each subject.

Each speaker (or group of speakers representing a single entity) will be limited to 10 minutes for an oral presentation exclusive of the time consumed by the questions from the panel for the government and answer thereto.

Because of controlled access restrictions, attenders cannot be admitted beyond the lobby of the Internal Revenue Building until 9:45 a.m.

An agenda showing the scheduling of the speakers will be made after outlines are received from the persons testifying. Copies of the agenda will be available free of charge at the hearing.

Cynthia E. Grigsby,  
Chief, Regulations Unit,  
Assistant Chief Counsel (Corporate).

(Filed by the Office of the Federal Register on May 7, 1996, 8:45 a.m., and published in the issue of the Federal Register for May 8, 1996, 61 F.R. 20766)

**Section 6662—Imposition of the Accuracy-Related Penalty; Correction**

**Announcement 96-50**

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to final and temporary regulations.

SUMMARY: This document contains corrections to final and temporary

regulations [TD 8656 [1996-13 I.R.B. 9]] which were published in the Federal Register for Friday, February 9, 1996 (61 FR 4876). The regulations provide guidance on the imposition of the accuracy related penalty.

EFFECTIVE DATE: February 9, 1996.

FOR FURTHER INFORMATION CONTACT: Carolyn D. Fanaroff of the Office of Associate Chief Counsel (International), (202) 622-3880 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

*Background*

The final and temporary regulations that are the subject of these corrections are under section 6662 of the Internal Revenue Code.

*Need for Correction*

As published, TD 8656 contains errors that are in need of clarification.

*Correction of Publication*

Accordingly, the publication of final and temporary regulations which are the subject of FR Doc. 96-2171 is corrected as follows:

1. On page 4878, column 1, in the preamble following the paragraph heading "*Reasonably Thorough Search for Data*", third full paragraph, line 8, the language "expense a search for data against (i) the" is corrected to read "expense of a search for data against (i) the".

**§1.6662-0 [Corrected]**

2. On page 4879, column 2, §1.6662-0, the entry for §1.6662-5T(e)(4) and (e)(4)(i) are corrected to read as follows:

*§1.6662-0 Table of contents.*

\* \* \* \* \*

*§1.6662-5T Substantial and gross valuation misstatements under chapter 1 (Temporary).*

\* \* \* \* \*

(e)(4) Tests related to section 482.

(i) Substantial valuation misstatement.

\* \* \* \* \*

**§1.6662-5T [Corrected]**

3. On page 4880, column 1, §1.6662-5T, paragraph (e)(4)(iii), lines 5 through 9, the language "such as land, buildings, fixtures and inventory. Intangible property includes property such as goodwill. Covenants not to compete, leaseholds, patents, contract rights, debts and choses in" is corrected to read "such as money, land, buildings, fixtures and inventory. Intangible property includes property such as goodwill, covenants not to compete, leaseholds, patents, contract rights, debts, choses in".

**§1.6662-6 [Corrected]**

4. On page 4882, column 3, §1.6662-6, paragraph (d)(2)(iii)(A), line 10, the language "provided the most accurate measure of" is corrected to read "provided the most reliable measure of".

5. On page 4883, column 1, §1.6662-6, paragraph (d)(2)(iii)(C), line 2 from the bottom of the page, the language "provided the most accurate measure of" is corrected to read "provided the most reliable measure of".

6. On page 4884, column 2, §1.6662-6, paragraph (e), in the *Example*, line 7, the language "which was carried to taxpayer's year 2 year" is corrected to read "which was carried to taxpayer's year 2".

Cynthia E. Grigsby,  
Chief, Regulations Unit,  
Assistant Chief Counsel (Corporate).

(Filed by the Office of the Federal Register on March 29, 1996, 8:45 a.m., and published in the issue of the Federal Register for April 1, 1996, 61 F.R. 14248)

**Regulations on Effectively Connected Income and the Branch Profits Tax; Correction**

**Announcement 96-51**

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to final and temporary regulations.

**SUMMARY:** This document contains corrections to final Income Tax Regulations (TD 8657 [1996-14 I.R.B. 4]), which were published in the Federal Register on Friday, March 8, 1996 (61 FR 9336), relating to the determination of effectively connected income; and final and temporary Income Tax Regulations relating to the branch-level interest tax, respectively.

**EFFECTIVE DATE:** June 6, 1996.

**FOR FURTHER INFORMATION CONTACT:** Gwendolyn A. Stanley, (202) 622-3860 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

*Background*

The final regulations that are the subject of these corrections are under sections 861, 864, 871, 884, and 897 of the Internal Revenue Code.

*Need for Correction*

As published, the final regulations (TD 8657) contain errors which may prove to be misleading and are in need of clarification.

*Correction of Publication*

Accordingly, the publication of the final and temporary regulations (TD 8657) which are the subject of FR Doc. 96-5261 is corrected as follows:

**§ 1.884-1 [Corrected]**

1. On page 9338, column 3, in amendatory instruction 11.b. under “Par. 5.”, § 1.884-1 (e)(5) *Example 1.*

the first entry in the table is corrected to read as follows:

Sentence	Remove	Add
First, third, and fifth sentence.	1993 . . . . .	1997

\* \* \* \* \*

**§ 1.884-5 [Corrected]**

2. On page 9343, column 1, § 1.884-5 (e)(4)(ii) , line 7, the language “country in its country of residence” is corrected to read “corporation in its country of residence”.

**§ 1.897-1 [Corrected]**

3. On page 9343, column 1, amendatory instruction “Par. 10.” is corrected by removing items 1. and 2. and correcting “Par. 10.” to read as follows:

Par. 10. Paragraph (f)(2)(i) in § 1.897-1 is revised to read as follows:

Cynthia E. Grigsby,  
Chief, Regulations Unit,  
Assistant Chief Counsel (Corporate).

(Filed by the Office of the Federal Register on March 29, 1996, 8:45 a.m., and published in the issue of the Federal Register for April 1, 1996, 61 F.R. 14247)

**Deletions from Cumulative List of Organizations Contributions to Which Are Deductible Under Section 170 of the Code**

**Announcement 96-52**

The names of organizations that no longer qualify as organizations described in section 170(c)(2) of the

Internal Revenue Code of 1986 are listed below.

Generally, the Service will not disallow deductions for contributions made to a listed organization on or before the date of announcement in the Internal Revenue Bulletin that an organization no longer qualifies. However, the Service is not precluded from disallowing a deduction for any contributions made after an organization ceases to qualify under section 170(c)(2) if the organization has not timely filed a suit for declaratory judgment under section 7428 and if the contributor (1) had knowledge of the revocation of the ruling or determination letter, (2) was aware that such revocation was imminent, or (3) was in part responsible for or was aware of the activities or omissions of the organization that brought about this revocation.

If on the other hand a suit for declaratory judgment has been timely filed, contributions from individuals and organizations described in section 170(c)(2) that are otherwise allowable will continue to be deductible. Protection under section 7428(c) would begin on May 28, 1996, and would end on the date the court first determines that the organization is not described in section 170(c)(2) as more particularly set forth in section 7428(c)(1). For individual contributors, the maximum deduction protected is \$1,000, with a husband and wife treated as one contributor. This benefit is not extended to any individual who was responsible, in whole or in part, for the acts or omissions of the organization that were the basis for revocation.

Evangelism Outreach, Inc.  
Franklin Springs, GA  
Market Street Mission  
Louisville, KY

## Announcement of the Disbarment, Suspension, or Consent to Voluntary Suspension of Attorneys, Certified Public Accountants, Enrolled Agents and Enrolled Actuaries From Practice Before the Internal Revenue Service

Under 31 Code of Federal Regulations, Part 10, an attorney, certified public accountant, enrolled agent or enrolled actuary, in order to avoid the institution or conclusion of a proceeding for his disbarment or suspension from practice before the Internal Revenue Service, may offer his consent to suspension from such practice. The Director of Practice, in his discretion, may suspend an attorney, certified public accountant, enrolled agent or enrolled actuary in accordance with the consent offered.

Attorneys, certified public accountants, enrolled agents and enrolled actuaries are prohibited in any Internal

Revenue Service matter from directly or indirectly employing, accepting assistance from, being employed by, or sharing fees with, any practitioner disbarred or suspended from practice before the Internal Revenue Service.

To enable attorneys, certified public accountants, enrolled agents and enrolled actuaries to identify practitioners under consent suspension from practice before the Internal Revenue Service, the Director of Practice will announce in the Internal Revenue Bulletin the names and addresses of practitioners who have been suspended from such practice, their designation as attor-

ney, certified public accountant, enrolled agent or enrolled actuary and date or period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks or for as many weeks as is practicable for each attorney, certified public accountant, enrolled agent or enrolled actuary so suspended and will be consolidated and published in the Cumulative Bulletin.

The following individuals have been placed under consent suspension from practice before the Internal Revenue Service:

Name	Address	Designation	Date of Suspension
Behrens, William	Kenosha, WI	Enrolled Agent	March 6, 1996 to May 5, 1996
Warter, J. Christopher	South Bend, IN	Attorney	Indefinite from March 8, 1996
Leckie, Jerry B.	Macon, GA	Enrolled Agent	March 9, 1996 to March 8, 1999
Retzlaff, Gene	Hortonville, WI	Enrolled Agent	March 18, 1996 to July 17, 1996
Cahill, Donal	Stratford, CT	Attorney	April 4, 1996 to April 3, 1997
Guidera, George C.	Straford, CT	Attorney	April 11, 1996 to October 10, 1996
Kirk, Gregg T.	Dallas, TX	CPA	Indefinite from May 1, 1996
Brock, Guy Charles	Spokane, WA	CPA	Indefinite from May 1, 1996
Mathews, Thomas	Cincinnati, OH	CPA	May 1, 1996 to August 31, 1996
Farnsworth Jr., Harold	Starke, FL	CPA	May 1, 1996 to April 30, 1998
King, John C.	Wichita, KS	Attorney	May 1, 1996 to August 31, 1996

## Announcement of the Expedited Suspension of Attorneys, Certified Public Accountants, Enrolled Agents, and Enrolled Actuaries From Practice Before the Internal Revenue Service

Under title 31 of the Code of Federal Regulations, section 10.76, the Director of Practice is authorized to immediately suspend from practice before the Internal Revenue Service any practitioner who, within five years, from the date the expedited proceeding is instituted, (1) has had a license to practice as an attorney, certified public accountant, or actuary suspended or revoked for cause; or (2) has been convicted of any crime under title 26 of the United States Code or, of a felony under title 18 of the United States Code involving dishonesty or breach of trust.

Attorneys, certified public accountants, enrolled agents, and enrolled actuaries are prohibited in any Internal

Revenue Service matter from directly or indirectly employing, accepting assistance from, being employed by, or sharing fees with, any practitioner disbarred or suspended from practice before the Internal Revenue Service.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify practitioners under expedited suspension from practice before the Internal Revenue Service, the Director of Practice will announce in the Internal Revenue Bulletin the names and addresses of practitioners who have been suspended from such practice, their designation as attorney, certified public accountant, enrolled

agent, or enrolled actuary, and date or period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks or for as many weeks as is practicable for each attorney, certified public accountant, enrolled agent, or enrolled actuary so suspended and will be consolidated and published in the Cumulative Bulletin.

The following individuals have been placed under suspension from practice before the Internal Revenue Service by virtue of the expedited proceeding provisions of the applicable regulations:

Name	Address	Designation	Date of Suspension
Noske, Joan M.	Richmond, MN	CPA	Indefinite from March 1, 1996
Wahl, Roger W.	Martinez, GA	CPA	Indefinite from March 1, 1996
Stojanov, Dragan	Detroit, MI	Attorney	Indefinite from March 13, 1996
Gay, Randall D.	Honolulu, HI	CPA	Indefinite from March 13, 1996
Sheffey, Ralph	LaCrosse, WI	Attorney	Indefinite from March 13, 1996
Doyle, Robert	Sacramento, CA	CPA	Indefinite from March 19, 1996
Singer, Michael G.	Minnetonka, MN	Attorney	Indefinite from March 19, 1996
Mohme, Robert H.	St. Louis, MO	Attorney	Indefinite from March 20, 1996
Vogelei, George Mac	Novato, CA	Attorney	Indefinite from March 20, 1996
Gaskins, Oscar N.	Cherry Hill, NJ	Attorney	Indefinite from March 26, 1996
Gawel, Michael S.	Niagara Falls, NY	Attorney	Indefinite from March 29, 1996

## 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 law 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 the 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 Contribution Act.  
FISC—Foreign International Sales Company.  
FPH—Foreign Personal Holding Company.  
F.R.—Federal Register.  
FUTA—Federal Unemployment Tax Act.  
FX—Foreign Corporation.  
G.C.M.—Chief Counsel's Memorandum.  
GE—Grantee.  
GP—General Partner.  
GR—Grantor  
IC—Insurance Company.  
I.R.B.—Internal Revenue Bulletin.  
LE—Lessee.  
LP—Limited Partner.  
LR—Lessor.  
M—Minor.  
Nonacq.—Nonacquiescence.  
O—Organization.  
P—Parent Corporation.

PHC—Personal Holding Company.  
PO—Possession of the U.S.  
PR—Partner.  
PRS—Partnership.  
PTE—Prohibited Transaction Exemption.  
Pub. L.—Public Law.  
REIT—Real Estate Investment Trust.  
Rev. Proc.—Revenue Procedure.  
Rev. Rul.—Revenue Ruling.  
S—Subsidiary.  
S.P.R.—Statements 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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96–19, 1996–14 I.R.B. 28  
96–20, 1996–14 I.R.B. 30  
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96–13, 1996–3 I.R.B. 31  
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96–20, 1996–4 I.R.B. 88  
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96–23, 1996–5 I.R.B. 27  
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96–24A, 1996–15 I.R.B. 12  
96–25, 1996–8 I.R.B. 19  
96–26, 1996–8 I.R.B. 22  
96–27, 1996–11 I.R.B. 27  
96–28, 1996–14 I.R.B. 31  
96–29, 1996–16 I.R.B. 24  
96–30, 1996–19 I.R.B. 8  
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96–6, 1996–2 I.R.B. 8  
96–4, 1996–3 I.R.B. 16  
96–5, 1996–3 I.R.B. 29  
96–7, 1996–3 I.R.B. 12  
96–8, 1996–4 I.R.B. 62  
96–9, 1996–4 I.R.B. 5  
96–10, 1996–4 I.R.B. 27  
96–11, 1996–4 I.R.B. 28  
96–12, 1996–9 I.R.B. 4  
96–13, 1996–10 I.R.B. 19  
96–14, 1996–6 I.R.B. 20  
96–15, 1996–11 I.R.B. 9  
96–16, 1996–11 I.R.B. 4  
96–17, 1996–13 I.R.B. 5  
96–18, 1996–13 I.R.B. 4  
96–19, 1996–14 I.R.B. 24  
96–20, 1996–15 I.R.B. 5  
96–21, 1996–15 I.R.B. 7  
96–22, 1996–15 I.R.B. 9  
96–23, 1996–15 I.R.B. 11  
96–24, 1996–19 I.R.B. 5  
96–25, 1996–19 I.R.B. 4  
96–26, 1996–21 I.R.B. 9

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8638, 1996–5 I.R.B. 5  
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8648, 1996–10 I.R.B. 23  
8649, 1996–9 I.R.B. 5  
8650, 1996–10 I.R.B. 5  
8651, 1996–11 I.R.B. 24  
8652, 1996–11 I.R.B. 11  
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8655, 1996–12 I.R.B. 9  
8656, 1996–13 I.R.B. 9  
8657, 1996–14 I.R.B. 4  
8658, 1996–14 I.R.B. 13  
8659, 1996–16 I.R.B. 4  
8660, 1996–17 I.R.B. 4  
8661, 1996–17 I.R.B. 7  
8664, 1996–20 I.R.B. 7  
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8667, 1996–20 I.R.B. 4

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<sup>1</sup>A cumulative list of all Revenue Rulings, Revenue Procedures, Treasury Decisions, etc., published in Internal Revenue Bulletins 1995–27 through 1995–52 will be found in Internal Revenue Bulletin 1996–1, dated January 2, 1996.

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\*Denotes entry since last publication

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Amplified by

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#### 91–23

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96–13, 1996–3 I.R.B. 31

#### 91–24

Superseded by

96–14, 1996–3 I.R.B. 41

#### 91–26

Superseded by

96–13, 1996–3 I.R.B. 31

#### 92–20

Modified by

96–1, 1996–1 I.R.B. 8

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#### 92–85

Modified by

96–1, 1996–1 I.R.B. 8

#### 93–16

Superseded by

96–11, 1996–2 I.R.B. 18

#### 93–46

Superseded in part by

96–17, 1996–4 I.R.B. 69

Superseded by

96–18, 1996–4 I.R.B. 73

#### 94–16

Modified by

96–29, 1996–16 I.R.B. 24

#### 94–18

Superseded in part by

96–17, 1996–4 I.R.B. 69

Superseded by

96–18, 1996–4 I.R.B. 73

#### 94–59

Superseded in part by

96–17, 1996–4 I.R.B. 69

Superseded by

96–18, 1996–4 I.R.B. 73

#### 94–62

Modified by

96–29, 1996–16 I.R.B. 24

#### 94–77

Superseded by

96–28, 1996–14 I.R.B. 31

#### 95–1

Superseded by

96–1, 1996–1 I.R.B. 8

#### 95–2

Superseded by

96–2, 1996–1 I.R.B. 60

#### 95–3

Superseded by

96–3, 1996–1 I.R.B. 82

#### 95–4

Superseded by

96–4, 1996–1 I.R.B. 94

#### 95–5

Superseded by

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#### 95–13

Superseded by

96–20, 1996–4 I.R.B. 88

#### 95–20

Superseded by

96–24, 1996–5 I.R.B. 28

#### 95–50

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#### 72–437

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#### 78–294

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8665, 1996–21 I.R.B. 4

#### 80–80

Obsoleted by

96–3, 1996–2 I.R.B. 14

#### 82–80

Modified by

96–14, 1996–3 I.R.B. 41

#### 92–19

Supplemented in part

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<sup>1</sup>A cumulative finding list for previously published items mentioned in Internal Revenue Bulletins 1995–27 through 1995–52 will be found in Internal Revenue Bulletin 1996–1, dated January 2, 1996.