

HIGHLIGHTS OF THIS ISSUE

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

INCOME TAX

Rev. Rul. 96-42, page 4.

Mutual life insurance companies; differential earnings rate. The differential earnings rate for 1995 and the recomputed differential earnings rate for 1994 are set forth for use by mutual life insurance companies to compute their income tax liabilities for 1995.

Notice 96-41, page 6.

1996 section 43 inflation adjustment factor. This notice announces the inflation adjustment factor to be used in determining the enhanced oil recovery credit for tax years beginning in the 1996 calendar year.

Notice 96-42, page 6.

1996 marginal production rates. This notice announces the applicable percentage to be used in determining percentage depletion for marginal properties for the 1996 calendar year.

EXEMPT ORGANIZATIONS

Announcement 96-80, page 16.

A list is given of organizations now classified as private foundations.

ADMINISTRATIVE

Rev. Proc. 96-43, page 6.

Section 355 "No Rule." This procedure amplifies the "No Rule" Rev. Proc. 96-3, 1996-1 I.R.B. 82, to

include certain transactions under section 355 of the Code.

Rev. Proc. 96-44, page 7.

Insurance companies; loss reserves; discounting unpaid losses. The loss payment patterns and discount factors are set forth for the 1996 accident year. These factors will be used for computing discounted unpaid losses under section 846 of the Code.

Rev. Proc. 96-45, page 12.

Insurance companies; discounting estimated salvage recoverable. The salvage discount factors are set forth for the 1996 accident year. These factors will be used for computing estimated salvage recoverable under section 832 of the Code.

Announcement 96-77, page 15.

Backup withholding; substitute Form W-9. The effective date of Rev. Proc. 96-26, 1996-8 I.R.B. 22, is extended for certain payors who must secure regulatory approval of changes to their substitute Forms W-9.

Announcement 96-78, page 15.

T.D. 8670, 1996-24 I.R.B. 6, relating to qualified cost sharing arrangements, is corrected.

Announcement 96-79, page 15.

T.D. 8671, 1996-26 I.R.B. 8, relating to requirements for furnishing a taxpayer identifying number on returns, statements, and other documents, 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 semi-annually 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.

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

Section 355.—Distribution of Stock and Securities of a Controlled Corporation

26 CFR 1.355-3: Active conduct of a trade or business.

The revenue procedure amplifies the “No Rule” revenue procedure, Rev. Proc. 96-3, 1996-1 I.R.B. 82, to include certain transactions under § 355 of the Code. See Rev. Proc. 96-43, page 6.

Section 809.—Reduction in Certain Deductions of Mutual Life Insurance Companies

26 CFR 1.809-9: Computation of the differential earnings rate and the recomputed differential earnings rate.

Mutual life insurance companies; differential earnings rate. The differential earnings rate for 1995 and the recomputed differential earnings rate for 1994 are set forth for use by mutual life insurance companies to compute their income tax liabilities for 1995.

Rev. Rul. 96-42

This revenue ruling contains the differential earnings rate for 1995 and the recomputed differential earnings rate for 1994. Under § 809 of the Internal Revenue Code, mutual life insurance companies use these rates in computing their Federal income tax liability for taxable years beginning in 1995. This revenue ruling also contains the figures on which the determinations of these rates are based. Notice 96-15, 1996-13 I.R.B. 19, contained tentative determinations of these rates.

Section 809(a) provides that, in the case of any mutual life insurance company, the amount of the deduction allowable under § 808 for policyholder dividends is reduced (but not below zero) by the “differential earnings amount.” Any excess of the differential earnings amount over the amount of the deduction allowable under § 808 is taken into account as a reduction in the closing balance of reserves under subsections (a) and (b) of § 807. The “differential earnings amount” for any taxable year is the amount equal to the product of (a) the life insurance company’s average equity base for the taxable year multiplied by (b) the “differential earnings rate” for that taxable year. The “differential earnings rate” for the taxable year is the excess of (a) the “imputed earnings rate” for the taxable year over (b) the “average mutual earn-

ings rate” for the second calendar year preceding the calendar year in which the taxable year begins. The “imputed earnings rate” for any taxable year is the amount that bears the same ratio to 16.5 percent as the “current stock earnings rate” for the taxable year bears to the “base period stock earnings rate.”

Section 809(f) provides that, in the case of any mutual life insurance company, if the “recomputed differential earnings amount” for any taxable year exceeds the differential earnings amount for that taxable year, the excess is included in life insurance gross income for the succeeding taxable year. If the differential earnings amount for any taxable year exceeds the recomputed differential earnings amount for that taxable year, the excess is allowed as a life insurance deduction for the succeeding taxable year. The “recomputed differential earnings amount” for any taxable year is an amount calculated in the same manner as the differential earnings amount for that taxable year, except that the average mutual earnings rate for the calendar year in which the taxable year begins is substituted for the average mutual earnings rate for the second calendar year preceding the calendar year in which the taxable year begins.

The stock earnings rates and mutual earnings rates taken into account under § 809 generally are determined by dividing statement gain from operations by the average equity base. For this purpose, the term “statement gain from operations” means “the net gain or loss from operations required to be set forth in the annual statement, determined without regard to Federal income taxes, and . . . properly adjusted for realized capital gains and losses. . . .” See § 809(g)(1). The term “equity base” is defined as an amount determined in the manner prescribed by regulations equal to surplus and capital increased by the amount of nonadmitted financial assets, the excess of statutory reserves over the amount of tax reserves, the sum of certain other reserves, and 50 percent of any policyholder dividends (or other similar liability) payable in the following taxable year. See § 809(b)(2), (3), (4), (5) and (6). Section 1.809-10 of the Income Tax Regulations provides that the equity base includes both the asset valuation reserve and the interest maintenance reserve for taxable years ending after December 31, 1991.

Section 1.809-9(a) of the regulations provides that neither the differential earnings rate under § 809(c) nor the recomputed differential earnings rate that is used in computing the recomputed differential earnings amount under § 809(f)(3) may be less than zero.

For purposes of § 809, the differential earnings rate for 1995 and the rate used to calculate the recomputed differential earnings amount for 1994 (the recomputed differential earnings rate for 1994), and the figures on which these two rates are based are set forth in Table 1.

Rev. Rul. 96-42 TABLE 1

Determination of Rates To Be Used For Taxable Years Beginning in 1995

Differential earnings rate for 1995	0
Recomputed differential earnings rate for 1994	5.887
Imputed earnings rate for 1994	15.109
Imputed earnings rate for 1995	12.625
Base period stock earnings rate	18.221
Current stock earnings rate for 1995	13.942
Stock earnings rate for 1992	7.004
Stock earnings rate for 1993	23.385
Stock earnings rate for 1994	11.437
Average mutual earnings rate for 1993	18.406
Average mutual earnings rate for 1994	9.222

DRAFTING INFORMATION

The principal author of this revenue ruling is Katherine A. Hossofsky of the Assistant Chief Counsel (Financial Institutions and Products). For further information regarding this revenue ruling contact Ms. Hossofsky on (202) 622-3477 (not a toll-free number).

Section 832.—Insurance Company Taxable Income

26 CFR 1.832-4: Gross Income.

The salvage discount factors are set forth for the 1996 accident year. These factors will be used for computing estimated salvage recoverable for purposes of section 832 of the Code. See Rev. Proc. 96-45, page 12.

Section 846.—Discounted Unpaid Losses Defined

26 CFR 1.846-1: Application of discount factors.

The loss payment patterns and discount factors are set forth for the 1996 accident year. These

factors will be used for computing discounted unpaid losses under section 846 of the Code. See Rev. Proc. 96-44, page 7.

The salvage discount factors are set forth for the 1996 accident year. These factors will be used for

computing estimated salvage recoverable for purposes of section 832 of the Code. See Rev. Proc. 96-45, page 12.

Part III. Administrative, Procedural, and Miscellaneous

1996 Section 43 Inflation Adjustment

Notice 96-41

Section 43(b)(3)(B) of the Internal Revenue Code requires the Secretary to publish an inflation adjustment factor. The enhanced oil recovery credit under § 43 for any taxable year is reduced if the “reference price,” determined under § 29(d)(2)(C), for the calendar year preceding the calendar year in which the taxable year begins is greater than \$28 multiplied by the inflation adjustment factor for that year.

The term “inflation adjustment factor” means, with respect to any calendar year, a fraction the numerator of which is the GNP implicit price deflator for the preceding calendar year and the denominator of which is the GNP implicit price deflator for 1990.

Because the reference price for the 1995 calendar year (\$14.26) does not exceed \$28 multiplied by the inflation adjustment factor for the 1996 calendar year, the enhanced oil recovery credit for qualified costs paid or incurred in 1996 is determined without regard to the phase-out for crude oil price increases.

Table 1 contains the GNP implicit price deflator used for the 1996 calendar year, as well as the previously published GNP implicit price deflators used for the 1991 through 1995 calendar years.

Notice 96-41 TABLE 1
GNP IMPLICIT PRICE DEFLATORS

<i>Calendar Year</i>	<i>GNP Implicit Price Deflator</i>
1990	112.9 (used for 1991)
1991	117.0 (used for 1992)
1992	120.9 (used for 1993)
1993	124.1 (used for 1994)
1994	126.0 (used for 1995)
1995	107.5 (used for 1996)*

*Beginning in 1995, the GNP implicit price deflator was rebased relative to 1992. The 1990 GNP implicit price deflator used to compute the 1996 § 43 inflation adjustment factor is 93.6

Table 2 contains the inflation adjustment factor and the phase-out amount for taxable years beginning in the 1996 calendar year as well as the previously published inflation adjustment factors and phase-out amounts for the 1991 through 1995 calendar years.

Notice 96-41 TABLE 2
INFLATION ADJUSTMENT FACTORS AND PHASE-OUT AMOUNTS

<i>Calendar Year</i>	<i>Inflation Adjustment Factor</i>	<i>Phase-out Amount</i>
1991	1.0000	0
1992	1.0363	0
1993	1.0708	0
1994	1.0992	0
1995	1.1160	0
1996	1.1485	0

DRAFTING INFORMATION

The principal author of this notice is Brenda M. Stewart of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice contact Ms. Stewart on (202) 622-3120 (not a toll-free call).

1996 Marginal Production Rates

Notice 96-42

Section 613A(c)(6)(C) of the Internal Revenue Code defines the term “applicable percentage” for purposes of determining percentage depletion for oil and gas produced from marginal properties. The applicable percentage is the percentage (not greater than 25 percent) equal to the sum of 15 percent, plus one percentage point for each whole dollar by which \$20 exceeds the reference price (determined under § 29(d)(2)(C)) for crude oil for the calendar year preceding the calendar year in which the taxable year begins. The reference price determined under § 29(d)(2)(C) for the 1995 calendar year is \$14.26.

Table 1 contains the applicable percentages for marginal production for taxable years beginning in calendar years 1991 through 1996.

Notice 96-42 TABLE 1
APPLICABLE PERCENTAGE FOR MARGINAL PRODUCTION

<i>Calendar Year</i>	<i>Applicable Percentage</i>
1991	15 percent
1992	18 percent
1993	19 percent
1994	20 percent
1995	21 percent
1996	20 percent

DRAFTING INFORMATION

The principal author of this notice is Brenda M. Stewart of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice contact Ms. Stewart on (202) 622-3120 (not a toll-free call).

26 CFR 601.201: Rulings and determination letters.

(Also §§ 355; 1.355-3.)

Rev. Proc. 96-43

SECTION 1. PURPOSE

This revenue procedure amplifies Rev. Proc. 96-3, 1996-1 I.R.B. 82, which sets forth the areas of the Internal Revenue Code under the jurisdiction of the Associate Chief Counsel (Domestic) and the Associate Chief Counsel (Employee Benefits and Exempt Organizations) relating to issues on which the Internal Revenue Service will not issue advance rulings or determination letters.

SECTION 2. BACKGROUND

Section 4 of Rev. Proc. 96-3 sets forth those areas in which rulings or determination letters will not ordinarily be issued. Section 355(a) of the Internal Revenue Code applies to distributions of stock or securities of a corporation controlled by the distributing corporation if each of the corporations is engaged in the active conduct of a trade or business. Section 355(b) provides that a corporation is engaged in such conduct if, among other things, it is directly engaged in the active conduct of a trade or business, or substantially all of its assets consist of stock and securities of a corporation controlled by it (immediately after the transaction) which is so engaged.

SECTION 3. PROCEDURE

Rev. Proc. 96-3 is amplified by adding to section 4 the following:

Section 355.—Distribution of Stock and Securities of a Controlled Corporation.—Whether a distribution of stock or securities is described in § 355(a)(1) when the gross assets of the trades or businesses relied on to satisfy the active trade or business requirement of § 355(b) will have a fair market value that is less than 5 percent of the total fair market value of the gross assets of the corporation directly conducting the

trades or businesses. The Service may rule that the trades or businesses satisfy the active trade or business requirement of § 355(b) if it can be established that, based upon all relevant facts and circumstances, the trades or businesses are not de minimis compared with the other assets or activities of the corporation and its subsidiaries.

SECTION 4. EFFECTIVE DATE

This revenue procedure will apply to all ruling requests postmarked or, if not mailed, received on or after August 8, 1996.

FURTHER INFORMATION

For further information regarding this revenue procedure contact Robert Hawkes of the Office of Assistant Chief Counsel (Corporate) at (202) 622-7530 (not a toll-free call).

26 CFR 601.201: Rulings and determination letters
(Also Part I, Sections 846; 1.846-1.)

Rev. Proc. 96-44

SECTION 1. PURPOSE

This revenue procedure prescribes the loss payment patterns and discount factors for the 1996 accident year. These factors will be used for computing discounted unpaid losses under § 846 of the Internal Revenue Code. See Rev. Proc. 92-47, 1992-1 C.B. 980, for background concerning the loss payment patterns and application of the discount factors.

SEC. 2. SCOPE

This revenue procedure applies to any taxpayer that is required to discount its unpaid losses under § 846 for a line of business using discount factors published by the Secretary.

SEC. 3. TABLES OF DISCOUNT FACTORS

.01 The following tables present separately for each line of business the discount factors under § 846 for accident year 1996. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 1996, which is 6.63 percent, and by assuming all loss payments occur in the middle of the calendar year.

.02 If the groupings of individual lines of business on the annual statement changes, taxpayers must discount the unpaid losses on the resulting lines of business in accordance with the discounting patterns that would have applied to those unpaid losses based on their classification on the 1990 annual statement.

.03 Tables

Tables of Discount Factors
Section 846
- 1996 -
Interest rate: 6.63 percent

Homeowners/Farmowners

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	66.8753	66.8753	30.6325	33.1247	92.4763
AY+ 1	90.4633	23.5880	8.3060	9.5367	87.0955
AY+ 2	93.3914	2.9281	5.8331	6.6086	88.2656
AY+ 3	95.7081	2.3167	3.8276	4.2919	89.1817
AY+ 4	97.4081	1.7000	2.3259	2.5919	89.7376
AY+ 5	98.6271	1.2190	1.2214	1.3729	88.9620
AY+ 6	99.1528	0.5257	0.7595	0.8472	89.6468
AY+ 7	99.5425	0.3897	0.4074	0.4575	89.0559
AY+ 8	99.7318	0.1893	0.2390	0.2682	89.1020
AY+ 9	99.8063	0.0745	0.1779	0.1937	91.8346
AY+10	N/A	0.0745	0.1127	0.1192	94.5850
AY+11	N/A	0.0745	0.0432	0.0447	96.8412
AY+12	N/A	0.0447	0.0000	0.0000	N/A

Private Passenger Auto Liability/Medical

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	34.7617	34.7617	58.9016	65.2383	90.2868
AY+ 1	66.2963	31.5346	30.2435	33.7037	89.7336
AY+ 2	81.2140	14.9177	16.8444	18.7860	89.6646
AY+ 3	89.8272	8.6132	9.0671	10.1728	89.1303
AY+ 4	94.4549	4.6277	4.8895	5.5451	88.1776
AY+ 5	96.8788	2.4239	2.7107	3.1212	86.8495

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Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 6	98.1526	1.2738	1.5751	1.8474	85.2614
AY+ 7	98.6962	0.5436	1.1182	1.3038	85.7661
AY+ 8	99.0485	0.3523	0.8286	0.9515	87.0805
AY+ 9	99.2667	0.2182	0.6582	0.7333	89.7569
AY+10	N/A	0.2182	0.4765	0.5151	92.5079
AY+11	N/A	0.2182	0.2828	0.2969	95.2452
AY+12	N/A	0.2182	0.0762	0.0787	96.8412
AY+13	N/A	0.0787	0.0000	0.0000	N/A

Commercial Auto/Truck Liability/Medical

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	20.8439	20.8439	69.0004	79.1561	87.1701
AY+ 1	47.3136	26.4697	46.2421	52.6864	87.7685
AY+ 2	65.6475	18.3340	30.3760	34.3525	88.4244
AY+ 3	79.0481	13.4005	18.5522	20.9519	88.5467
AY+ 4	86.8945	7.8465	11.6798	13.1055	89.1220
AY+ 5	92.4503	5.5558	6.7172	7.5497	88.9736
AY+ 6	95.5751	3.1247	3.9359	4.4249	88.9483
AY+ 7	97.3052	1.7302	2.4103	2.6948	89.4420
AY+ 8	98.1469	0.8417	1.7009	1.8531	91.7885
AY+ 9	98.8549	0.7080	1.0826	1.1451	94.5428
AY+10	N/A	0.7080	0.4233	0.4371	96.8412
AY+11	N/A	0.4371	0.0000	0.0000	N/A

Workers' Compensation

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	22.3366	22.3366	64.2484	77.6634	82.7268
AY+ 1	50.6941	28.3575	39.2256	49.3059	79.5557
AY+ 2	66.1886	15.4945	25.8264	33.8114	76.3837
AY+ 3	74.4228	8.2342	19.0359	25.5772	74.4253
AY+ 4	79.5663	5.1434	14.9867	20.4337	73.3432
AY+ 5	83.7227	4.1564	11.6883	16.2773	71.8077
AY+ 6	86.1316	2.4089	9.9758	13.8684	71.9321
AY+ 7	88.4452	2.3136	8.2482	11.5548	71.3830
AY+ 8	88.9625	0.5173	8.2608	11.0375	74.8434
AY+ 9	89.9266	0.9641	7.8130	10.0734	77.5606
AY+10	N/A	0.9641	7.3355	9.1093	80.5270
AY+11	N/A	0.9641	6.8263	8.1453	83.8070
AY+12	N/A	0.9641	6.2833	7.1812	87.4975
AY+13	N/A	0.9641	5.7044	6.2171	91.7536
AY+14	N/A	0.9641	5.0871	5.2530	96.8412
AY+15	N/A	5.2530	0.0000	0.0000	N/A

Commercial Multiple Peril

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	33.4193	33.4193	56.7613	66.5807	85.2519
AY+ 1	59.1296	25.7103	33.9757	40.8704	83.1303
AY+ 2	67.4080	8.2784	27.6799	32.5920	84.9284

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Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 3	75.7571	8.3491	20.8936	24.2429	86.1844
AY+ 4	83.8673	8.1102	13.9041	16.1327	86.1858
AY+ 5	89.5799	5.7126	8.9270	10.4201	85.6710
AY+ 6	93.4124	3.8325	5.5614	6.5876	84.4217
AY+ 7	95.6455	2.2331	3.6242	4.3545	83.2276
AY+ 8	96.9571	1.3116	2.5101	3.0429	82.4887
AY+ 9	97.4497	0.4926	2.1678	2.5503	85.0017
AY+10	N/A	0.4926	1.8029	2.0577	87.6150
AY+11	N/A	0.4926	1.4137	1.5651	90.3275
AY+12	N/A	0.4926	0.9988	1.0725	93.1260
AY+13	N/A	0.4926	0.5563	0.5799	95.9349
AY+14	N/A	0.4926	0.0845	0.0873	96.8412
AY+15	N/A	0.0873	0.0000	0.0000	N/A

Medical Malpractice

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	3.7026	3.7026	69.6231	96.2974	72.3001
AY+ 1	11.5535	7.8510	66.1321	88.4465	74.7708
AY+ 2	21.9296	10.3761	59.8022	78.0704	76.6003
AY+ 3	32.8555	10.9259	52.4848	67.1445	78.1669
AY+ 4	46.6164	13.7609	41.7548	53.3836	78.2165
AY+ 5	60.9092	14.2928	29.7641	39.0908	76.1409
AY+ 6	69.2349	8.3257	23.1402	30.7651	75.2157
AY+ 7	71.6574	2.4225	22.1728	28.3426	78.2316
AY+ 8	73.7610	2.1036	21.4707	26.2390	81.8275
AY+ 9	77.8395	4.0786	18.6826	22.1605	84.3062
AY+10	N/A	4.0786	15.7097	18.0819	86.8808
AY+11	N/A	4.0786	12.5396	14.0033	89.5476
AY+12	N/A	4.0786	9.1594	9.9248	92.2886
AY+13	N/A	4.0786	5.5551	5.8462	95.0206
AY+14	N/A	4.0786	1.7118	1.7676	96.8412
AY+15	N/A	1.7676	0.0000	0.0000	N/A

Special Liability (Ocean Marine, Aircraft (all Perils), Boiler and Machinery)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	31.2231	31.2231	61.1626	68.7769	88.9290
AY+ 1	68.2247	37.0016	27.0091	31.7753	85.0004
AY+ 2	80.2858	12.0611	16.3453	19.7142	82.9115
AY+ 3	85.4166	5.1308	12.1308	14.5834	83.1827
AY+ 4	89.4028	3.9862	8.8189	10.5972	83.2194
AY+ 5	93.2493	3.8465	5.4316	6.7507	80.4607
AY+ 6	94.0515	0.8022	4.9634	5.9485	83.4397
AY+ 7	95.8901	1.8386	3.3939	4.1099	82.5788
AY+ 8	97.7995	1.9093	1.6473	2.2005	74.8580
AY+ 9	97.9920	0.1925	1.5577	2.0080	77.5737
AY+10	N/A	0.1925	1.4621	1.8155	80.5381
AY+11	N/A	0.1925	1.3603	1.6230	83.8157
AY+12	N/A	0.1925	1.2517	1.4304	87.5033
AY+13	N/A	0.1925	1.1359	1.2379	91.7563
AY+14	N/A	0.1925	1.0124	1.0454	96.8412
AY+15	N/A	1.0454	0.0000	0.0000	N/A

Other Liability

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	9.9737	9.9737	68.4086	90.0263	75.9874
AY+ 1	21.8819	11.9082	60.6475	78.1181	77.6356
AY+ 2	32.5583	10.6764	53.6438	67.4417	79.5409
AY+ 3	41.4543	8.8960	48.0142	58.5457	82.0115
AY+ 4	56.3583	14.9040	35.8074	43.6417	82.0485
AY+ 5	71.6763	15.3180	22.3638	28.3237	78.9578
AY+ 6	78.0397	6.3635	17.2755	21.9603	78.6670
AY+ 7	82.2566	4.2168	14.0665	17.7434	79.2771
AY+ 8	85.2754	3.0188	11.8818	14.7246	80.6934
AY+ 9	87.4014	2.1260	10.4742	12.5986	83.1378
AY+10	N/A	2.1260	8.9734	10.4727	85.6836
AY+11	N/A	2.1260	7.3730	8.3467	88.3341
AY+12	N/A	2.1260	5.6665	6.2207	91.0905
AY+13	N/A	2.1260	3.8469	4.0948	93.9461
AY+14	N/A	2.1260	1.9066	1.9688	96.8412
AY+15	N/A	1.9688	0.0000	0.0000	N/A

Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Glass, Burglary, and Theft)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	57.7817	57.7817	39.8533	42.2183	94.3982
AY+ 1	88.3390	30.5573	10.9415	11.6610	93.8306
AY+ 2	N/A	5.8305	5.6463	5.8305	96.8412
AY+ 3	N/A	5.8305	0.0000	0.0000	N/A

Auto Physical Damage

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	84.1827	84.1827	15.2177	15.8173	96.2092
AY+ 1	98.8697	14.6870	1.0606	1.1303	93.8306
AY+ 2	N/A	0.5651	0.5473	0.5651	96.8412
AY+ 3	N/A	0.5651	0.0000	0.0000	N/A

Fidelity, Surety, Financial Guaranty, Mortgage Guaranty

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	25.1728	25.1728	68.7158	74.8272	91.8327
AY+ 1	57.6281	32.4553	39.7578	42.3719	93.8306
AY+ 2	N/A	21.1859	20.5167	21.1859	96.8412
AY+ 3	N/A	21.1859	0.0000	0.0000	N/A

Other (including Credit, Accident and Health)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	63.6725	63.6725	34.1976	36.3275	94.1369
AY+ 1	88.8927	25.2202	10.4220	11.1073	93.8306
AY+ 2	N/A	5.5536	5.3782	5.5536	96.8412
AY+ 3	N/A	5.5536	0.0000	0.0000	N/A

International (Composite)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	30.8006	30.8006	58.6213	69.1994	84.7137
AY+ 1	56.9235	26.1229	35.5330	43.0765	82.4881
AY+ 2	68.6906	11.7671	25.7379	31.3094	82.2050
AY+ 3	76.7697	8.0791	19.1017	23.2303	82.2275
AY+ 4	83.5336	6.7639	13.3837	16.4664	81.2783
AY+ 5	88.9725	5.4390	8.6546	11.0275	78.4822
AY+ 6	91.6218	2.6493	6.4927	8.3782	77.4953
AY+ 7	93.4305	1.8087	5.0554	6.5695	76.9538
AY+ 8	94.3638	0.9333	4.4269	5.6362	78.5443
AY+ 9	95.0595	0.6957	4.0020	4.9405	81.0046
AY+10	N/A	0.6957	3.5490	4.2448	83.6078
AY+11	N/A	0.6957	3.0659	3.5492	86.3851
AY+12	N/A	0.6957	2.5509	2.8535	89.3943
AY+13	N/A	0.6957	2.0016	2.1578	92.7611
AY+14	N/A	0.6957	1.4160	1.4622	96.8412
AY+15	N/A	1.4622	0.0000	0.0000	N/A

Reinsurance A

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	35.8044	35.8044	58.7668	64.1956	91.5432
AY+ 1	72.2671	36.4628	25.0109	27.7329	90.1850
AY+ 2	79.1294	6.8622	19.5830	20.8706	93.8306
AY+ 3	N/A	10.4353	10.1057	10.4353	96.8412
AY+ 4	N/A	10.4353	0.0000	0.0000	N/A

Reinsurance B (Composite)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	30.8006	30.8006	58.6213	69.1994	84.7137
AY+ 1	56.9235	26.1229	35.5330	43.0765	82.4881
AY+ 2	68.6906	11.7671	25.7379	31.3094	82.2050
AY+ 3	76.7697	8.0791	19.1017	23.2303	82.2275
AY+ 4	83.5336	6.7639	13.3837	16.4664	81.2783
AY+ 5	88.9725	5.4390	8.6546	11.0275	78.4822
AY+ 6	91.6218	2.6493	6.4927	8.3782	77.4953
AY+ 7	93.4305	1.8087	5.0554	6.5695	76.9538
AY+ 8	94.3638	0.9333	4.4269	5.6362	78.5443
AY+ 9	95.0595	0.6957	4.0020	4.9405	81.0046
AY+10	N/A	0.6957	3.5490	4.2448	83.6078
AY+11	N/A	0.6957	3.0659	3.5492	86.3851
AY+12	N/A	0.6957	2.5509	2.8535	89.3943
AY+13	N/A	0.6957	2.0016	2.1578	92.7611
AY+14	N/A	0.6957	1.4160	1.4622	96.8412
AY+15	N/A	1.4622	0.0000	0.0000	N/A

Reinsurance C

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	23.0513	23.0513	69.1110	76.9487	89.8144
AY+ 1	47.1565	24.1051	48.8016	52.8435	92.3512

Continued on next page

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 2	73.1742	26.0177	25.1708	26.8258	93.8306
AY+ 3	N/A	13.4129	12.9892	13.4129	96.8412
AY+ 4	N/A	13.4129	0.0000	0.0000	N/A

Miscellaneous Casualty (Composite)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	73.9503	73.9503	24.6750	26.0497	94.7226
AY+ 1	93.7601	19.8099	5.8549	6.2399	93.8306
AY+ 2	N/A	3.1199	3.0214	3.1199	96.8412
AY+ 3	N/A	3.1199	0.0000	0.0000	N/A

Long Lines (Composite)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Discounted Unpaid Losses at Year End (%)	Unpaid Losses at Year End (%)	Discount Factor (%)
AY+ 0	30.8006	30.8006	58.6213	69.1994	84.7137
AY+ 1	56.9235	26.1229	35.5330	43.0765	82.4881
AY+ 2	68.6906	11.7671	25.7379	31.3094	82.2050
AY+ 3	76.7697	8.0791	19.1017	23.2303	82.2275
AY+ 4	83.5336	6.7639	13.3837	16.4664	81.2783
AY+ 5	88.9725	5.4390	8.6546	11.0275	78.4822
AY+ 6	91.6218	2.6493	6.4927	8.3782	77.4953
AY+ 7	93.4305	1.8087	5.0554	6.5695	76.9538
AY+ 8	94.3638	0.9333	4.4269	5.6362	78.5443
AY+ 9	95.0595	0.6957	4.0020	4.9405	81.0046
AY+10	N/A	0.6957	3.5490	4.2448	83.6078
AY+11	N/A	0.6957	3.0659	3.5492	86.3851
AY+12	N/A	0.6957	2.5509	2.8535	89.3943
AY+13	N/A	0.6957	2.0016	2.1578	92.7611
AY+14	N/A	0.6957	1.4160	1.4622	96.8412
AY+15	N/A	1.4622	0.0000	0.0000	N/A

DRAFTING INFORMATION

The principal author of this revenue procedure is Katherine A. Hossofsky of the Office of the Assistant Chief Counsel (Financial Institutions and Products). For further information regarding this revenue procedure, contact Ms. Hossofsky on (202) 622-3477 (not a toll-free number).

26 CFR 601.201: Rulings and determination letters (Also Part I, Sections 832, 846; 1.832-4, 1.846-1.)

Rev. Proc. 96-45

SECTION 1. PURPOSE

This revenue procedure prescribes the salvage discount factors for the 1996 accident year. These factors will be used

for computing discounted estimated salvage recoverable under § 832 of the Internal Revenue Code.

SEC. 2. BACKGROUND

Section 832(b)(5)(A) requires that all estimated salvage recoverable (including that which cannot be treated as an asset for state accounting purposes) be taken into account in computing the deduction for losses incurred. Under § 832(b)(5)(A), paid losses are to be reduced by salvage and reinsurance recovered during the taxable year. This amount is adjusted to reflect changes in discounted unpaid losses on nonlife insurance contracts and in unpaid losses on life insurance contracts. An adjustment is then made to reflect any changes in discounted estimated salvage recoverable and in reinsurance recoverable.

Pursuant to § 832(b), the amount of estimated salvage is determined on a discounted basis in accordance with procedures established by the Secretary.

SEC. 3. SCOPE

This revenue procedure applies to any taxpayer that is required to discount estimated salvage recoverable under § 832.

SEC. 4. APPLICATION

.01 The following tables present separately for each line of business the discount factors under § 832 for the 1995 accident year. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 1996, which is 6.63 percent, and by assuming all estimated salvage is recovered in the

middle of each calendar year. See Rev. Proc. 91-48, 1991-2 C.B. 760, for background regarding the tables.

.02 These tables must be used by taxpayers irrespective of whether they elected to discount unpaid losses using their own historical experience under § 846.

.03 Tables.

Tables of Discount Factors
Salvage Recoverable
- 1996 -
Interest rate: 6.63 percent

Homeowners/Farmowners

Tax Year	Discount Factor (%)
AY+ 0	92.4763
AY+ 1	87.0955
AY+ 2	88.2656
AY+ 3	89.1817
AY+ 4	89.7376
AY+ 5	88.9620
AY+ 6	89.6468
AY+ 7	89.0559
AY+ 8	89.1020
AY+ 9	91.8346
AY+10	94.5850
AY+11	96.8412

Private Passenger Auto Liability/Medical

Tax Year	Discount Factor (%)
AY+ 0	90.2868
AY+ 1	89.7336
AY+ 2	89.6646
AY+ 3	89.1303
AY+ 4	88.1776
AY+ 5	86.8495
AY+ 6	85.2614
AY+ 7	85.7661
AY+ 8	87.0805
AY+ 9	89.7569
AY+10	92.5079
AY+11	95.2452
AY+12	96.8412

Commercial Auto/Truck Liability/Medical

Tax Year	Discount Factor (%)
AY+ 0	87.1701
AY+ 1	87.7685
AY+ 2	88.4244
AY+ 3	88.5467
AY+ 4	89.1220
AY+ 5	88.9736
AY+ 6	88.9483

Tax Year	Discount Factor (%)
AY+ 7	89.4420
AY+ 8	91.7885
AY+ 9	94.5428
AY+10	96.8412

Workers' Compensation

Tax Year	Discount Factor (%)
AY+ 0	82.7268
AY+ 1	79.5557
AY+ 2	76.3837
AY+ 3	74.4253
AY+ 4	73.3432
AY+ 5	71.8077
AY+ 6	71.9321
AY+ 7	71.3830
AY+ 8	74.8434
AY+ 9	77.5606
AY+10	80.5270
AY+11	83.8070
AY+12	87.4975
AY+13	91.7536
AY+14	96.8412

Commercial Multiple Peril

Tax Year	Discount Factor (%)
AY+ 0	85.2519
AY+ 1	83.1303
AY+ 2	84.9284
AY+ 3	86.1844
AY+ 4	86.1858
AY+ 5	85.6710
AY+ 6	84.4217
AY+ 7	83.2276
AY+ 8	82.4887
AY+ 9	85.0017
AY+10	87.6150
AY+11	90.3275
AY+12	93.1260
AY+13	95.9349
AY+14	96.8412

Medical Malpractice

Tax Year	Discount Factor (%)
AY+ 0	72.3001
AY+ 1	74.7708
AY+ 2	76.6003
AY+ 3	78.1669
AY+ 4	78.2165
AY+ 5	76.1409
AY+ 6	75.2157
AY+ 7	78.2316
AY+ 8	81.8275

Tax Year	Discount Factor (%)
AY+ 9	84.3062
AY+10	86.8808
AY+11	89.5476
AY+12	92.2886
AY+13	95.0206
AY+14	96.8412

Special Liability (Ocean Marine, Aircraft (all Perils), Boiler and Machinery)

Tax Year	Discount Factor (%)
AY+ 0	88.9290
AY+ 1	85.0004
AY+ 2	82.9115
AY+ 3	83.1827
AY+ 4	83.2194
AY+ 5	80.4607
AY+ 6	83.4397
AY+ 7	82.5788
AY+ 8	74.8580
AY+ 9	77.5737
AY+10	80.5381
AY+11	83.8157
AY+12	87.5033
AY+13	91.7563
AY+14	96.8412

Other Liability

Tax Year	Discount Factor (%)
AY+ 0	75.9874
AY+ 1	77.6356
AY+ 2	79.5409
AY+ 3	82.0115
AY+ 4	82.0485
AY+ 5	78.9578
AY+ 6	78.6670
AY+ 7	79.2771
AY+ 8	80.6934
AY+ 9	83.1378
AY+10	85.6836
AY+11	88.3341
AY+12	91.0905
AY+13	93.9461
AY+14	96.8412

Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Glass, Burglary, and Theft)

Tax Year	Discount Factor (%)
AY+ 0	89.4016
AY+ 1	91.1418
AY+ 2	92.1391

Continued on next page

	Discount Factor (%)		Discount Factor (%)		Discount Factor (%)
Tax Year		Tax Year		Tax Year	
AY+ 3	93.5634	AY+ 7	76.9538	AY+ 4	86.0620
AY+ 4	94.5558	AY+ 8	78.5443	AY+ 5	88.4270
AY+ 5	96.2074	AY+ 9	81.0046	AY+ 6	91.0715
AY+ 6	96.8412	AY+10	83.6078	AY+ 7	93.8805
Auto Physical Damage		AY+11	86.3851	AY+ 8	96.8412
	Discount Factor (%)	AY+12	89.3943	Miscellaneous Casualty (Composite)	
Tax Year		AY+13	92.7611		Discount Factor (%)
AY+ 0	95.1966	AY+14	96.8412	Tax Year	
AY+ 1	95.6676	Reinsurance A		AY+ 0	85.0124
AY+ 2	96.8412		Discount Factor (%)	AY+ 1	86.9026
Fidelity, Surety, Financial Guaranty, Mortgage Guaranty		Tax Year		AY+ 2	87.8050
	Discount Factor (%)	AY+ 0	77.0244	AY+ 3	89.0382
Tax Year		AY+ 1	80.3308	AY+ 4	90.2502
AY+ 0	84.0469	AY+ 2	82.0405	AY+ 5	91.6718
AY+ 1	86.4207	AY+ 3	83.8941	AY+ 6	92.9603
AY+ 2	87.7821	AY+ 4	86.0620	AY+ 7	94.5573
AY+ 3	89.4142	AY+ 5	88.4270	AY+ 8	96.8412
AY+ 4	91.0835	AY+ 6	91.0715	Long Lines (Composite)	
AY+ 5	92.7170	AY+ 7	93.8805		Discount Factor (%)
AY+ 6	93.9699	AY+ 8	96.8412	Tax Year	
AY+ 7	95.0086	Reinsurance B (Composite)		AY+ 0	84.7137
AY+ 8	96.8412		Discount Factor (%)	AY+ 1	82.4881
Other (including Credit, Accident and Health)		Tax Year		AY+ 2	82.2050
	Discount Factor (%)	AY+ 0	84.7137	AY+ 3	82.2275
Tax Year		AY+ 1	82.4881	AY+ 4	81.2783
AY+ 0	89.9648	AY+ 2	82.2050	AY+ 5	78.4822
AY+ 1	91.7311	AY+ 3	82.2275	AY+ 6	77.4953
AY+ 2	92.9067	AY+ 4	81.2783	AY+ 7	76.9538
AY+ 3	94.5018	AY+ 5	78.4822	AY+ 8	78.5443
AY+ 4	95.8377	AY+ 6	77.4953	AY+ 9	81.0046
AY+ 5	96.8412	AY+ 7	76.9538	AY+10	83.6078
International (Composite)		AY+ 8	78.5443	AY+11	86.3851
	Discount Factor (%)	AY+ 9	81.0046	AY+12	89.3943
Tax Year		AY+10	83.6078	AY+13	92.7611
AY+ 0	84.7137	AY+11	86.3851	AY+14	96.8412
AY+ 1	82.4881	AY+12	89.3943	DRAFTING INFORMATION	
AY+ 2	82.2050	AY+13	92.7611		The principal author of this revenue procedure is Katherine A. Hosssofsky of the Office of the Assistant Chief Coun- sel (Financial Institutions and Products). For further information regarding this revenue procedure, contact Ms. Hos- sofsky on (202) 622-3477 (not a toll- free number).
AY+ 3	82.2275	AY+14	96.8412		
AY+ 4	81.2783	Reinsurance C			
AY+ 5	78.4822		Discount Factor (%)		
AY+ 6	77.4953	Tax Year			
		AY+ 0	77.0244		
		AY+ 1	80.3308		
		AY+ 2	82.0405		
		AY+ 3	83.8941		

Part IV. Items of General Interest

Effective Date Extension for Certain Payors Revising Their Substitute Forms W-9

Announcement 96-77

This announcement extends the January 1, 1997, effective date of certain provisions of Rev. Proc. 96-26, 1996-8 I.R.B. 22, for certain payors. That revenue procedure provides requirements for payors of interest, dividends, and patronage dividends, and brokers that want to design and provide their own substitute Form W-9, Request for Taxpayer Identification Number and Certification, to obtain the required taxpayer identification number and "no backup withholding" certifications from their payees.

The effective date of Rev. Proc. 96-26 (other than for section 5 relating to certain impermissible uses of the required certifications) is extended to July 1, 1997, if a payor (1) is required to obtain the approval of a governmental authority for changes to the format of its substitute Form W-9 required by Rev. Proc. 96-26, (2) applies, on or before September 30, 1996, for that approval, and (3) thereafter actively pursues that approval.

The principal author of this announcement is John Coulter of the Office of Assistant Chief Counsel (Income Tax and Accounting). For further information regarding this announcement contact Mr. Coulter at (202) 622-4910 (not a toll-free call).

Revision of Section 482 Cost Sharing Regulations; Correction

Announcement 96-78

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains corrections to final regulations (TD 8670 [1996-24 I.R.B. 6]), which were published in the **Federal Register** on Monday, May 13, 1996 (61 FR 21955) relating to qualified cost sharing arrangements.

EFFECTIVE DATE: May 13, 1996.

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

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of these corrections are under section 482 of the Internal Revenue Code.

Need for Correction

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

Correction of Publication

Accordingly, the publication of the final regulations (TD 8670), which are the subject of FR Doc. 96-11781, is corrected as follows:

§ 1.482-7 [Corrected]

On page 21956, column 2, instructional "**Par. 3.**", is corrected by revising item g. to read as follows: g. By redesignating the introductory text of paragraph (j)(2) following the heading and paragraphs (j)(2)(i) through (j)(2)(v) as the introductory text of paragraph (j)(2)(i) and paragraphs (j)(2)(i)(A) through (j)(2)(i)(E), respectively; and, by adding a heading to newly designated paragraph (j)(2)(i).

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

(Filed by the Office of the Federal Register on June 27, 1996, 8:45 a.m., and published in the issue of the Federal Register for June 28, 1996, 61 F.R. 33656)

Taxpayer Identifying Numbers (TINs); Correction

Announcement 96-79

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains corrections to final regulations (TD 8671 [1996-26 I.R.B. 8]) which were

published in the **Federal Register** on Wednesday, May 29, 1996 (61 FR 26788). The final regulations relate to requirements for furnishing a taxpayer identifying number on returns, statements or other documents.

EFFECTIVE DATE: May 29, 1996.

FOR FURTHER INFORMATION CONTACT: Lilo A. Hester, (202) 874-1490 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of these corrections are under section 6109 of the Internal Revenue Code.

Need for Correction

As published, TD 8671 contains errors that are in need of correction.

Correction of Publication

Accordingly, the publication of final regulations which are the subject of FR Doc. 96-13397 is corrected as follows:

1. On page 26790, column 1, in amendatory instruction "**Par 2.**", line 1, the language "Section § 301.6109-1 is" is corrected to read "Section 301.6109-1 is".

§ 301.6109-1 [Corrected]

2. On page 26791, columns 1 and 2, § 301.6109-1(d)(3)(iv)(A)(1) is corrected to read as follows:

§ 301.6109-1 Identifying numbers.

* * * * *

(d) * * *

(3) * * *

(iv) * * *

(A) * * *

(I) Procedures for providing Form SS-4 and Form W-7, or such other necessary form to applicants for obtaining a taxpayer identifying number;

* * * * *

3. On page 26792, column 2, § 301.6109-1(h)(1), line 8, the language "identification numbers apply after

May” is corrected to read “identification numbers apply on and after May”.

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

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Foundations Status of Certain Organizations

Announcement 96-80

The following organizations have failed to establish or have been unable to maintain their status as public charities or as operating foundations. Accordingly, grantors and contributors may not, after this date, rely on previous rulings or designations in the Cumulative List of Organizations (Publication 78), or on the presumption arising from the filing of notices under section 508(b) of the Code. This listing does *not* indicate that the organizations have lost their status as organizations described in section 501(c)(3), eligible to receive deductible contributions.

Former Public Charities. The following organizations (which have been treated as organizations that are not private foundations described in section 509(a) of the Code) are now classified as private foundations:

AFTL Ambassadors for the Lord Ministries, Garland, TX
American Laryngeal Papilloma Foundation, Lake Hiawatha, NJ
American Values, Washington, DC
Apostolic Christian Village Inc., Francesville, IN
Applewick Sports Fitness Club, East Chicago, IN
Aspens Celebration of Indigenous Cultures, Aspen, CO
Balloon Project, Inc., Port Chester, NY
Beatrice K. Compton Memorial Trust, Beaver Falls, PA
Bicycle Service Racing Team, Wichita, KS
Bogota Resque Squad, Bogota, NJ
Books for Democracy Incorporated, Alexandria, VA
Breakthrough Breast Cancer, Bloomfield Hills, MI
Breast Cancer Resource Committee Inc., Washington, DC

Center for Family Resources Inc., Metuchen, NJ
Center for Industrial Preservation Inc., Petersburg, VA
Center for Justice and International Law, Washington, DC
Center for Language Development Inc., East Orange, NJ
Center for Public Information on Electromagnetic Radiation Inc., Milltown, NJ
Central Roxborough Civic Assoc., Philadelphia, PA
Centre County Columbus Celebration, State College, PA
Charitable Foundation of the Rotary Club of Roanoke Valley Inc., Roanoke, VA
Charles County Dive Rescue Inc., Waldorf, MD
Chinese Academic Link USA Inc., Hyattsville, MD
Christe Inc., Cincinnati, OH
Citizens Information Inc., Chester, NJ
College Bound Inc., Washington, DC
College of Exploration, Vienna, VA
Committee of 100 Dorchester Inc., Cambridge, MD
Common Concerns Broadcasting Inc., Trenton, NJ
Community Council for the Homeless, Washington, DC
Concerned African American Parents of Westfield, Westfield, NJ
Conservative Christian Action Group Inc., Elkhart, WI
Corrigan Ministries, Inc., Cincinnati, OH
Creative Playgrounds of Nutley a New Jersey Non-Profit Corporation, Nutley, NJ
Cumberland-Goodwill Fire & Rescue, Carlisle, PA
Cure (Citizens Urge Rescue of the Environment), Hanover, PA
Curwensville Development Corp., Curwensville, PA
Daffodil West Hermitage, Cimarron, NM
Dallas Contemporary Art Museum, Dallas, TX
Damocles Inc., Arlington, VA
Dancers Unlimited Performing Ensemble, Wilmington, DE
Dawson Bucs Little League Teams, Rawlings, MD
Debate America, Washington, DC
Delaware Valley Alliance for RIF, Norristown, PA
Desert Shield-Storm Family Foundation Inc., Wall, NJ
De Unique Incorporated, Cheverly, MD
Elizabeth Williams Group Home, Akron, OH
Environmental Awareness Group, Inc., Boston, MA
Holiday House II, Philadelphia, PA
Indian Head Literacy Coalition, New Richmond, WI
International Human Rights Consulting Group, Washington, DC
Lommen Nelson Cole & Stageberg Foundation, Minneapolis, MN
Manchester Supportive Housing Inc., Oakmont, PA
Mathieu Mategot Foundation for Contemporary Tapestry Inc., Bethesda, MD
Medical Foundation of Cincinnati, Cincinnati, OH
Paul Morgan Academy, Fort Worth, TX
Networking for Jesus, Houston, TX
Northeast Scattered Site Resident Management Corp., Chicago, IL
Northwest Perry Township Revitalization Group, Lima, OH
Out of Bondage Ministries, Inc., La Salle, CO
Prime Life Foundation, Reston, VA
Recreational Boating Industries Educational Foundation, Romeo, MI
Remote Sensing Research Incorporated, Fort Collins, CO
Reverend Charles Brink Scholarship Trust, Inc., Kansas City, KS
Shelter Company, Lebanon, VA
Tri-County Recreational Center Inc., Chestertown, NY
Virginia Beach Lifeguard Association Inc., Virginia Beach, VA
Wings to Needs Incorporated, LaGrange, KY

If an organization listed above submits information that warrants the renewal of its classification as a public charity or as a private operating foundation, the Internal Revenue Service will issue a ruling or determination letter with the revised classification as to foundation status. Grantors and contributors may thereafter rely upon such ruling or determination letter as provided in section 1.509(a)-7 of the Income Tax Regulations. It is not the practice of the Service to announce such revised classification of foundation status in the Internal Revenue Bulletin.

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¹A cumulative list of all Revenue Rulings, Revenue Procedures, Treasury Decisions, etc., published in Internal Revenue Bulletins 1996–1 through 1996–26 will be found in Internal Revenue Bulletin 1996–27, dated July 1, 1996.

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¹A cumulative finding list for previously published items mentioned in Internal Revenue Bulletins 1996–1 through 1996–26 will be found in Internal Revenue Bulletin 1996–27, dated July 1, 1996.