

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. 96-41, page 4.

Educational assistance after termination of employment. Educational assistance plans that provide benefits to participants by reason of their employment with the employer will not fail to qualify as educational assistance programs described in section 127(b) of the Code merely because eligible participants include former employees.

Rev. Rul. 96-52, page 5.

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term exempt rate. For purposes of sections 1274, 1288, 382, and other sections of the Code, tables set forth the rates for November 1996.

EMPLOYEE PLANS

Announcement 96-112, page 7.

The initial notice and election period for a savings incentive match plan for employees of small employers described in section 408(p) of the Code as added by the Small Business Job Protection Act of 1996, P.L. 104-188, is being extended.

EXEMPT ORGANIZATIONS

Announcement 96-114, page 7.

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

ADMINISTRATIVE

Announcement 96-115, page 9.

Proposed regulations FI-59-94, 1996-30 I.R.B. 23, relating to the allowance of a deduction for a partially worthless debt when the terms of a debt instrument have been modified, 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.

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 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

Section 127.— Educational Assistance Programs

26 CFR 1.127-2: Educational Assistance Programs.

Educational assistance after termination of employment. Educational assistance plans that provide benefits to participants by reason of their employment with the employer will not fail to qualify as educational assistance programs described in section 127(b) of the Code merely because eligible participants include former employees.

Rev. Rul. 96-41

ISSUE

Does a plan fail to qualify as an educational assistance program described in section 127(b) of the Internal Revenue Code if the plan provides benefits to individuals after their employment has terminated, regardless of the reason for termination?

FACTS

Situation (1). Employer X maintains a plan that is intended to be a qualified educational assistance program. The plan provides educational assistance to participants to help them obtain education and training. Under the plan, X pays expenses incurred by or on behalf of plan participants for instruction and training (including instruction that is part of a degree program as well as vocational and technical training) that constitutes “education” as that term is used in section 127 and the regulations thereunder. Employees who qualify as participants earn educational benefits for hours of service according to a schedule of benefits. The participants are current and former employees of X, and a participant may take courses of instruction either during employment or after termination of employment with X. The former employees who are participants include individuals who terminated their employment voluntarily (including by retirement), were laid off, were terminated involuntarily, or terminated because of disability.

Situation (2). In connection with its corporate “downsizing” efforts, employer Y adopts a plan that is intended to be a qualified educational assistance program. The plan provides educational assistance to participants to help them obtain education and training. The participants are former employees of Y whose employment with Y has terminated in connection with a cutback in operations affecting a broad range of personnel. Under the plan, Y pays expenses incurred by or on behalf of plan participants after termination of employment for instruction and training (including instruction that is part of a degree program as well as vocational and technical training) that constitutes “education” as that term is used in section 127 and the regulations thereunder.

LAW AND ANALYSIS

Section 127(a) provides that gross income of an employee does not include amounts paid or expenses incurred by the employer for educational assistance to the employee if the assistance is furnished pursuant to a program described in § 127(b). Section 127(b)(1) provides that, for purposes of § 127, an educational assistance program is a separate written plan of an employer for the exclusive benefit of his employees to provide such employees with educational assistance, and that the program must meet the other requirements set forth in § 127(b).

A qualified educational assistance program is permitted to provide benefits only to employees, and not to spouses or dependents of employees. Section 1.127-2(d) of the Income Tax Regulations provides that a qualified educational assistance program is only permitted to benefit employees of the employer, including, at the employer’s option, individuals who are employees within the meaning of section 1.127-2(h)(1) of the regulations. Under section 1.127-2(h)(1)(i) of the regulations, the term “employee” includes a retired, disabled or laid-off employee.

HOLDING

In both *Situations (1)* and *(2)*, the plans provide benefits to participants by reason of their employment with the employer and, accordingly, will not fail to qualify as educational assistance programs described in section 127(b) merely because eligible participants include

former employees, regardless of the reason for termination of employment.

FURTHER INFORMATION

For further information regarding this Revenue Ruling contact Monice Rosenbaum of the Office of the Associate Chief Counsel (Employee Benefits and Exempt Organizations) at (202) 622-6070 (not a toll-free call).

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

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

The adjusted federal long-term rate is set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, this page.

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

(Also sections 42, 280G, 382, 412, 467, 468, 482, 483, 807, 846, 1288, 7520, 7872.)

Federal rates; adjusted federal rates; adjusted federal long-term rate,

and the long-term exempt rate. For purposes of sections 1274, 1288, 382, and other sections of the Code, tables set forth the rates for November 1996.

Rev. Rul. 96-52

This revenue ruling provides various prescribed rates for federal income tax purposes for November 1996 (the current month.) Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and

long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(2) for buildings placed in service during the current month. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 96-52 TABLE 1				
Applicable Federal Rates (AFR) for November 1996				
<i>Period for Compounding</i>				
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	5.96%	5.87%	5.83%	5.80%
110% AFR	6.56%	6.46%	6.41%	6.37%
120% AFR	7.16%	7.04%	6.98%	6.94%
130% AFR	7.78%	7.63%	7.56%	7.51%
<i>Mid-Term</i>				
AFR	6.60%	6.49%	6.44%	6.40%
110% AFR	7.27%	7.14%	7.08%	7.04%
120% AFR	7.94%	7.79%	7.72%	7.67%
130% AFR	8.62%	8.44%	8.35%	8.30%
150% AFR	9.98%	9.74%	9.62%	9.55%
175% AFR	11.68%	11.36%	11.20%	11.10%
<i>Long-Term</i>				
AFR	7.02%	6.90%	6.84%	6.80%
110% AFR	7.73%	7.59%	7.52%	7.47%
120% AFR	8.45%	8.28%	8.20%	8.14%
130% AFR	9.17%	8.97%	8.87%	8.81%

REV. RUL. 96-52 TABLE 2				
Adjusted AFR for November 1996				
<i>Period for Compounding</i>				
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	3.95%	3.91%	3.89%	3.88%
Mid-term adjusted AFR	4.73%	4.68%	4.65%	4.64%
Long-term adjusted AFR	5.60%	5.52%	5.48%	5.46%

REV. RUL. 96-52 TABLE 3

Rates Under Section 382 for November 1996

Adjusted federal long-term rate for the current month	5.60%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	5.64%

REV. RUL. 96-52 TABLE 4

Appropriate Percentages Under Section 42(b)(2) for November 1996

Appropriate percentage for the 70% present value low-income housing credit	8.60%
Appropriate percentage for the 30% present value low-income housing credit	3.69%

REV. RUL. 96-52 TABLE 5

Rate Under Section 7520 for November 1996

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	8.0%
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Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 1996. See Rev. Rul. 96-52, page 5.

Part IV. Items of General Interest

Transition Relief for SIMPLES

Announcement 96-112

PURPOSE

Section 1421 of the Small Business Job Protection Act of 1996 (P.L. 104-188), signed into law on August 20, 1996, established a simplified tax-favored retirement plan for small employers (the "SIMPLE plan") under section 408(p) of the Internal Revenue Code. The purpose of this announcement is to provide transition relief from the 60-day election period and related notice requirements in the case of SIMPLE plans that begin January 1, 1997.

Under this transition relief, for a SIMPLE plan that allows employees to begin salary reduction contributions on January 1, 1997, the employees' salary reduction election period may begin as late as January 1, 1997. During this 60-day election period, employees must be permitted to prospectively make or modify any salary reduction election.

BACKGROUND

SIMPLE plans can be established for calendar years beginning after 1996. Generally, SIMPLE plans can be established by any employer that, for the prior year, had no more than 100 employees who received at least \$5,000 in compensation from the employer.

Under section 408(p), contributions to a SIMPLE plan are made to individual retirement accounts or annuities (SIMPLE IRAs) that are established under the SIMPLE plan adopted by the employer. The Code provides that, if an employer adopts a SIMPLE plan, all of the employer's eligible employees must be given the opportunity to make salary reduction contributions to their SIMPLE IRAs (up to a maximum of \$6,000 for 1997). The adopting employer is required to match 100 percent of employees' salary reduction contributions up to three percent of compensation. Alternatively, an employer may contribute two percent of compensation for all eligible employees or, for up to two out of five years, match a lower percentage (but not less than one percent of compensation.)

Section 408(p)(5)(C) provides that, for each calendar year, each eligible employee may elect, during the 60-day period before the beginning of the calendar year (and the 60-day period be-

fore the first day the employee is eligible to participate), to participate in the qualified salary reduction arrangement under the SIMPLE plan maintained by the employer, or to modify the amounts subject to the arrangement. The statute requires that the employer notify each eligible employee immediately before the election period of the employee's opportunity to make salary reduction contributions and provide certain other information.

TRANSITION RELIEF FOR PLANS THAT BEGIN JANUARY 1, 1997

The 60-day period during which eligible employees may elect to make salary reduction contributions under a SIMPLE plan, or to modify prior elections, will not be required (but will be permitted) to begin before January 1, 1997. For plans that begin January 1, 1997, the 60-day election period requirement can be satisfied by providing an election period, of at least 60 days, that includes either the date the employee becomes eligible to make salary reduction contributions or the day immediately before that date. Thus, in the case of a SIMPLE plan under which eligible employees may begin making salary reduction contributions on January 1, 1997, employees who are eligible employees as of that date must have an election period of at least 60 continuous days that begins between November 2, 1996, and January 1, 1997. This minimum 60-day election period could be November 2 through December 31, 1996; January 1 through March 2, 1997; or any continuous period of at least 60 days beginning between November 2, 1996, and January 1, 1997.

The election period cannot begin until notice is provided to all eligible employees of their opportunity to make salary reduction contributions, including the summary description required by the statute. An employer may permit an eligible employee to begin making salary reduction contributions less than 60 days after receiving notice of the opportunity to make these contributions, but in no event before January 1, 1997. The employee must be given the opportunity to prospectively modify the election during the remainder of the 60-day election period.

PLANS THAT BEGIN AFTER JANUARY 1, 1997

This announcement does not address the treatment of SIMPLE plans established for 1997 that are first effective after January 1, 1997. Further guidance will be provided regarding those plans.

Foundations Status of Certain Organizations

Announcement 96-114

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:

Action Foundation Inc., Washington, DC
Adopt Hunger of Utah, Inc., Salt Lake City, UT
Affirmations III, Inc., Houston, TX
AJO Ambulance, Inc., Ajo, AZ
Altus Public School Foundation, Inc., Altus, OK
American Men's Studies Association Inc., Northampton, MA
Arizona Council for Sustainable Development, Tempe, AZ
Association for Community Theatre Excellence, Inc., Bourne, MA
Astronomical Institute for Research and Education, Madill, OK
ASU Cycling Devils, Tempe, AZ
Austin Area Youth, Austin, TX
Austin Sickle Cell Anemia Association, Inc., Austin, TX
Bay Area Veterans and Associates, LaPorte, TX
Big Bend, Inc., Riverton, WY
Boulder Chorale, Boulder, CO
British American Youth Festival Theatre, New York, NY
Brother Phi Brother, Inc., Fort Worth, TX

Buckingham Square Optimist Fund, Inc., Aurora, CO
 Business and Professional Womens Heritage Association, Merrimack, NH
 Cancer Treatment Research Foundation, Inc., Arlington Heights, IL
 Career Development Incorporated, Holbrook, AZ
 Casa Grande Regional Retirement Community, Casa Grande, AZ
 Celebration of Freedom, Inc., Boston, MA
 Center for Indigenous Studies in the Americas, Phoenix, AZ
 Central Arizona Chapter of the A. Philip Randolph Institute, Phoenix, AZ
 Childrens Connection, Inc., Chester, NH
 Christfest Productions, Inc., Austin, TX
 Cibola County Community Systems, Grants, NM
 Cigarroa High-Crime Stoppers, Laredo, TX
 City Art, Salt Lake City, UT
 Clear Creek Project Graduation, Inc., League City, TX
 Clinton County Council on Alcoholism Inc., Plattsburgh, NY
 Colorado Animal Refuge, Inc., Simla, CO
 Colorado Drug Education Services, Aurora, CO
 Colorado Springs Volleyball Club, Colorado Springs, CO
 Cross Timbers Crisis Center, Stephenville, TX
 Daily Planet Option Store, Inc., Colorado Springs, CO
 Dallas Womens Coalition, Dallas, TX
 Dear Valley High School Band and Flag Boosters, Inc., Glendale, AZ
 Designated Driver Program, Inc., Austin, TX
 Eagle Aquatic Team, Salt Lake City, UT
 Edisto Wildlife Sanctuary Fund Edisto Natural History Museum Inc., Tyrone, GA
 Family Outreach Central, Inc., Houston, TX
 Forth Worth Foreign Film Festival, Forth Worth, TX
 Foundation of Hope, Corpus Christi, TX
 Friends of Horn Foundation, Bellaire, TX
 Friends of Martha's Vineyard Scouting, Inc., Oak Bluffs, MA
 Friends of the Utah Avalanche Forecast Center, Inc., Holladay, UT
 Glendale Kachina Rotary Foundation, Inc., Glendale, AZ
 Global Survival Inc., Riverdale, NY
 Greater Houston Nutritional & Support Service, Houston, TX
 Hamshire-Fannett Education Foundation, Hamshire, TX
 Harrington Elementary School PTO, Plano, TX
 Hood-Erath County Foster Parents Association, Stephenville, TX
 Houston Steel Light Orchestra, Houston, TX
 Human Enrichment and Learning Project, Houston, TX
 Hutchinson High School Booster Club, Inc., Hutchinson, KS
 Indian Health Care Clinic, Inc., Salt Lake City, UT
 International Leadership Group, Inc., Salt Lake City, UT
 Join the Move, Austin, TX
 Jones Township Historical Society Inc., Wilcox, PA
 K.A.C.U., Inc. K.A.C.U.-FM, Abilene, TX
 Kerrville South Volunteer Fire Dept, Inc., Kerrville, TX
 Kids Place, Salt Lake City, UT
 Leadership Fort Worth, Forth Worth, TX
 Leadership Forum of North Carolina, Wilmington, NC
 Learning Disabilities Association of Norman, Norman, OK
 Manassa Maulers, Inc., Manassa, CO
 Mariposa Arts Foundation, Inc., Corpus Christi, TX
 Millennium 2000 Foundation LTD, Littleton, CO
 Millner Elderly Housing, Inc., Atlanta, GA
 Millner Ridge Inc., Atlanta, GA
 New Beginning Nutrition Food Program, Humble, TX
 New Mountain Volunteer Fire Dept. Inc., Ore City, TX
 New Southwest Orchestra, Albuquerque, NM
 Northern New Mexico Volleyball Association, Los Alamos, NM
 Northwood Booster Club, Cedar Hill, TX
 Oklahoma Homeless Network, Inc., Oklahoma City, OK
 Orange Pathways Incorporated, Goshen, NY
 Parents and Educators Achieving Community Excellence, Mission, TX
 Petroglyphs Por Los Ninos Coalition, Santa Fe, NM
 Pharr Chamber of Commerce, Pharr, TX
 Piper Denver Outreach, Inc., Denver, CO
 Point of Light, Sinton, TX
 RHS, Inc., Albuquerque, NM
 Rock Springs Youth Boys Basketball, Rock Springs, WY
 Sail Connecticut Access Program Inc., Branford, CT
 Sal De Ahi, Santa Fe, NM
 Salt Lake Mens Choir A Non-Profit Utah Corporation DTD, Salt Lake City, UT
 Say Yes San Antonio With Luis Palau, Inc., San Antonio, TX
 Scotcrest, Inc., Houston, TX
 S.D.N.C., Cheyenne, WY
 Secaucus Lions Charities Inc., Cedar Grove, NJ
 Sedona Repertory Theater An Arizona Non-Profit Corporation, Sedona, AZ
 Serenty Center for Girls, Inc., Marlin, TX
 Shawnee Mission North Band Parents Club, Shawnee Mission, KS
 Southeast Nutritious Food Program, Houston, TX
 South Texas Counsel on Alcohol and Drug Abuse, Inc., Laredo, TX
 South Valley Fire & Rescue Auxiliary, Albuquerque, NM
 Swedish-American Research Foundation for Diet & Disease Inc., Morris Plains, NJ
 Take Pride in Arizona, Inc., Phoenix, AZ
 Task Force for Housing, Lock Haven, PA
 Temple Bar Foundation, Washington, DC
 Texas Bankers Foundation, Austin, TX
 T.F.O.C. Incorporated, Conroe, TX
 Third Eternal Baptist Community Outreach, Philadelphia, PA
 Thomas McNaughton Foundation for Liver Transplants Inc., Baltimore, MD
 Tri-State Conference Education Fund, Pittsburgh, PA
 Troika Productions, Washington, DC
 Ulster Choral Society, Kingston, NY
 United Fire Fighters Task of Prince Georges County Maryland Inc., Capitol Heights, MD
 Urban Center for Change Housing Development Fund Corporation, Brooklyn, NY
 Utah Coalition of La Raza, Salt Lake City, UT
 VDT Housing Development Fund Company, Inc., New York, NY
 Veterans Support Services, Inc., Portland, ME
 Wheat Ridge Coalition, Wheat Ridge, CO
 Whole Brain Connection, Dallas, TX
 Will Rogers PTO, Houston, TX
 Williams Technology Initiative Committee, Inc., Austin, TX
 Winters A.C.E.S. Inc., Winters, TX
 Word of Faith Outreach Food Program, Channelview, TX
 Work Work Opportunities of a Rehabilitative Kind, Austin, TX

Young Israel Soup Kitchen Incorporated,
New Haven, CT
Youth Sports Systems, Inc.,
Albuquerque, NM

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.

Modifications of Bad Debts and Dealer Assignments of Notional Principal Contracts; Correction

Announcement 96-115

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to the notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: This document contains a correction to the notice of proposed rulemaking by cross-reference to temporary regulations (FI-59-94 [1996-30 I.R.B. 23]) which was published in the **Federal Register** on Tuesday, June 25, 1996 (61 FR 32728). The notice of proposed rulemaking by cross-reference to temporary regulations relates to the allowance of a deduction for a partially worthless debt when the terms of a debt instrument have been modified.

FOR FURTHER INFORMATION CONTACT: Craig R. Wojay, (202) 622-3920 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking by cross-reference to temporary regulations that is subject to this correction is under sections 166 and 1001 of the Internal Revenue Code.

Need for Correction

As published, the notice of proposed rulemaking by cross-reference to temporary regulations (FI-59-94) contains an error which may prove to be misleading and is in need of clarification.

Correction of Publication

Accordingly, the publication of the notice of proposed rulemaking by cross-reference to temporary regulations (FI-59-94) which is the subject of FR Doc. 96-15831 is corrected as follows:

On page 32728, column 2, in the heading, the RIN "**RIN 1545-AT08**" is corrected to read "**RIN 1545-AU06**".

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

(Filed by the Office of the Federal Register on October 11, 1996, 8:45 a.m., and published in the issue of the Federal Register for October 15, 1996, 61 F.R. 53688)

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 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 consent suspension from practice before the Internal Revenue Service:

Name	Address	Designation	Date of Suspension
Lamb, Gordon W.	Pullman, WA	CPA	September 1, 1996 to January 31, 1997
Anderson, Randall S.	Arlington Hgts, IL	CPA	September 1, 1996 to February 28, 1998
Broderick, William J.	Farmington Hills, MI	CPA	September 1, 1996 to November 30, 1996
Ruggiero, John M.	Rutland, VT	Attorney	September 1, 1996 to October 31, 1996
Eklund, Mark	Portland, OR	CPA	September 1, 1996 to February 28, 1997
Stayner, G. Craig	Salt Lake City, UT	CPA	September 15, 1996 to June 14, 1997
Allen, Lehman D.	Lubbock, TX	CPA	September 20, 1996 to September 19, 1998
Hardgrove, David L.	Amarillo, TX	CPA	September 21, 1996 to June 20, 1997
Trader, John H.	Kansas City, MO	Attorney	September 30, 1996 to March 29, 1997
Schmertz, Carl D.	Wilmette, IL	CPA	October 1, 1996 to March 31, 1999
Bengston, Wessel	Chicago, IL	CPA	October 15, 1996 to April 14, 1997

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 actu-

aries 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
Alleva, Donald	Mount Vernon, NY	Enrolled Agent	Indefinite from September 5, 1996
Rose, Robert M.	Dallas, TX	Attorney	Indefinite from September 5, 1996
McGrath, Gregory	New Smyrna Bch, FL	CPA	Indefinite from September 8, 1996
Finch, Kenneth L. Jr.	Pelham, AL	CPA	Indefinite from September 8, 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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Key to Abbreviations:

RR	Revenue Ruling
RP	Revenue Procedure
TD	Treasury Decision
CD	Court Decision
PL	Public Law
EO	Executive Order
DO	Delegation Order
TDO	Treasury Department Order
TC	Tax Convention
SPR	Statement of Procedural Rules
PTE	Prohibited Transaction Exemption

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