

HIGHLIGHTS OF THIS ISSUE

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

SPECIAL ANNOUNCEMENT

Announcement 97-44, page 19.

The date and location of the public hearing on proposed regulation, REG-208172-91, 1997-10 I.R.B. 59, relating to basis reduction due to discharge of indebtedness, are changed.

EMPLOYEE PLANS

Notice 97-27, page 7.

Weighted average interest rate update. Guidelines are set forth for determining for April 1997, the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for purposes of the full funding limitation of section 412(c)(7) of the Code as amended by the Omnibus Budget Reconciliation Act of 1987 and the Uruguay Round Agreements Act (GATT).

Announcement 97-45, page 20.

The Service is reexamining the plan qualification and other tax issues raised by a contribution of stock options to a plan and subsequent exercise of those options.

TAX CONVENTIONS

Page 5.

The bilateral agreements between the United States and Malta, providing for the reciprocal tax exemption of income from international operation of ships and/or aircraft, are set forth.

ADMINISTRATIVE

Rev. Proc. 97-23, page 7.

This procedure provides that the Service will not rule on whether trusts that hold certain assets qualify as

charitable remainder unitrusts under section 664. Rev. Proc. 97-3 is amplified.

Rev. Proc. 97-25, page 8.

Electronic and magnetic media filing specifications. Specifications are set forth for the magnetic or electronic filing of 1997 Form 8851, Summary of Medical Savings Accounts, Magnetically/Electronically. The form may be filed with the Internal Revenue Service using ½ inch magnetic tape; IBM 3480/3490 or AS400 compatible tape cartridge; asynchronous electronic filing (IRP-BBS); or 5¼-, 3½-inch diskettes.

Rev. Proc. 97-26, page 17.

Qualified mortgage bonds; mortgage credit certificates; national median gross income. Guidance is provided concerning the use of the national and area median gross income figures by issuers of qualified mortgage bonds and mortgage credit certificates in determining the housing cost/income ratio described in section 143(f)(5) of the Code. Except as provided in section 5.02 of this procedure, Rev. Proc. 96-37 is obsolete.

Notice 97-26, page 6.

Timely filing or payment; private delivery services. A list of designated private delivery services is provided for purposes of the "timely filing/paying" rules of section 7502 of the Code.

Announcement 97-42, page 19.

Examination guidelines for Simplified Employee Plans (SEPs) have been developed for use during examinations. The guidelines are being released to the public for comments.

Announcement 97-43, page 19.

T.D. 8697, 1997-2 I.R.B. 11, relating to the classification of business organizations, is corrected.

Finding Lists begin on page 23.

Announcement of Disbarments and Suspensions begins on page 21.

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 25.—Interest on Certain Home Mortgages

26 CFR 1.25-4T: Qualified mortgage credit certificate program (temporary).

Guidance is provided for the use of the national and area median gross income figures by issuers of qualified mortgage bonds and mortgage credit certificates in determining the housing cost/income ratio described in section 143(f)(5) of the Code. See Rev. Proc. 97-26, page 17.

Section 103.—State and Local Bonds

26 CFR 1.103-1: Interest upon obligations of a state, territory, etc.

Guidance is provided for the use of the national and area median gross income figures by issuers of qualified mortgage bonds and mortgage credit certificates in determining the housing cost/income ratio described in section 143(f)(5) of the Code. See Rev. Proc. 97-26, page 17.

Section 143.—Mortgage Revenue Bonds: Qualified Mortgage Bond and Qualified Veterans' Mortgage Bond

26 CFR 6a.103A-2: Qualified mortgage bond.

Guidance is provided for the use of the national and area median gross income figures by issuers of qualified mortgage bonds and mortgage credit certificates in determining the housing cost/income ratio described in section 143(f)(5) of the Code. See Rev. Proc. 97-26, page 17.

Part II. Treaties and Tax Legislation

Subpart A.—Tax Conventions

MALTA

Embassy of Malta Washington, D.C. December 26, 1996

The Embassy of Malta presents its compliments to the Department of State of the United States of America and has the honour to propose that the two governments conclude an agreement to exempt from income tax, on a reciprocal basis, income derived by residents of the other country from the international operation of ships and aircraft. The following proposed terms of agreement have been drafted on the basis of similar agreements the United States has with other governments:

The Government of Malta agrees to exempt from tax gross income derived from the international operations of ships or aircraft by individuals who are residents of the United States (other than citizens of Malta) and corporations which are incorporated in the United States.

In case of a U.S. corporation, the exemption shall apply only if the corporation meets one of the following conditions:

(1) the corporation's stock is primarily and regularly traded on an established securities market in the U.S., another country which grants a reciprocal exemption to Maltese corporations or Malta, or

(2) more than fifty (50) percent of the value of the corporation's stock is owned directly or indirectly by individuals who are residents of the United States or of another foreign country which grants an equivalent exemption to Maltese corporations or by a corporation organized in a country which grants an equivalent exemption to Maltese corporations and whose stock is primarily and regularly traded on an established securities market in that country, another country which grants an equivalent exemption to Maltese corporations, or Malta.

The Government of the United States of America, in accordance with sections 872(b) and 883(A) of the Internal Revenue Code, agrees to exempt from tax gross income derived from the international operation of ships or aircraft by individuals who are residents of Malta (other than United States citizens) and corporations which are incorporated in Malta.

In case of a Maltese corporation, the exemption shall apply only if the corporation meets one of the following conditions:

(1) the corporation's stock is primarily and regularly traded on an established securities market in Malta, another country which grants a reciprocal exemption to U.S. corporations or the United States, or

(2) more than fifty (50) percent of the value of the corporation's stock is owned directly or indirectly by individuals who are residents of Malta or of another foreign country which grants an equivalent exemption to U.S. corporations or by a corporation organized in a country which grants an equivalent exemption to U.S. corporations and whose stock is primarily and regularly traded on an established securities market in that country, another country which grants an equivalent exemption to U.S. corporations, or the United States.

For the purposes of exemption from the U.S. tax, the Government of Malta will be treated as an individual resident of Malta, and subparagraph (2) shall be considered to be satisfied if the corporation is a "controlled foreign corporation" under the Internal Revenue Code, so however, that U.S. shareholders of such corporations shall be treated as residents of Malta.

In this agreement:

(a) the terms "contracting state", and "other contracting state" mean Malta or the United States of America, the governments of which have concluded this agreement.

(b) gross income includes all income derived from the international operation of ships or aircraft, including:

- (1) Income from the rental on full (time or voyage) basis of ships or aircraft used in international transport;
- (2) income from the rental on a bareboat basis of ships or aircraft used in international transport;
- (3) income from the rental of containers and related equipment used in international transport that is incidental to income from the international operation of ships and aircraft; and
- (4) gains from the sale or other alienation of ships or aircraft used in

international transport derived by a person primarily engaged in the international operation of ships or aircraft.

In the application of this agreement by a contracting state, any term not defined in this agreement shall, unless the context otherwise requires, have the meaning which it has under the laws of that state relating to the taxes to which the agreement applies.

The Government of Malta proposes that, if the foregoing is acceptable to the Government of the United States, this note and the Department's note in reply shall constitute an agreement. The agreement shall enter into force on the date of the Department's note in reply and shall have effect in respect of income derived on or after 1 January, 1997.

This agreement shall continue in force until the Government of either contracting state gives written notice of termination of the agreement to the other contracting state through the diplomatic channel.

The Embassy of Malta takes this opportunity to renew to the Department of State of the United States of America the assurances of its highest consideration.

Department of State
Washington, D.C.
March 11, 1997

The Department of State refers the Embassy of Malta to the Embassy's note 1065 of December 26, 1996, regarding the reciprocal exemption from income tax of income derived from the international operation of ships and aircraft.

The Department of State confirms that the proposals contained in the Embassy's note are acceptable to the Government of the United States of America. Therefore, this note and the Embassy's note of December 26, 1996, constitute an agreement which shall enter into force on the date of this note in reply and shall be effective in respect of income derived on or after January 1, 1997. This agreement shall continue in force until the Government of either contracting state gives written notice of termination of the agreement to the other contracting state through the diplomatic channel.

Part III. Administrative, Procedural, and Miscellaneous

List of Designated Private Delivery Services

Notice 97-26

SUMMARY: This notice provides the first list of private delivery services ("PDSs") that are designated private delivery services ("designated PDSs") during the interim period described in Rev. Proc. 97-19, 1997-10 I.R.B. 55. The interim period ends on the date on which the Service issues guidance superseding Rev. Proc. 97-19. Designation is for purposes of the "timely mailing as timely filing/paying" rule of § 7502 of the Internal Revenue Code. This notice also provides special rules for determining the date that will be treated as the postmark date for purposes of § 7502.

BACKGROUND: Section 7502 provides rules that apply when a document is required to be filed (or a payment is required to be made) within a prescribed period or on or before a prescribed date under the authority of any provision of the internal revenue laws. Section 7502 provides what is commonly called the "timely mailing as timely filing/paying" rule. For example, an individual income tax return is considered timely filed even though it is received by the Service after the April 15 due date if the return was delivered to the Service by United States mail in a postage prepaid, properly addressed envelope that had a post office postmark dated on or before the April 15 due date.

Prior to the amendment made by the Taxpayer Bill of Rights 2 (TBOR 2), the "timely mailing as timely filing/paying" rule applied only to documents and payments sent by United States mail. TBOR 2 amended § 7502 by adding subsection (f), which authorizes the Secretary to designate certain PDSs for the "timely mailing as timely filing/paying" rule.

Rev. Proc. 97-19 provides the criteria that are being used during the interim period described in Rev. Proc. 97-19 to determine whether a PDS qualifies as a designated PDS under § 7502(f). This notice provides the first list of the designated PDSs for the interim period.

LIST OF DESIGNATED PDSs AND TYPES OF SERVICES: The following PDSs and the following specific types of delivery services are designated for purposes of § 7502(f):

1. Airborne Express (Airborne): Overnight Air Express Service, Next Afternoon Service, and Second Day Service

2. DHL Worldwide Express (DHL): DHL "Same Day" Service and DHL USA Overnight

3. Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, and FedEx 2Day

4. United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, and UPS 2nd Day Air A.M.

Airborne, DHL, FedEx, and UPS are not designated with respect to any type of delivery service not identified above. Consequently, the "timely mailing as timely filing/paying" rule of § 7502 does not apply to any other type of delivery service offered by the designated PDSs.

Designation under this notice is effective until the Service issues a revised list of designated PDSs. On or before September 1st and March 1st of each year of the interim period, the Service will issue other notices that provide a revised list of designated PDSs. In unusual circumstances, the Service may issue additional notices at other times.

If taxpayers use a business that provides mailing services of a designated PDS, but the business itself is not a designated PDS, taxpayers should be aware that the "timely mailing as timely filing/paying" rule will not apply unless an item is actually given to, or picked up by, a designated PDS on or before the due date. Taxpayers should take appropriate precautions to ensure that the item will be given to, or picked up by, a designated PDS on or before the due date.

SPECIAL RULES FOR DETERMINING POSTMARK DATE: Section 7502(f)(2)(C) requires a PDS to either (1) record electronically to its data base (kept in the regular course of its business) the date on which an item was given to the PDS for delivery or (2) mark on the cover of the item the date on which an item was given to the PDS for delivery. Under § 7502(f)(1), the date recorded or the date marked under § 7502(f)(2)(C) is treated as the postmark date for purposes of § 7502.

This notice provides rules for determining the date that is treated as the postmark date for purposes of § 7502. There is one set of rules for the desig-

nated PDSs that qualified for designation because their "postmark date" is recorded electronically to their data bases. There is another set of rules for the designated PDS that qualified for designation because its "postmark date" is marked on the cover of an item.

Airborne, DHL, and UPS

The date on which an item is given to Airborne, DHL, or UPS is recorded electronically to the data base of these designated PDSs. Accordingly, the date recorded in the electronic data base of these designated PDSs is treated as the postmark date for purposes of § 7502.

For items that are delivered after their due dates, there is a presumption that the postmark date is the day that precedes the delivery date by an amount of time that equals the amount of time it would normally take for an item to be delivered under the terms of the specific type of delivery service used (*e.g.*, two days before the actual delivery date for a two day delivery service). This presumption applies to items sent by taxpayers and, in appropriate cases, items sent by the Government.

Taxpayers who wish to overcome this presumption will need to provide information that shows that the date recorded in the electronic data base is on or before the due date. For example, a taxpayer could obtain such information in the form of a written confirmation produced and issued by the designated PDS before the expiration of the period for storing the date recorded in its electronic data base. If taxpayers wish to maintain this type of proof for their records, they should make a timely request to receive this information from the designated PDS before the expiration of that designated PDS's data storage period.

Airborne, DHL, and UPS entered into agreements pursuant to Rev. Proc. 97-19 that require these designated PDSs to store (electronically or by microfiche) the dates recorded in their electronic data bases for at least 6 months. Although Airborne, DHL, and UPS may choose to store the dates for more than 6 months, the agreements do not require them to do so. Prior to the expiration of the data storage period, senders or recipients can obtain information concerning the date recorded in the electronic data base by contacting Airborne, DHL, or UPS. The toll-free tele-

phone numbers for these designated PDSs are as follows: Airborne, 1-800-247-2676; DHL "Same Day" Service, 1-800-345-2727; DHL USA Overnight, 1-800-225-5345; and UPS, 1-800-742-5877.

FedEx

An electronically generated label is applied to the cover of all items delivered by FedEx, including those items that already have an airbill attached. The date on which an item is given to FedEx for delivery is marked on the label. There are two types of labels (which are distinguishable from each other). One type of label is generated and applied to an item by a FedEx employee. The other type of label is generated (using computer software and/or hardware provided by FedEx) and applied to an item by a customer.

The date that will be treated as the postmark date for purposes of § 7502 is determined under the following rules:

(1) If an item has a label generated and applied by a FedEx employee, the date marked on that label is treated as the postmark date for purposes of § 7502, regardless of whether the item also has a label generated and applied by the customer.

(2) If an item has a label generated and applied by a customer, the date marked on that label is treated as the postmark date for purposes of § 7502

if the item is received within the normal delivery time. (Normal delivery time is one day for FedEx Priority Overnight and FedEx Standard Overnight, or two days for FedEx 2 Day.) If an item is not delivered within the normal delivery time, the person required to file the document or to make the payment must establish (a) that the item was actually either given to, or picked up by, a FedEx employee on or before the due date and (b) the cause of the delay in delivery of the document or payment. These rules are similar to the rules for United States mail that has a postmark made other than by the United States Postal Service. (*See* Treas. Reg. § 301.7502-1(c)(1)(iii)(b).)

(3) The information recorded electronically to the data base of FedEx (in the regular course of its business) can be used to show that the item was actually either given to, or picked up by, a FedEx employee on or before the due date when (a) an item has a label generated and applied by a customer or (b) an item has a label generated and applied by a FedEx employee, but the date is illegible or otherwise unavailable.

EFFECTIVE DATE: Designation under this notice is effective for documents and payments that are given by taxpayers to a designated PDS on or after April 11, 1997. Designation is not effective

for documents and payments that are given by taxpayers to a designated PDS before April 11, 1997, even if such documents and payments are delivered by the designated PDS on or after April 11, 1997.

FOR FURTHER INFORMATION: The principal author of this notice is Robert J. Basso of the Office of Assistant Chief Counsel (Income Tax and Accounting). For further information regarding this notice, contact Mr. Basso at (202) 622-4940 (not a toll-free call).

Weighted Average Interest Rate Update

Notice 97-27

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

The average yield on the 30-year Treasury Constant Maturities for March 1997 is 6.93 percent.

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

Month	Year	Weighted Average	90% to 107% Permissible Range	90% to 110% Permissible Range
April	1997	6.87	6.18 to 7.35	6.18 to 7.56

Drafting Information

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

26 CFR 601.201: Rulings and determination letters. (Also Part I, sections 664, 1.664-1(a)(4).)

Rev. Proc. 97-23

SECTION 1. PURPOSE

This revenue procedure amplifies Rev. Proc. 97-3, 1997-1 I.R.B. 85, which

sets forth areas of the Internal Revenue Code under the jurisdiction of the Associate Chief Counsel (Domestic) in which the Internal Revenue Service will not issue advance rulings or determination letters.

SECTION 2. BACKGROUND

Rev. Proc. 97-3, section 5, lists specific areas in which rulings or determination letters will not be issued because the areas are under extensive study. This revenue procedure adds a subparagraph for certain income exception charitable remainder unitrusts under § 664(d)(3) of the Internal Revenue Code. The Service and Treasury will study whether creating or using income exception charitable remainder unitrusts to control the timing

of the trust's receipt of trust income for the benefit of the unitrust recipient causes the trust to fail to function exclusively as a charitable remainder trust under § 1.664-1(a)(4) of the Income Tax Regulations. For a trust to qualify as a charitable remainder trust, it must function exclusively as a charitable remainder trust from its creation. *See* § 1.664-1(a)(4).

SECTION 3. PROCEDURE

Rev. Proc. 97-3 is amplified by adding to section 5 the following: Section 664.—Charitable Remainder Trusts.—Whether a trust that will calculate the unitrust amount under § 664(d)(3) qualifies as a § 664 charitable remainder trust when a grantor, a trustee, a benefi-

ciary, or a person related or subordinate to a grantor, a trustee, or a beneficiary can control the timing of the trust's receipt of trust income from a partnership or a deferred annuity contract to take advantage of the difference between trust income under § 643(b) and income for federal income tax purposes for the benefit of the unitrust recipient.

SECTION 4. EFFECTIVE DATE

The revenue procedure applies to all ruling requests, including any pending in the National Office on April 17, 1997, and ruling requests received after April 17, 1997.

SECTION 5. EFFECT ON OTHER REVENUE PROCEDURES

Rev. Proc. 97-3 is amplified.

DRAFTING INFORMATION

The principal author of this revenue procedure is Mary Beth Collins of the Office of the Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue procedure, contact Mary Beth Collins at (202) 622-3070 (not a toll-free number).

26 CFR 601.602: Tax forms and instructions.

Rev. Proc. 97-25

NOTE: This revenue procedure may be used to prepare Form 8851, Summary of Medical Savings Accounts, for submission to Internal Revenue Service (IRS) using any of the following:

Magnetic Tape
Tape Cartridge
5 1/4-inch Diskette
3 1/2-inch Diskette
Asynchronous Electronic Filing

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Part A. General

Sec. 1. Purpose

.01 The purpose of this revenue procedure is to provide the specifications under which trustees may file Form 8851, Summary of Medical Savings Accounts, magnetically or electronically.

.02 Comments concerning this revenue procedure, or suggestions for making it more helpful and user friendly, can be addressed to:

Internal Revenue Service
Martinsburg Computing Center
P. O. Box 1359
Martinsburg, WV 25402


.03 It is unlawful to intentionally transmit a computer virus to the Internal Revenue Service. Violators may be subject to a fine and/or imprisonment.


Sec. 2. Where To File and How To Contact the IRS Martinsburg Computing Center (IRS/MCC)

.01 All Forms 8851 filed magnetically or electronically are processed at IRS/MCC. Inquiries concerning filing procedures specified in this revenue procedure should be directed to IRS/MCC

by telephone at (304) 263-8700 (not a toll-free number). The hours of operation are 8:30 a.m. to 4:30 p.m., Eastern Time.

.02 Send magnetic media files and any correspondence to MCC at the following addresses:

If by Postal Service: 
IRS, Martinsburg Computing Center
P.O. Box 879, MS360
Kearneysville, WV 25430

If by truck or air freight: 
IRS, Martinsburg Computing Center
Information Reporting Program
Route 9 and Needy Road, MS360
Martinsburg, WV 25401

.03 This revenue procedure and other IRS publications concerning magnetic and electronic filing of information returns are available through the IRP-BBS as "downloadable" files. Using IRP-BBS as a means of obtaining publications will provide faster access to this information. Additionally, publications will be available from the IRP-BBS much earlier than the printed version. The IRP-BBS is operational 24 hours a day, 7 days a week. The telephone number is (304) 264-7070.

.04 The IRP-BBS software provides a menu-driven environment which allows filers to access different parts of the bulletin board. Whenever possible, IRS/MCC personnel will provide assistance in resolving communication problems with the IRP-BBS.

.05 The telephone number for the IRS/MCC fax machine is (304) 264-5602.

.06 IRS/MCC has installed a Telecommunications Device for the Deaf (TDD). The number is (304) 267-3367.

.07 The Information Reporting Program Centralized Call Site is located at IRS/MCC and operates in conjunction with the Information Reporting Program. The Call Site provides service to the payer community (financial institutions, employers, and other transmitters of information returns). Recipients of information returns (payees) should continue to contact 1-800-829-1040 with any questions on how to report this information on their Form 1040.

.08 The Call Site accepts calls from all areas of the country. The number to call is (304) 263-8700 or Telecommunications Device for the Deaf (TDD) (304) 267-3367. These are toll calls. Hours of operation for the Call Site are Monday through Friday, 8:30 a.m. to 4:30 p.m., Eastern Time. The Call Site is open throughout the year to handle

payers', transmitters', and employers' questions. Due to the high demand for assistance at the end of January and February, it is advisable to call as soon as possible to avoid these peak filing seasons.

.09 For assistance with regard to the reporting of Form(s) 8851, magnetic media filing, and processing requirements, contact:

Martinsburg Computing Center
Information Reporting Program
TEL: 304-263-8700
FAX: 304-264-5602

.10 Requests for the Form 8851 may be directed to the IRS toll free forms number 1-800-829-3676 or downloaded from the Internet <http://WWW.IRS-USTREAS.GOV>. Requests for paper returns, publications, and forms not related to magnetic media processing may also be requested by calling 1-800-829-3676.

Sec. 3. Filing Requirements

.01 If you are required to report 250 or more medical savings accounts (MSAs), you must file magnetically or electronically. Even though a trustee may not meet the required filing threshold of 250 documents, IRS encourages the filing of the Form 8851 magnetically/electronically.

.02 Filers who are required to submit their Forms 8851 on magnetic media may choose to submit their documents electronically instead. Filers who transmit their information electronically are considered to have satisfied the magnetic media filing requirements.

.03 The filing requirement applies individually to each reporting entity as

defined by its separate Taxpayer Identification Number (TIN) (Social Security Number [SSN] or Employer Identification Number [EIN]). For example, if filing for a corporation with several branches or locations and each uses the same name and EIN, the filer must aggregate the total volume to be filed for that EIN and apply the filing requirement accordingly.

.04 For additional information on filing requirements, please refer to the instructions on Form 8851.

Sec. 4. Filing of Form 8851 Magnetically/Electronically and Retention Requirements

.01 Form 8851, Summary of Medical Saving Accounts, **MUST** accompany **ALL** magnetic media shipments. If you wish to file electronically, complete Form 8851 above line "a" (trustee's information only) and send it to:

Internal Revenue Service
P.O. Box 879, MS360
Kearneysville, WV 25430

Upon receipt, you will be contacted with instructions on how to transmit your file electronically.

In both instances, only the trustee information requested on Form 8851 must be completed. The form may be computer-generated; however, all of the trustee information requested on the original form must be on the computer-generated form.

.02 Do not report duplicate information. If a filer submits returns magnetically/electronically, identical paper documents must not be filed.

.03 An external label must be affixed to each piece of media (tape, tape

cartridge, or diskette). For an example, see Part A, Section 5. If diskettes are used, and the operating system is not MS/DOS compatible, the operating system and hardware information **must** be provided. Failure to provide this information may result in the media being returned to the filer.

.04 On the outside of the shipping container, affix or attach a label which reads "IRB-BOX ___ of ___." If there is only one container, mark the outside as Box 1 of 1. For multiple containers, be sure to include the sequence (for example, Box 1 of 3, 2 of 3, 3 of 3).

.05 When submitting files, include the following:

- (a) A Form 8851;
- (b) A media label affixed to the magnetic media;
- (c) A label affixed to the outside of the shipping container.

.06 IRS/MCC will not pay for or accept "Cash-on-Delivery" or "Charge to IRS" shipments of tax information that an individual or organization is legally required to submit.

Sec. 5. Preparation Instructions for Media Label

Please create your own pressure sensitive label containing the following information:

Type of filing: Indicate whether data is **Original** or **Replacement**.

Tax Year: Tax period for which media is submitted as defined on the Form 8851.

IRS TCC: (Transmitter Control Code): MSA01

Trustee's name

Operating system/Hardware:

For 5 1/4- and 3 1/2- inch diskette files, indicate the type of personal computer operating system and software package used to create the media (for example: IBM.PC/AT-MSD/DOS, Apple MacIntosh/MacWrite V2.2).

For tape, indicate either EBCDIC or ASCII.

For tape cartridge, indicate operating system, either EBCDIC or ASCII, and either 18- or 36-track.

Number of account holders: Indicate the total number of Account Holder "B" Records reported on the media.

Trustee number for media: If avail-

able, provide the in-house number assigned by your organization to the tapes, tape cartridges, or diskettes.

Media sequence: Indicate sequence number of media and total number of media in file (for example: Media sequence 1 of 3, 2 of 3, 3 of 3).

Please affix external label to appropriate area on magnetic media, so it

Recommended label format:

Type of filing _____
Tax Year _____ IRS TCC MSA01
Trustee name _____
Operating system/Hardware _____
Number of account holders _____
Trustee number for media _____
Media sequence _____ of _____

will not hinder the ability to process media.

Sec. 6. Due Dates

.01 The due dates for filing paper returns with IRS also apply to magnetic media or electronic filing. File Form 8851, postmarked no later than **June 2,**

1997, to report the number of medical savings accounts you established from January 1 through April 30, 1997. File another Form 8851 postmarked no later than **August 1, 1997**, to report medical savings accounts you established from May 1, 1997, through June 30, 1997.

.02 In 1998, file Form 8851 postmarked no later than August 3, 1998, to report MSAs that were established January 1 through June 30, 1998. In 1999, file Form 8851 postmarked no later than August 2, 1999, to report MSAs that were established January 1, 1999 through June 30, 1999.

.03 In all instances, identify which accounts are for individuals that were previously uninsured or excludable account holders, if applicable.

.04 When using a delivery service other than the U.S. Postal Service, if no date of shipment appears on the package or container, the date of receipt will be the date received at IRS/MCC.

Sec. 7. Processing of Information Returns Magnetically/Electronically

.01 All data received at IRS/MCC for processing will be given the same protection as individual income tax returns (Form 1040). IRS/MCC will process the data and determine if the records are

formatted and coded according to this revenue procedure.

.02 If you are filing information for more than one trustee, each trustee must be reported on separate media and/or transmitted separately, if filing electronically.

.03 When the magnetic media is returned for replacement, a listing identifying the type of errors and frequency of such errors will be provided. It is the responsibility of the transmitter to check the entire file for similar errors. The transmitter must correct the problem(s) and submit a replacement file to IRS/MCC.

.04 The following definition has been provided to help identify a replacement:

A replacement is media that IRS/MCC has returned due to format or coding errors encountered during processing. Media returned should receive the most prompt attention. After necessary changes have been made, these files are to be returned to IRS/MCC.

.05 IRS/MCC will not return media after successful processing. Therefore, if the transmitter wants proof that IRS/MCC received a shipment, the transmitter should select a service with tracing capabilities or one that will provide proof of delivery.

.06 IRS/MCC will work with the filers to identify and resolve processing problems. If contacted by IRS/MCC, please respond promptly. IRS/MCC may have information the filers need to correct their files.

.07 Do not use special shipping containers for transmitting data to IRS/MCC. Shipping containers will not be returned.

Sec. 8. Effect on Paper Documents

.01 Magnetic or electronic reporting eliminates the need to submit paper Forms 8851 to IRS except as described in Section 4.01.

.02 Even though the threshold for filing magnetically or electronically is 250 or more MSAs, IRS encourages transmitters to submit all returns magnetically or electronically.

.03 The address for filing paper Forms 8851 is:

Internal Revenue Service Center
Philadelphia, PA 19255

Do NOT send paper Forms 8851 to IRS/MCC except as described in Section 4.01.

.04 Do not send paper Forms 8851 to Philadelphia if the Forms 8851 were filed magnetically or electronically with IRS/MCC.

Sec. 09. Definition of Terms

<i>Element</i>	<i>Description</i>
Account Holder	The owner of the MSA.
Asynchronous Protocols	This type of data transmission is most often used by micro-computers, PCs and some mini-transmissions transfer data at arbitrary time intervals using the start-stop method. Each character transmitted has its own start bit and stop bit. Denotes a blank position. Enter blank(s) when this symbol is used (do not enter the letter "b"). This appears in numerous areas throughout the record descriptions.
Blocked records	Two or more records grouped together between interrecord gaps.
Employer Identification Number (EIN)	A nine-digit number assigned by IRS to a person for Federal tax reporting purposes.
Electronic Filing	Submission of information returns using switched telecommunications network circuits. These transmissions use modems, dial-up phone lines, and asynchronous protocols (see Part C of this publication for specific information on electronic filing).
File	For the purpose of this revenue procedure, a file consists of all records submitted by a transmitter either magnetically or electronically.
Filer	Person or organization who prepares and submits files. May be the trustee and/or transmitter.
Information Reporting Program Bulletin Board System (IRP-BBS)	An electronic bulletin board which provides the ability to transmit information returns via a personal computer (PC) using dial-up modems; provides immediate access to the latest changes, updates, and publications.
IRS/MCC	Internal Revenue Service/ Martinsburg Computing Center

<i>Element</i>	<i>Description</i>
Magnetic Media	Refers to 1/2-inch magnetic tape, tape cartridge, 5 1/4- or 3 1/2-inch diskettes.
Multi-reel/diskette file	A group of tapes or diskettes submitted under one TCC where all media ends with an account holder "B" Record, except for the last media of the file, which ends with a Control Total "C" Record.
Replacement	Media that IRS/MCC has returned due to format errors encountered during processing.
Social Security Number (SSN)	A nine-digit number assigned by the Social Security Administration (SSA) to an individual for tax and wage reporting purposes.
Special Character	Any character that is not a numeral, an alpha, or a blank.
Taxpayer Identification Number (TIN)	May be either a Social Security Number (SSN) or an Employer Identification Number (EIN).
Transmitter Control Code (TCC)	The five-digit code "MSA01" assigned to all filers prior to submitting Forms 8851 magnetically/electronically. This number is inserted in the "A" Record and must be present in the file.
Trustee	Person or organization that is the custodian of the MSA and is required to file Form 8851.

Part B. Magnetic Media Specifications

Sec. 1. General

.01 These specifications prescribe the required format and content of the Trustee "A," Account Holder "B," and Control Total "C" records to be included in the magnetic media file. Usually, IRS/MCC will be able to process any compatible file. Deviations cannot and will not be permitted in any of the data fields.

.02 If you are filing for more than one trustee, each trustee must be reported on a separate tape, tape cartridge, diskette, or in a separate electronic transmission. A separate Form 8851 is required for each.

.03 An external label must appear on each tape, diskette, or cartridge submitted. The following information is needed on the label:

- (a) Type of filing (i.e., Original).
- (b) The tax year of the data (i.e., 1997).
- (c) The trustee's name.
- (d) The five digit Transmitter Control Code "MSA01"
- (e) Operating system software and hardware used to create the file (i.e., IBM.PC/AT-MSD/DOS, Apple MacIntosh/MacWrite V2.2).
- (f) The total number of account holders in the file.
- (g) Trustee's media number. The number assigned to the media by the trustee.

- (h) The sequence of each tape or diskette (i.e., 001 of 008, 002 of 008, ..., 008 of 008).

Information provided on the label will assist IRS/MCC in identifying information that is reported and in locating a specific file if it is necessary to return the file to the trustee.

.04 Regardless of the type of media used or if returns are filed electronically, the record length must be 150 positions.

Sec. 2. Tape Specifications

.01 In most instances, IRS/MCC can process any compatible magnetic tape file if the following specifications are met:

- (a) 9-track EBCDIC (Extended Binary Coded Decimal Interchange Code) with a recording density of 1600 or 6250 BPI.
- (b) 9-track ASCII (American Standard Coded Information Interchange) with recording density of 1600 or 6250 BPI.

.02 All compatible tape files must have the following characteristics: 1/2-inch (12.7 mm) wide, computer-grade magnetic tape on reels of up to 2,400 feet (731.52 m) within the following specifications:

- (a) Tape thickness: 1.0 or 1.5 mils, and
- (b) Reel diameter: 10 1/2-inch (26.67 cm), 8 1/2-inch (21.59 cm), 7-inch (17.78 cm), or 6-inch.

.03 The tape records may be blocked subject to the following:

- (a) A block may not exceed 30,000 tape positions.

- (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9's; however, the last block of the file may be filled with 9's or truncated. Do not pad a block with blanks.

- (c) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter (see item b above). The block length must be evenly divisible by 150.

- (d) Records may not span blocks.

.04 Labeled or unlabeled tapes may be submitted.

.05 Tape header and trailer labels, record marks, and tape marks are all optional. If used, they must conform to the following standards:

- (a) Header labels must begin with VOL1, VOL2, HDR1, HDR2, or 1HDR. They must be the first record(s) on the reel immediately before the Trustee "A" Record. Header labels may not exceed 80 characters in length.
- (b) Trailer labels must begin 1EOR, 1EOF, EOF1, or EOR1.

They must be the last record(s) on the reel, after the "C" record and tape mark (if a tape mark is used). Trailer labels may not exceed 80 characters in length.

- (c) Tape marks must always appear immediately after the "C" Record. If both header and trailer labels are used, the tape mark must follow the header label and must precede and/or follow the trailer label(s).

Sec. 3. Tape Cartridge Specifications

.01 In most instances, IRS/MCC can process tape cartridges that meet the following specifications:

- (a) Must be IBM 3480, 3490, or AS400 compatible.
- (b) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics:
 - (1) Tape cartridges will be 1/2-inch tape contained in plastic cartridges which are approximately 4-inches by 5-inches by 1-inch in dimension.
 - (2) Magnetic tape will be chromium dioxide particle based 1/2-inch tape.
 - (3) Cartridges must be 18-track or 36-track parallel. (See Note.)
 - (4) Cartridges will contain 37,871 CPI or 75,742 CPI (characters per inch).
 - (5) Mode will be full function.
 - (6) The data may be compressed using EDRC (Memorex) or IDRC (IBM) compression.
 - (7) Either EBCDIC (Extended Binary Coded Decimal Inter-

change Code) or ASCII (American Standard Coded Information Interchange) may be used.

.02 The tape cartridge records defined in this revenue procedure may be blocked subject to the following:

- (a) A block must not exceed 30,000 tape positions.
 - (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9's; however, the last block of the file may be filled with 9's or truncated. Do not pad a block with blanks.
 - (c) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter (see item b above). The block length must be evenly divisible by 150.
 - (d) Records may not span blocks.
- .03 Tape cartridges may be labeled or unlabeled.
- .04 For the purposes of this revenue procedure, the following must be used:
- Tape Mark:
- (a) Used to signify the physical end of the recording on tape.
 - (b) For even parity, use BCD configuration 001111 (8421).

- (c) May follow the header label and precede and/or follow the trailer label.

Note: Filers should indicate on the external tape label whether the cartridge is 36- or 18-track.

Sec. 4. 5 1/4-inch And 3 1/2-inch Diskette Specifications

.01 To be compatible, a diskette file must meet the following specifications:

- (a) 5 1/4- or 3 1/2-inches in diameter.
- (b) Data must be recorded in standard ASCII code. For 5 1/4-inch diskettes, data may be recorded using EBCDIC if the file is created on an IBM System 36.
- (c) Records must be a fixed length of 150 bytes per record.
- (d) Delimiter character commas (,) must not be used.
- (e) Positions 149 and 150 of each record must contain carriage return/line feed (cr/lf) characters, if applicable.
- (f) Filename of 8851MSA must be used. Do not enter any other data in this field. If a file will consist of more than one diskette, the file name 8851MSA will contain a 3-digit extension. This extension will indicate the sequence of the diskettes within the file. For example, the first diskette will be named 8851MSA.001, the second diskette will be 8851MSA.002, etc.
- (g) A diskette file may consist of multiple diskettes as long as the filenaming conventions are followed.
- (h) Diskettes must meet one of the following specifications:

Capacity	Tracks	Sides/Density	Sector Size
1.44 mb	96tpi	hd	512
1.44 mb	135tpi	hd	512
1.2 mb	96tpi	hd	512
720 kb	48tpi	ds/dd	512
360 kb	48tpi	ds/dd	512
320 kb	48tpi	ds/dd	512
180 kb	48tpi	ss/dd	512
160 kb	48tpi	ss/dd	512

.02 IRS/MCC encourages trustees to use blank or currently formatted diskettes when preparing files. If extraneous data follows the "C" Record, the

file must be returned for replacement.

.03 IRS/MCC prefers that 5 1/4- and 3 1/2-inch diskettes be created using MS/DOS; however, diskettes created using

other operating systems **may be acceptable**. 3 1/2-inch diskettes created on a System 36 or AS400 **are not acceptable**. IRS/MCC has equipment that can

convert diskettes created under virtually any operating system to the appropriate MS/DOS format.

.04 Trustees are encouraged to use high density diskettes. Low density diskettes are acceptable but must be formatted in low density.

Sec. 5. Data Sequence Specifications

.01 In order to be acceptable, records within the file must be in the following sequence:

- (a) A Trustee "A" Record

(b) Account Holder "B" Records

(c) Control Total "C" Record

.02 If you are filing for more than one trustee, each trustee must be reported on a separate tape, tape cartridge, or diskette.

Sec. 6. The Trustee "A" Record-General Field Descriptions and Record Layout

.01 This record identifies the entity preparing and transmitting the file. The first record of a file MUST be a Trustee "A" Record, (preceded only by header labels, if any), and must appear on each tape and cartridge. Otherwise, the file will be returned for replacement. The "A" Record is a fixed length of 150 positions.

Record Name: Trustee "A" Record			
Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "A"
2-10	Trustee TIN	9	Required. Enter the Taxpayer Identification Number (TIN), either the Employer Identification Number (EIN) or the Social Security Number (SSN) of the Trustee.
11-50	Trustee Name	40	Required. Enter the trustee's name. Abbreviate if necessary to fit 40-character limit. Omit punctuation if possible. Left-justify and blank fill.
51-90	Trustee Address	40	Required. Enter mailing address of the trustee. Street address should include number, street, apartment or suite number (or P.O. Box if mail is not delivered to street address). Abbreviate as needed to fit 40-character limit. Omit punctuation if possible. Left-justify and blank fill.
91-119	Trustee City	29	Required. Enter the city or town of trustee. If applicable, enter APO or FPO only. Left-justify and blank fill.
120-121	Trustee State	2	Required. Enter two- letter Post Office Code as shown in the list below ONLY. Do NOT spell out the state name.

<i>State</i>	<i>Code</i>	<i>State</i>	<i>Code</i>	<i>State</i>	<i>Code</i>
Alabama	AL	Maryland	MD	South Dakota	SD
Alaska	AK	Massachusetts	MA	Tennessee	TN
Arizona	AZ	Michigan	MI	Texas	TX
Arkansas	AR	Minnesota	MN	Utah	UT
California	CA	Mississippi	MS	Vermont	VT
Colorado	CO	Missouri	MO	Virginia	VA
Connecticut	CT	Montana	MT	Washington	WA
Delaware	DE	Nebraska	NE	West Virginia	WV
District of Columbia	DC	Nevada	NV	Wisconsin	WI
Florida	FL	New Hampshire	NH	Wyoming	WY
Georgia	GA	New Jersey	NJ	American Samoa	AS
Hawaii	HI	New Mexico	NM	Federated States of Micronesia	FM
Idaho	ID	New York	NY	Guam	GU
Illinois	IL	North Carolina	NC	Northern Mariana Islands	MP
Indiana	IN	North Dakota	ND	Marshall Islands	MH
Iowa	IA	Ohio	OH	Palau	PW
Kansas	KS	Oklahoma	OK	Puerto Rico	PR
Kentucky	KY	Oregon	OR	Virgin Islands	VI
Louisiana	LA	Pennsylvania	PA		
Maine	ME	Rhode Island	RI		
		South Carolina	SC		

NOTE: When reporting APO/FPO addresses use the following format:

Example:

Name	PVT Willard J. Doe
Street Address	Company F, PSC Box 100
City	APO (or FPO)
*State	AE, AA, or AP
ZIP Code	098010100

*AE is the designation for ZIPs beginning with 090–098, AA for ZIP 340, and AP for ZIPs 962–966.

Record Name: Trustee "A" Record-continued

Positions	Field Title	Length	Description and Remarks										
122–130	Trustee ZIP Code	9	Required. Enter the ZIP code of the trustee for all U.S. addresses, U.S. territories or possessions, APO/FPO addresses. For trustees using a five-digit ZIP code, enter the ZIP code in the left-most five positions and zero fill the remaining four positions. For trustees outside the U.S., enter nine zeros only. Do NOT blank fill.										
131–135	Transmitter Control Code	5	Required. Enter your five-digit Transmitter (TCC) Control Code, "MSA01." This is the TCC assigned to all filers who report Form(s) 8851 magnetically/electronically.										
136	Report Period	1	Required. Identify the tax period for which the Form 8851 is being filed by entering the appropriate indicator from the list below: <table> <tr> <td><i>Tax period</i></td> <td><i>Indicator</i></td> </tr> <tr> <td>April 30, 1997</td> <td>1</td> </tr> <tr> <td>June 30, 1997</td> <td>2</td> </tr> <tr> <td>June 30, 1998</td> <td>3</td> </tr> <tr> <td>June 30, 1999</td> <td>4</td> </tr> </table>	<i>Tax period</i>	<i>Indicator</i>	April 30, 1997	1	June 30, 1997	2	June 30, 1998	3	June 30, 1999	4
<i>Tax period</i>	<i>Indicator</i>												
April 30, 1997	1												
June 30, 1997	2												
June 30, 1998	3												
June 30, 1999	4												
137–148	Blanks	12	Enter Blanks.										
149–150	Blanks or Carriage Return/Line Feed (cr/lf)	2	Enter blanks or Carriage Return/ Line Feed(cr/lf).										

Trustee "A" Record Layout

Record Type "A"	Trustee TIN	Trustee Name	Trustee Address	Trustee City	
1	2–10	11–50	51–90	91–119	
Trustee State	Trustee ZIP Code	Transmitter Control Code (TCC) "MSA01"	Report Period	Blanks	Blanks or Carriage Return/Line Feed
120–121	122–130	131–135	136	137–148	149–150

Sec. 7. Account Holder "B" Record-General Field Descriptions and Record Layout

.01 The "B" record contains the account holder information. The format of the "B" record will remain constant and is a fixed length of 150 positions.

Record Name: Account Holder "B" Record

Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "B."
2–10	Account Holder's Identification Number (TIN)	9	Required. Enter the nine-digit Taxpayer Identification Number (TIN) (EIN or SSN) of the Account Holder. Do NOT enter blanks, hyphens, or alpha characters. A TIN consisting of all the same digit (e.g., 111111111) is not acceptable.
11–50	Account Holder Name	40	Required. Enter the name of the account holder. Abbreviate as needed. Left justify and blank fill.

Record Name: Account Holder "B" Record

Positions	Field Title	Length	Description and Remarks
51	Previously Uninsured Indicator	1	Required. Enter a code from the list below to indicate whether or not the account holder was previously uninsured. For a definition of "Previously Uninsured", please see Form 8851. <i>Condition</i> <i>Code</i> Previously uninsured 1 Previously insured 0
52	Excludable Indicator	1	Required. Enter a code from the list below to indicate whether the account holder is excludable. For a definition see Form 8851. <i>Condition</i> <i>Code</i> Excludable 1 Not excludable 0
53-148	Blanks	96	Enter blanks.
149-150	Blank or Carriage Return/ Line Feed	2	Enter blanks or carriage return/ line feed (CR/LF).

Account Holder "B" Record Layout

Record Type "B"	Account Holder TIN	Account Holder Name	Previously Uninsured Indicator
1	2-10	11-50	51
Excludable Indicator	Blanks	Blanks or Carriage Return/ Line Feed	
52	53-148	149-150	

Sec. 8. The Control Total "C" Record-General Field Descriptions and Record Layout

.01 Enter a "C" Record after the last "B" Record submitted for a particular Trustee "A" Record. The "C" Record serves as a summary of the preceding "B" Records' data, and enables IRS to cross check the correctness of information received.

.02 A "C" Record may only be followed by "B" Records reported for a trustee, or by a tape mark and/or trailer label when more reels follow this reel. The "C" Record can be the last record on the file.

.03 Each "C" Record has a fixed length of 150 positions.

.04 If the field is not applicable, allow for the field by entering blanks or zeros as instructed.

Record Name: Control Total "C" Record

Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "C."
2-7	Number of Account Holders	6	Required. Enter the total number of account holders being reported. Right justify and zero fill.
8-13	Previously Uninsured	6	Enter the total number of account holders that were previously uninsured. Right justify and zero fill.
14-19	Excludable	6	Enter the total number of excludable account holders being reported. Right justify and zero fill.
20-148	Blanks	129	Enter blanks.
149-150	Blank or Carriage Return/ Line Feed	2	Enter blanks or carriage return/line feed (CR/LF).

"C" Record Layout

Record Type "C"	Number of Account Holders	Previously Uninsured	Excludable
1	2-7	8-13	14-19
Blanks	Blanks or Carriage Return/Line Feed (CR/LF)		
20-148	149-150		

Part C. Asynchronous (IRP-BBS) Electronic Filing Specifications

Sec. 1. General

.01 Asynchronous electronic filing of Form(s) 8851 is offered as an alternative to magnetic media (tape, tape cartridge, or diskette) or paper filing, but is not a requirement. Electronic filing using the Information Reporting Program Bulletin Board System (IRP-BBS) will fulfill the magnetic media requirements for those filers who are required to file magnetically. It may also be used by those payers who are under the filing threshold requirement, but would prefer to file their information returns this way. If the original file was sent magnetically, but was returned for replacement, the replacement may be transmitted electronically.

.02 The electronic filing of information returns is not affiliated with the Form 1040 electronic filing program. These two programs are totally independent, and filers must obtain separate approval to participate in each of them. All inquiries concerning the electronic filing of information returns should be directed to IRS/MCC. IRS/MCC personnel cannot answer questions or assist taxpayers in the filing of Form 1040 tax returns. Filers with questions of this nature will be directed to the Taxpayer Service toll-free number (1-800-829-1040) for assistance.

.03 Filers participating in the electronic filing program for Form(s) 8851 will submit their returns to IRS/MCC by way of modems and not through magnetic media or paper filing.

.04 The formats of the "A," "B," and "C" Records are the same for electronically filed records as they are for 5 1/4- and 3 1/2-inch diskettes, tapes, and tape cartridges. For electronically filed documents, each transmission is considered a separate file.

Sec. 2. Electronic Filing Approval Procedure

.01 Filers must send a Form 8851 to IRS/MCC **prior** to filing their Form(s) 8851 electronically. Only trustee information should be provided on the Form 8851 when filing electronically. Please annotate the Form 8851 with "Electronic Filing" to indicate the method of filing. The Form 8851 may also be faxed to IRS/MCC in order to expedite electronic processing. The fax number is (304) 264-5602.

.02 With all passwords, it is the user's responsibility to remember the pass-

word and not allow the password to be compromised. However, if filers do forget their password, call (304) 263-8700 for assistance. **Note: Passwords on the IRP-BBS are case sensitive.**

Sec. 3. Electronic Submissions

.01 Electronically filed information may be submitted to IRS/MCC 24 hours a day, 7 days a week. Technical assistance will be available Monday through Friday between 8:30 a.m. and 4:30 p.m., Eastern Time by calling (304) 263-8700.

.02 Filers may submit as many documents as they choose electronically. Filers are allowed 240 minutes a day; however, more time may be requested if needed.


.03 Data compression is encouraged when submitting information returns by way of the IRP-BBS. MCC has the ability to decompress files created using several popular software compression programs such as ARC, LHARC, and PKZIP. Software data compression can be done alone or in conjunction with V.42bis hardware compression. **Transmission time can be reduced by as much as 85 percent when data compression is used; therefore, it is highly recommended.**

The time required to transmit information returns electronically will vary depending on the modem speed and the type of data compression used, if any.


.04 Files submitted to IRP-BBS must have a unique filename. The trustee will be contacted after receipt of the Form 8851 indicating the desire to file electronically. It is necessary for the trustee to record the upload date, time, and filename. This information will be needed by MCC in order to identify the file if assistance is required.

Sec. 4. Transmittal Requirements

.01 If you wish to file electronically, complete Form 8851 above line "a" (trustee's information only) and send it to:

If by Postal Service: 
Internal Revenue Service
P.O. Box 879, MS360
Kearneysville, WV 25430

or

If by truck or air freight: 
IRS-Martinsburg Computing Center
ATTN: Electronic Filing Coordinator
Route 9 and Needy Road, MS366
Martinsburg, WV 25401

When the form is received, you will be contacted by the Electronic Filing

Coordinator with instructions on how to transmit your file. No return is considered filed until a Form 8851 is received by IRS/MCC.

.02 Form 8851 can be ordered by calling the IRS toll free forms and publication order number 1-800-TAX-FORM, (1-800-829-3676). The form may also be obtained from the Internet [Http://WWW.IRS.USTREAS.GOV.T](http://WWW.IRS.USTREAS.GOV.T). The form may be computer-generated; however, all of the trustee information requested on the original form must be on the computer-generated form.

.03 If you are submitting files for more than one trustee, you must send a separate Form 8851 for each trustee. Each trustee's information must be submitted in a separate transmission.

Sec. 5. Information Reporting Program Bulletin Board System (IRP-BBS) Specifications

.01 The IRP-BBS is an electronic bulletin board system available to filers of information returns. In addition to filing information returns electronically, the IRP-BBS provides other capabilities. Some of the advantages of IRP-BBS are as follows:

- (1) Immediate access to the latest changes and updates that affect the Information Reporting Program at IRS/MCC (program, legislative, etc.).
- (2) Access to publications, such as the Publication 1220, as soon as they are available.
- (3) Capability to communicate with IRS/MCC personnel.
- (4) Ability to retrieve information and files applicable to the IRP-BBS.

.02 The IRP-BBS is available for public use and accessible using various personal computer communications equipment. A TCC is not needed to access those portions of the IRP-BBS that contain forms and publications or to leave questions or messages for IRS/MCC personnel.

.03 Contact the IRP-BBS by dialing (304) 264-7070. The communication software settings for IRP-BBS are:

- No parity
- Eight data bits
- One stop bit
- Full duplex

The communication software should be set up to use the fastest speed allowed by the filer's modem.

.04 Due to the large number of communication products available, it is impossible to provide specific information on a particular software package or hardware configuration. Filers should contact their software or hardware supplier for assistance.

.05 IRP-BBS software provides a menu-driven environment allowing access to different parts of IRP-BBS. Whenever possible, IRS/MCC personnel will provide assistance in resolving any communication problems with IRP-BBS.

.06 IRP-BBS can be accessed at speeds from 1200 to 28,800 bps. The speed is automatically negotiated for connection at the speed of the calling modem. The communication standards supported include Industry Standard 212A, V.22bis, V.32, V.32bis, V.34, and V.FC. Point-to-point error control is supported using the V.42 ITU-T standard or MNP 2-4. Data compression is supported using V.42bis ITU-T standard or MNP5.

Sec. 6. IRP-BBS First Time Logon Procedures

.01 The following information will be requested to set up the filer's user profile when logging onto the IRP-BBS for the first time.

(A) Enter the letter, that corresponds to the filer's terminal, from the following:

<A> IBM PC
 IBM w/ANSI
<C> Atari
<D> ADM-3
<E> H19/Z19/H89
<F> Televid 925
<G> TRS-80
<H> Vidtex
<I> VT-52
<j> VT-100

<CR> if none of the above
Most PCs, clones, etc., will select the IBM PC emulation. Machines with color, CGA, EGA, or VGA should select IBM w/ANSI.

(B) Upper/lower case, line feed needed, O (zero) nulls after each <CR>, do you wish to modify this? (Most users answer no.)

This is the end of the Revenue Procedure for reporting Forms 8851, magnetically/electronically.

*26 CFR 601.201: Rulings and determination letters.
(Also Part I, sections 25, 103, 143; 1.25-4T, 1.103-1, 6a.103A-2.)*

Rev. Proc. 97-26

SECTION 1. PURPOSE

This revenue procedure provides guidance concerning the United States and area median gross income figures that are to be used by issuers of qualified mortgage bonds, as defined in § 143(a) of the Internal Revenue Code, and issuers of mortgage credit certificates, as defined in § 25(c), in computing the housing cost/income ratio described in § 143(f)(5).

SECTION 2. BACKGROUND

.01 Section 103(a) provides that, except as provided in § 103(b), gross income does not include interest on any state or local bond. Section 103(b)(1) provides that § 103(a) shall not apply to any private activity bond that is not a "qualified bond" within the meaning of § 141. Section 141(e) provides that the term "qualified bond" includes any private activity bond that (1) is a qualified mortgage bond, (2) meets the volume cap requirements under § 146, and (3) meets the applicable requirements under § 147.

.02 Section 143(a)(1) provides that the term "qualified mortgage bond" means a bond that is issued as part of a "qualified mortgage issue". Section 143(a)(2)(A) provides that the term "qualified mortgage issue" means an issue of one or more bonds by a state or political subdivision thereof, but only if (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve) are to be used to finance owner-occupied residences; (ii) the issue meets the requirements of subsections (c), (d), (e), (f), (g), (h), (i), and (m)(7) of § 143; (iii) the issue does not meet the private business tests of paragraphs (1) and (2) of § 141(b); and (iv) with respect to amounts received more than 10 years after the date of issuance, repayments of \$250,000 or more of principal on financing provided by the issue are used not later than the close of the first semi-annual period beginning after the date the prepayment (or complete repayment) is received to redeem bonds that are part of the issue.

.03 Section 143(f) imposes eligibility requirements concerning the maximum income of mortgagors for whom financing may be provided by qualified mort-

gage bonds. Section 25(c)(2)(A)(iii)(IV) provides that recipients of mortgage credit certificates must meet the income requirements of § 143(f). Generally, under §§ 143(f)(1) and 25(c)(2)(A)(iii)(IV), these income requirements are met only if all owner-financing under a qualified mortgage bond and all certified indebtedness amounts under a mortgage credit certificate program are provided to mortgagors whose family income is 115 percent or less of the applicable median family income. Under § 143(f)(6), the income limitation is reduced to 100 percent of the applicable median family income if there are fewer than three individuals in the family of the mortgagor.

.04 Section 143(f)(4) provides that the term "applicable median family income" means the greater of (A) the area median gross income for the area in which the residence is located or (B) the statewide median gross income for the state in which the residence is located.

.05 Section 143(f)(5) provides for an upward adjustment of the income limitations in certain high housing cost areas. Under § 143(f)(5)(C), a high housing cost area is a statistical area for which the housing cost/income ratio is greater than 1.2. The housing cost/income ratio is determined under § 143(f)(5)(D) by dividing (a) the applicable housing price ratio by (b) the ratio that the area median gross income bears to the median gross income for the United States. The applicable housing price ratio is the new housing price ratio (new housing average purchase price for the area divided by the new housing average purchase price for the United States) or the existing housing price ratio (existing housing average area purchase price divided by the existing housing average purchase price for the United States), whichever results in the housing cost/income ratio being closer to 1. This income adjustment applies only to bonds issued and nonissued bond amounts elected after December 31, 1988.

.06 The Department of Housing and Urban Development (HUD) has computed the median gross income for the United States, the states, and statistical areas within the states. The income information was released to the HUD regional offices on December 27, 1996, and may be obtained by calling the HUD reference service at 1-800-245-2691, or, in the Washington, D.C., area, at 301-251-5154. The Internal Revenue Service annually publishes only the median gross income for the United States.

.07 The most recent nationwide average purchase prices and average area purchase price safe harbor limitations were published on September 6, 1994, in Rev. Proc. 94-55, 1994-2 C.B. 716.

SECTION 3. APPLICATION

.01 When computing the housing cost/income ratio under § 143(f)(5), issuers of qualified mortgage bonds and mortgage credit certificates must use \$43,500 as the median gross income for the United States. See section 2.06 of this revenue procedure.

.02 When computing the housing cost/income ratio under § 143(f)(5), issuers of qualified mortgage bonds and mortgage credit certificates must use the area median gross income figures released by HUD on December 27, 1996. See section 2.06 of this revenue procedure.

SECTION 4. EFFECT ON OTHER REVENUE PROCEDURES

.01 Rev. Proc. 96-37, 1996-29 I.R.B. 16, is obsolete except as provided in section 5.02 of this revenue procedure.

.02 This revenue procedure does not affect the effective date provisions of Rev. Rul. 86-124, 1986-2 C.B. 27. Those effective date provisions will remain operative at least until the Service publishes a new revenue ruling that conforms the approach to effective dates set forth in Rev. Rul. 86-124 to the general approach taken in this revenue procedure.

SECTION 5. EFFECTIVE DATES

.01 Issuers must use the United States and area median gross income figures specified in section 3 of this revenue procedure for commitments to provide financing that are made, or (if the purchase precedes the financing commitment) for residences that are purchased,

in the period that begins on December 27, 1996, the date HUD released the income figures, and ends on the date when these United States and area median gross income figures are rendered obsolete by a new revenue procedure.

.02 Notwithstanding section 5.01 of this revenue procedure, issuers may continue to rely on the United States and area median gross income figures specified in Rev. Proc. 96-37 with respect to bonds originally sold and nonissued bond amounts elected not later than May 28, 1997, if the commitments or purchases described in section 5.01 are made not later than July 28, 1997.

DRAFTING INFORMATION

The principal author of this revenue procedure is Patricia M. Monahan of the Office of Assistant Chief Counsel (Financial Institutions and Products). For further information regarding this revenue procedure contact Ms. Monahan on (202) 622-4122 (not a toll-free call).

Part IV. Items of General Interest

Employee Plans; Examination Guidelines

Announcement 97-42

The Internal Revenue Service has developed proposed examination guidelines for employee plans examiners to use when examining Simplified Employee Plans (SEPs). The guidelines provide technical background and guidance as to issues that should be considered during an examination. The guidelines are not intended to be all inclusive, and may be modified based on specific issues encountered by the examiners during the examination.

As with earlier examination guidelines, the Service is seeking public comments with respect to the proposed examination guidelines pertaining to Simplified Employee Plans before the guidelines are finalized in the Internal Revenue Manual.

A copy of the proposed examination guidelines for Simplified Employee Plans may be obtained by submitting a written request to the Internal Revenue Service: Assistant Commissioner (Employee Plans and Exempt Organizations), CP:E:EP:FC, 1111 Constitution Avenue NW, Washington, DC 20224. Written comments on the guidelines pertaining to Simplified Employee Plans may be submitted on or before July 28, 1997, to the Internal Revenue Service, Attention: Assistant Commissioner (Employee Plans and Exempt Organizations), CP:E:EP:FC, 1111 Constitution Avenue, NW, Washington, DC 20224.

Simplification of Entity Classification Rules; Correction

Announcement 97-43

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to the final regulations.

SUMMARY: This document contains corrections to the final regulations (T.D. 8697 [1997-2 I.R.B. 11]) which were published in the **Federal Register** on Wednesday, December 18, 1996 (61 FR 66584). The final regulations relate to the classification of business organizations.

EFFECTIVE DATE: January 1, 1997.

FOR FURTHER INFORMATION CONTACT: Mark D. Harris, (202) 622-3050 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are subject to these corrections are under section 7701 of the Internal Revenue Code.

Need for Correction

As published, the final regulations (T.D. 8697) contain errors which may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (T.D. 8697) which are the subject of FR Doc. 96-31997 is corrected as follows:

§ 301.7701-3 [Corrected]

1. On page 66592, column 1, § 301.7701-3, paragraph (c)(1)(vi), *Example 1*, line 11 from the bottom of the paragraph, the language “by September 13, 1998. See paragraph” is corrected to read “by September 14, 1998. See paragraph”.

2. On page 66592, column 1, § 301.7701-3, paragraph (c)(1)(vi), *Example 1*, line 7 from the bottom of the paragraph, the language “Form 8832 after September 13, 1998, it will” is corrected to read “Form 8832 after September 14, 1998, it will”.

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

(Filed by the Office of the Federal Register on March 12, 1997, 8:45 a.m., and published in the issue of the Federal Register for March 13, 1997, 62 FR. 11769)

Basis Reduction Due To Discharge of Indebtedness; Hearing

Announcement 97-44

AGENCY: Internal Revenue Service, Treasury.

ACTION: Proposed rule; change of date and location of public hearing.

SUMMARY: This document changes the date and location of the public hearing on the notice of proposed

rulemaking relating to basis reduction due to discharge of indebtedness under sections 108 and 1017 of the Internal Revenue Code of 1986.

DATES: The public hearing is being held on Thursday, May 29, 1997, beginning at 10 a.m. Requests to speak and outlines of oral comments must be received by April 3, 1997.

ADDRESSES: The public hearing originally scheduled in the IRS Auditorium, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC is changed to the Commissioner's Conference Room, room 3313, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Evangelista Lee of the Regulations Unit, Assistant Chief Counsel (Corporate), (202) 622-7180 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

A notice of proposed rulemaking and notice of public hearing appearing in the **Federal Register** on Tuesday, January 7, 1997, (62 FR 955 [REG-208172-91, 1997-10 I.R.B. 59]) announced that a public hearing on proposed regulations relating to the basis reduction due to discharge of indebtedness under sections 108 and 1017 would be held on Thursday, April 24, 1997, beginning at 10 a.m. in the IRS Auditorium, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC and that requests to speak and outlines of oral comments should be received by Thursday, April 3, 1997.

The date and location of the public hearing has changed. The hearing is scheduled for Thursday, May 29, 1997, beginning at 10 a.m. in the Commissioner's Conference Room, room 3313, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC. We must receive requests to speak and outlines of oral comments by Thursday, April 3, 1997. Because of the controlled access restrictions, attendees are not admitted beyond the lobby of the Internal Revenue Building until 9:45 a.m.

The Service will prepare an agenda showing the scheduling of the speakers after the outlines are received from the

persons testifying and make copies available free of charge at the hearing.

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

(Filed by the Office of the Federal Register on March 14, 1997, 8:45 a.m., and published in the issue of the Federal Register for March 17, 1997, 62 F.R. 12582)

Stock Options Contributed to a Plan Announcement 97-45

On December 24, 1996, the Internal Revenue Service issued P.L.R. 9712033 which concerned the federal income tax (including unrelated business income tax) and federal excise tax consequences of the contribution of certain stock options to a qualified plan and the subse-

quent exercise of those stock options to be used in the purchase of the common stock of the employer maintaining the plan.

The Service is reexamining the plan qualification and other tax issues under the Internal Revenue Code of 1986, as amended, raised by a contribution of stock options to a plan and subsequent exercise of those options.

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
Loberg, Thomas	St. Paul, MN	CPA	Indefinite from November 13, 1996
Rose Ann Galati	Thousand Oaks, CA	CPA	Indefinite from November 25, 1996
Labendeira, Anthony	Fresno, CA	CPA	Indefinite from November 25, 1996
Nation, D. Mark	Albuquerque, NM	CPA	Indefinite from November 25, 1996
Behren, Daryl D.	Visalia, CA	CPA	Indefinite from November 25, 1996
Murphy, Virginia T.	Laurinburg, NC	CPA	Indefinite from November 25, 1996
Best III, James M.	Monroe, NC	CPA	Indefinite from November 25, 1996
Rehm, Aysha	Tulsa, OK	CPA	Indefinite from November 25, 1996
Dineen, Lee M.	Castle Hayne, NC	CPA	Indefinite from December 12, 1996
Miele, Ralph J.	North Babylon, NY	CPA	Indefinite from February 14, 1997

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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¹A cumulative list of all Revenue Rulings, Revenue Procedures, Treasury Decisions, etc., published in Internal Revenue Bulletins 1996-27 through 1996-53 will be found in Internal Revenue Bulletin 1997-1, dated January 6, 1997.

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¹A cumulative finding list for previously published items mentioned in Internal Revenue Bulletins 1996-27 through 1996-53 will be found in Internal Revenue Bulletin 1997-1, dated January 6, 1997.