

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. 98-25, page 4.

Business expenses; storage tanks. Under the circumstances described in this revenue ruling, the costs incurred to replace underground storage tanks containing waste by-products (including the cost of removing, cleaning, and disposing of the old tanks, and acquiring, installing, and filling the new tanks) are deductible as ordinary and necessary business expenses under section 162 of the Code.

EMPLOYEE PLANS

Announcement 98-38, page 26.

Notice of proposed rulemaking (REG-209476-82, 1998-8 I.R.B. 36) under section 72(p) of the Code, relating to loans made from a qualified employer plan to plan participants or beneficiaries, is corrected.

EXEMPT ORGANIZATIONS

Announcement 98-37, page 24.

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

ESTATE TAX

Rev. Rul. 98-22, page 5.

Special use value; farms; interest rates. The 1998 interest rates to be used in computing the special use value of farm real property for which an election is made under section 2032A of the Code are listed for estates of decedents.

EXCISE TAX

Rev. Rul. 98-24, page 6.

Exemption from certain federal excise taxes for consular officers and employees. If consular officers and employees and members of their families forming part of their households purchase from the manufacturer an article otherwise subject to a federal excise tax on sales by manufacturers, or purchase from a retailer an article otherwise subject to a federal excise tax on sales by retailers, the transaction will not be taxed. Rev. Rul. 73-198 modified and Rev. Rul. 68-352 obsoleted.

ADMINISTRATIVE

Notice 98-28, page 7.

Credit for producing fuel from a nonconventional source, Code section 29 inflation adjustment factor and reference price. This notice publishes the Code section 29 inflation adjustment factor, the nonconventional source fuel credit, and the section 29 reference price for calendar year 1997. These data are used to determine the credit allowable on fuel produced from a nonconventional source.

Rev. Proc. 98-33, page 7.

General rules and specifications for private printing of Forms W-2 and W-3. Specifications are set forth for the private printing of paper substitutes for tax year 1998 Form W-2, Wage and Tax Statement, and Form W-3, Transmittal of Wage and Tax Statements. Rev. Procs. 97-24 and 97-24A superseded.

Finding Lists begin on page 28.



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 prod-

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

Statement of Principles of Internal Revenue Tax Administration

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

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

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

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

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

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents of a permanent nature are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and proce-

dures 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 a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis and are published in the first Bulletin of the succeeding semiannual period, respectively.

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

Section 162.—Trade or Business Expenses

26 CFR 1.162-1: Business expenses.
(Also section 263; 1.263(a)-1; 1.162-3.)

Business expenses; storage tanks.

Under the circumstances described in this revenue ruling, the costs incurred to replace underground storage tanks containing waste by-products (including the cost of removing, cleaning, and disposing of the old tanks, and acquiring, installing, and filling the new tanks) are deductible as ordinary and necessary business expenses under section 162 of the Code.

Rev. Rul. 98-25

ISSUE

Under the circumstances described below, are the costs incurred to replace underground storage tanks (“USTs”) containing waste by-products (including the cost of removing, cleaning, and disposing of the old USTs, and acquiring, installing, and filling the new USTs) deductible by the taxpayer as business expenses under § 162 of the Internal Revenue Code or must they be capitalized under § 263?

FACTS

X, a corporation, employs the accrual method of accounting and uses a calendar year. X operates a manufacturing facility. In the past, X’s manufacturing operations had produced waste by-products in the course of its operations. Consistent with the industry-wide practice at that time, X placed this waste in steel USTs (“old USTs”) that X buried on its land.

In 1998, X incurred costs to remove its old USTs and replace them with USTs made of a steel-fiberglass-reinforced plastic composite material (“new USTs”) that comply with current federal, state, and local environmental laws. X excavated a hole in the ground large enough to gain access to the old USTs. X then drained the waste from the old USTs and placed it in a temporary repository. X then lifted the old USTs out of the hole, cleaned them, and disposed of them at an appropriate disposal facility. In the same taxable year, X placed the new USTs in the same hole, and transferred the waste from

the temporary repository into the new USTs. Finally, X sealed the new USTs and filled the hole with soil.

The new USTs will not be emptied and reused, but will remain filled with the same waste indefinitely. Applicable law requires that X continue to monitor the buried new USTs to detect leaks, if any. Once they are filled with waste and sealed, the new USTs have no salvage value.

LAW AND ANALYSIS

Sections 162 and 1.162-1(a) of the Income Tax Regulations allow a deduction for all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business.

Section 1.162-3 provides, in part, that taxpayers carrying materials and supplies on hand should include in expenses the charges for materials and supplies only in the amount that they are actually consumed and used in operation during the taxable year for which the return is made.

Sections 263 and 1.263(a)-1(a) provide that no deduction is allowed for any amounts paid out for new buildings or for permanent improvements or betterments made to increase the value of any property. Section 1.263(a)-2(a) provides that capital expenditures include the cost of acquisition, construction, or erection of buildings, machinery and equipment, furniture and fixtures, and similar property having a useful life substantially beyond the taxable year.

Through provisions such as §§ 162(a), 263(a), and related sections, the Code generally endeavors to match expenses with the revenues of the taxable period to which the expenses are properly attributable, thereby resulting in a more accurate calculation of net income for tax purposes. See, e.g., *INDOPCO, Inc. v. Commissioner*, 503 U.S. 79, 84 (1992); *Commissioner v. Idaho Power Co.*, 418 U.S. 1, 16 (1974). Moreover, as the Supreme Court specifically recognized, the “decisive distinctions [between capital and ordinary expenditures] are those of degree and not of kind,” and a careful examination of the particular facts of each case is required. *Welch v. Helvering*, 290 U.S. 111, 114 (1933); *Deputy v. du Pont*, 308 U.S. 488, 496 (1940); see also *INDOPCO*, 503 U.S. at 87.

The useful life of an asset for § 263 purposes is its useful life to the taxpayer, not its inherent useful life. See *Silverton v. Commissioner*, T.C.M. 1977-198; *Massey Motors, Inc. v. United States*, 364 U.S. 92 (1960). Unlike most storage tanks, which are used to hold a substance temporarily and are emptied and refilled repeatedly throughout their useful lives, X’s new USTs are filled with waste once, sealed indefinitely, and thereafter have no salvage value. Upon being filled with waste and sealed, the new USTs have no remaining useful life to X. X’s new USTs are used merely to facilitate the disposal of waste and therefore are similar to a material or supply that is consumed and used in operation during the taxable year. Accordingly, because X acquired, filled, and sealed the new USTs all in 1998, the costs of acquiring and installing the new USTs are not capital expenditures, but are ordinary and necessary business expenses deductible under § 162. The new USTs, which are used once and then sealed indefinitely, are distinguishable from the groundwater treatment facilities in Rev. Rul. 94-38, 1994-1 C.B. 35, which are used by the taxpayer substantially beyond the taxable year.

Further, X’s costs of removing, cleaning, and disposing of the old USTs, and filling and on-going monitoring of the new USTs are deductible as business expenses under § 162.

The results would be the same if X had instead ceased to operate the manufacturing facility in 1998 or in a previous taxable year. The results would also be the same if X had instead used storage tanks that were designed to store waste above ground.

HOLDING:

Under the circumstances described above, the costs incurred to replace USTs containing waste by-products (including the cost of removing, cleaning, and disposing of the old USTs, and acquiring, installing, and filling the new USTs) are deductible by the taxpayer as ordinary and necessary business expenses under § 162.

EFFECT ON OTHER DOCUMENTS

Rev. Rul. 94-38 is distinguished.

DRAFTING INFORMATION

For further information contact Merrill Feldstein of the Income Tax and Accounting division of the Office of Chief Counsel at (202) 622-4950 (not a toll free call).

Section 263.—Capital Expenditures

26 CFR 1.263(a)-1: Capital expenditures; in general.

Are the costs incurred to replace underground storage tanks containing waste by-products (including the cost of removing, cleaning, and disposing of the old tanks, and acquiring, installing, and filling the new tanks) deductible by the taxpayer as business expenses under § 162 of the Code, or must they be capitalized under § 263? See Rev. Rul. 98-25, page 4.

Section 2032A.—Valuation of Certain Farm, Etc., Real Property

26 CFR 20.2032A-4: Method of valuing farm real property.

Special use value; farms; interest rates. The 1998 interest rates to be used in computing the special use value of farm real property for which an election is made under section 2032A of the Code are listed for estates of decedents.

Rev. Rul. 98-22

This revenue ruling contains a list of the average annual effective interest rates on new loans under the Farm Credit Bank system. This revenue ruling also contains a list of the states within each Farm Credit Bank District.

Under § 2032A(e)(7)(A)(ii) of the Internal Revenue Code, rates on new Farm Credit Bank loans are used in computing the special use value of real property used as a farm for which an election is made under § 2032A. The rates in this revenue ruling may be used by estates that value farmland under § 2032A as of a date in 1998.

Average annual effective interest rates, calculated in accordance with § 2032A(e)(7)(A) and § 20.2032A-4(e) of the Estate Tax Regulations, to be used under § 2032A(e)(7)(A)(ii), are set forth in the accompanying Table of Interest Rates (Table 1). The states within each Farm Credit Bank District are set forth in the accompanying Table of Farm Credit Bank Districts (Table 2).

Rev. Rul. 81-170, 1981-1 C.B. 454, contains an illustrative computation of an average annual effective interest rate. The rates applicable for valuation in 1997 are in Rev. Rul. 97-13, 1997-16 I.R.B. 4. For rate information for years prior to 1997, see Rev. Rul. 96-23, 1996-1 C.B.

198, and other revenue rulings that are referenced therein.

DRAFTING INFORMATION

The principal author of this revenue ruling is Lane Damazo of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling, contact Lane Damazo on (202) 622-3090 (not a toll-free call).

REV. RUL. 98-22 TABLE 1	
TABLE OF INTEREST RATES (Year of Valuation 1998)	
Farm Credit Bank District in Which Property Is Located	Interest Rate
Columbia	9.32
Omaha	8.17
Sacramento	8.38
St. Paul	8.28
Spokane	8.22
Springfield	8.74
Texas	8.19
Wichita	8.27

REV. RUL. 98-22 TABLE 2	
TABLE OF FARM CREDIT BANK DISTRICTS	
District	States
Columbia	Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Virginia, West Virginia.
Omaha	Iowa, Nebraska, South Dakota, Wyoming.
Sacramento	Arizona, California, Hawaii, Nevada, Utah.
St. Paul	Arkansas, Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, North Dakota, Ohio, Tennessee, Wisconsin.
Spokane	Alaska, Idaho, Montana, Oregon, Washington.
Springfield	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont.
Texas	Alabama, Louisiana, Mississippi, Texas.
Wichita	Colorado, Kansas, New Mexico, Oklahoma.

Section 4041.—Imposition of Tax

26 CFR 48.4041-3: Application of tax on sales of special motor fuel for use in motor vehicles and motorboats.

(Also sections 4071, 4081, 4091, 4161; 48.4071-1, 48.4081-2, 48.4161(a)-1, 48.4161(b)-1.)

Exemption from certain federal excise taxes for consular officers and employees. If consular officers and employees and members of their families forming part of their households purchase from the manufacturer thereof an article otherwise subject to a federal excise tax on sales by manufacturers, or purchase from a retailer an article otherwise subject to a federal excise tax on sales by retailers, the transaction will not be taxed. Rev. Rul. 73-198 modified and Rev. Rul. 68-352 obsolete.

Rev. Rul. 98-24

This revenue ruling modifies Rev. Rul. 73-198, 1973-1 C.B. 425, which discusses exemptions from certain federal excise taxes extended to foreign diplomatic, consular, and other officers, and agencies or commissions of foreign governments.

Rev. Rul. 73-198 provides that if ambassadors, ministers, other duly accredited diplomatic representatives of foreign governments, the members of their families living with them, members of their households (but not servants), attaches, secretaries, clerks, and also officers of missions to the United Nations and the Organization of American States serving in a representative capacity and family members living with such officers, purchase from the manufacturer thereof an article otherwise subject to a federal excise tax on sales by manufacturers, or purchase from a retailer an article otherwise subject to a federal excise tax on sales by retailers, the transaction will not be taxed. Rev. Rul. 73-198 does not extend this benefit to consular officers and employees of foreign governments and members of their families forming part of their households.

Under section 201(c) of the Foreign Missions Act, 22 U.S.C. § 4301 (1994), the Secretary of State is authorized to determine the treatment that should be accorded a foreign mission in the United

States based on due consideration of the benefits, privileges, and immunities provided to missions of the United States in the country or territory represented by the foreign mission. The Secretary of State, after due consideration of the benefits, privileges, and immunities provided to missions of the United States under the Vienna Convention on Consular Relations and other governing treaties, has determined that if consular officers and employees (not including honorary consuls) and members of their families forming part of their households purchase from the manufacturer thereof an article otherwise subject to a federal excise tax on sales by manufacturers, or purchase from a retailer an article otherwise subject to a federal excise tax on sales by retailers, the transaction will not be taxed.

This benefit does not extend to U.S. nationals or permanent residents of the United States or to consular officers and employees (and their family members) of a consular mission representing a country or territory that does not provide benefits, privileges, and immunities to missions of the United States on a reciprocal basis as determined by the Secretary of State. "Consular officer" is defined as any person, including the head of a consular post, entrusted in that capacity with the exercise of consular functions, and "consular employee" is defined as any person employed in the administrative or technical service of the consular post.

As a result of this revenue ruling, Rev. Rul. 68-352, 1968-2 C.B. 487, is no longer determinative of the exemption from federal retailers and manufacturers excise taxes with respect to consular officers and employees (not including honorary consuls) of the Government of France and members of their families forming part of their households. Accordingly, Rev. Rul. 68-352 is declared obsolete.

EFFECT ON OTHER REVENUE RULINGS

Rev. Rul. 73-198 is modified. Rev. Rul. 68-352 is obsolete.

DRAFTING INFORMATION

The principal author of this revenue ruling is Susan Athy of the Office of As-

sistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling contact Susan Athy on (202) 622-3130 (not a toll-free call).

Section 4071.—Imposition of Tax

26 CFR 48.4071-1: Imposition and rates of tax.

If consular officers or employees purchase directly from the manufacturer thereof an article otherwise subject to federal excise tax on sales by manufacturers, or purchase from a retailer an article otherwise subject to federal excise tax on sales by retailers, will the transaction be taxed? See Rev. Rul. 98-24, on this page.

Section 4081.—Imposition of Tax

26 CFR 48.4081-2: Taxable fuel; tax on removal at the rack.

If consular officers or employees purchase directly from the manufacturer thereof an article otherwise subject to federal excise tax on sales by manufacturers, or purchase from a retailer an article otherwise subject to federal excise tax on sales by retailers, will the transaction be taxed? See Rev. Rul. 98-24, on this page.

Section 4091.—Imposition of Tax

If consular officers or employees purchase directly from the manufacturer thereof an article otherwise subject to federal excise tax on sales by manufacturers, or purchase from a retailer an article otherwise subject to federal excise tax on sales by retailers, will the transaction be taxed? See Rev. Rul. 98-24, on this page.

Section 4161.—Imposition of Tax

26 CFR 48.4161(a)-1: Imposition and rate of tax; fishing equipment.

26 CFR 48.4161(b)-1: Imposition and rates of tax; bows and arrows.

If consular officers or employees purchase directly from the manufacturer thereof an article otherwise subject to federal excise tax on sales by manufacturers, or purchase from a retailer an article otherwise subject to federal excise tax on sales by retailers, will the transaction be taxed? See Rev. Rul. 98-24, on this page.

Part III. Administrative, Procedural, and Miscellaneous

Credit for Producing Fuel From a Nonconventional Source, Section 29 Inflation Adjustment Factor, and Section 29 Reference Price

Notice 98-28

This notice publishes the § 29 inflation adjustment factor, the nonconventional source fuel credit, and the §29 reference price for calendar year 1997. These are used to determine the credit allowable on fuel produced from a nonconventional source under § 29 of the Internal Revenue Code. The calendar year 1997 inflation-adjusted credit applies to the sales of barrel-of-oil equivalent of qualified fuels sold by a taxpayer to an unrelated person during the 1997 calendar year, the domestic production of which is attributable to the taxpayer.

BACKGROUND

Section 29(a) provides for a credit for producing fuel from a nonconventional source, measured in barrel-of-oil equivalent of qualified fuels, the production of which is attributable to the taxpayer and sold by the taxpayer to an unrelated person during the tax year. The credit is equal to the product of \$3.00 and the appropriate inflation adjustment factor.

Section 29(b)(1) and (2) provides for a phaseout of the credit. The credit allowable under § 29(a) must be reduced by an amount which bears the same ratio to the amount of the credit (determined without regard to § 29(b)(1)) as the amount by which the reference price for the calendar year in which the sale occurs exceeds \$23.50 bears to \$6.00. The \$3.00 in § 29(a) and the \$23.50 and \$6.00 must each be adjusted by multiplying these amounts by the 1997 inflation adjustment factor. In the case of gas from a tight formation, the \$3.00 amount in § 29(a) must not be adjusted.

Section 29(c)(1) defines the term “qualified fuels” to include oil produced from shale and tar sands; gas produced from geopressurized brine, Devonian shale, coal seams, or a tight formation, or biomass; and liquid, gaseous, or solid synthetic fuels produced from coal (in-

cluding lignite), including such fuels when used as feedstocks.

Section 29(d)(1) provides that the credit is to be applied only for sale of qualified fuels the production of which is within the United States (within the meaning of § 638(1)) or a possession of the United States (within the meaning of § 638(2)).

Section 29(d)(2)(A) requires that the Secretary, not later than April 1 of each calendar year, determine and publish in the Federal Register the inflation adjustment factor and the reference price for the preceding calendar year.

Section 29(d)(2)(B) defines “inflation adjustment factor” for a calendar year as the fraction the numerator of which is the GNP implicit price deflator for the calendar year and the denominator of which is the GNP implicit price deflator for calendar year 1979. The term “GNP implicit price deflator” means the first version of the implicit price deflator for the gross national product as computed and published by the Department of Commerce.

Section 29(d)(2)(C) defines “reference price” to mean with respect to a calendar year the Secretary’s estimate of the annual average wellhead price per barrel of all domestic crude oil the price of which is not subject to regulation by the United States.

Section 29(d)(3) provides that in the case of a property or facility in which more than one person has an interest, except to the extent provided by regulations prepared by the Secretary, production from the property or facility (as the case may be) must be allocated among the persons in proportion to their respective interests in the gross sales from the property or facility.

Section 29(d)(5) and (6) provides that the term “barrel-of-oil equivalent” with respect to any fuel generally means that amount of the fuel which has a Btu content of 5.8 million.

INFLATION ADJUSTMENT FACTOR AND REFERENCE PRICE

The inflation adjustment factor for calendar year 1997 is 2.0331. The reference price for calendar year 1997 is \$17.24. As required by § 29(d)(2)(A), the infla-

tion adjustment factor and reference price for calendar year 1997 were published in the Federal Register on April 1, 1998 (63 Fed. Reg. 15916).

PHASE-OUT CALCULATION

Because the calendar year 1997 reference price does not exceed \$23.50 multiplied by the inflation adjustment factor, the phaseout of the credit provided for in § 29(b)(1) does not occur for any qualified fuel sold in calendar year 1997.

CREDIT AMOUNT

The nonconventional source fuel credit under § 29(a) is \$6.10 per barrel-of-oil equivalent of qualified fuels ($\$3.00 \times 2.0331$). This amount was published in the Federal Register on April 1, 1998 (63 Fed. Reg. 15916).

DRAFTING INFORMATION CONTACT

The principal author of this notice is David G. McMunn of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice contact Mr. McMunn on (202)622-3110 (not a toll-free call).

26 CFR 601.602: Forms and instructions. (Also Part I, sections 6011, 6041, 6051, 6071, 6081, 6091; 1.6041-1, 1.6041-2, 31.6051-1, 31.6051-2, 31.6071(a)-1, 31.6081(a)-1.)

Rev. Proc. 98-33

PART A. GENERAL

SECTION 1. PURPOSE

.01 The purpose of this revenue procedure is to provide the general rules for filing and to state the requirements of the Internal Revenue Service (IRS) and the Social Security Administration (SSA) for reproducing paper substitutes for Form W-2, Wage and Tax Statement, and Form W-3, Transmittal of Wage and Tax Statements, for amounts paid during the **1998** calendar year. The information reported on Forms W-2 and W-3 is required to establish tax liability for employees and their eligibility for Social Security and Medicare benefits.

.02 Forms W-2 and W-3 have only minor changes for **1998**. Please see "Nature of Changes" (Section 2, below) and the exhibits at the end of this revenue procedure for changes to the Form W-2 and W-3.

.03 For the purpose of this revenue procedure, a substitute form is one that is not printed by IRS. **A substitute Form W-2 or W-3 MUST conform to the specifications in this revenue procedure to be acceptable to the IRS.** Preparers should also refer to the separate instructions for Forms W-2 and the instructions on Form W-3 for details on how to complete these forms. See Part C, Sec. 4.01, for information on obtaining the official IRS forms and instructions. See Part B, Sec. 2, for requirements for substitute forms furnished to employees.

.04 IRS has a centralized call site at the IRS Martinsburg Computing Center (IRS/MCC) to answer questions related to information returns (Forms W-2, W-3, 1099, etc.). The Call-Site phone number is (304) 263-8700 (**not a toll-free number**). The number for Telecommunication Device for the Deaf (TDD) is (304) 267-3367 (**not a toll-free number**). The hours of operation are Monday through Friday from 8:30 A.M. to 4:30 P.M. eastern time.

.05 IRS maintains a personal computer based Information Reporting Program Bulletin Board System (IRP-BBS) at the IRS Martinsburg Computing Center (IRS/MCC). This system provides access to the forms and publications relating to information returns, news of the latest changes, the ability to receive answers to specific questions, access to shareware, and other features. The IRP-BBS is available for public use and can be reached by dialing (304) 264-7070 (**not a toll-free number**). The IRP-BBS is compatible with most modems. For more information concerning this system, call IRS/MCC at (304) 263-8700 (**not a toll-free number**).

.06 Employers are reminded that under Section 6722 of the Internal Revenue Code (IRC) they can be assessed a penalty of \$50 per Form W-2 that is not furnished to an employee on a form acceptable to the IRS (up to \$100,000). To be acceptable to IRS, the Form W-2 must be either the "official" form or a substitute form with the core data placed exactly as specified in Part B., Section 2.04

of this Revenue Procedure. No IRS office is authorized to allow deviations from this Revenue Procedure.

.07 This revenue procedure supersedes Rev. Procs. 97-24 and 97-24A, 1997-16 I.R.B., dated April 21, 1997, and 1997-20 I.R.B., dated May 19, 1997 (Reprinted as Publication 1141).

SEC. 2. NATURE OF CHANGES

.01 The text and exhibits were updated for tax year **1998**.

.02 Box 15 check boxes for Household Employee and Subtotal were deleted from the Forms W-2. All employers including household employers must now file Form W-3 even for a single submission of Forms W-2 thus eliminating the need for the check box. Also SSA no longer needs subtotals to process Forms W-2 allowing the elimination of another checkbox.

.03 Added sentence at the bottom of Form W-2 reminding filers not to separate forms, not to staple forms, and not to send in photocopies,

.04 Added last item to back of instructions on copy C to make filers aware that Form W-2 should be retained until you start to receive benefits from SSA. Also employees should confirm their work record with SSA from time to time.

.05 Added additional boxes to Forms W-3 just before the signature area for name of contact person, telephone number, fax number, and E-Mail address. This was done at SSA's request so that they could more easily contact the filer to resolve any processing problems.

.06 SSA recommended inserting a note at the bottom of Forms W-3 and just before the W-3 instructions informing the filer that the entire first page of the Forms W-3 and the entire first page of the Forms W-2 should be sent to SSA. Filers are also informed not to send in any payments with these forms to SSA.

.07 Deleted the Paper Work Reduction Act Notice from Form W-3 page 1 as a space saving measure. The notice information is located inside the Forms W-2 instructions.

.08 The Earned Income Credit notification to employees may now be placed on the back of copy B or the back of copy C.

See Part B, Section 2.05.5 for new information.

.09 The tax year (**1998**) must be printed in non-reflective black ink on copy A of Form W-2 and Form W-3 using 24 pt OCR-A font. The forms identification numbers, e.g., 22222 or 33333, at the top of the forms must be printed in non-reflective black ink. It is imperative that SSA's scanning equipment be able to recognize the form number so that, for example, a Form W-3 is recognized and is not scanned or keyed as a Form W-2. The form number (W-3), and the signature line information on Form W-3, must be printed in non-reflective black ink. The word "Form" as well as the form title(s), e.g., Wage and Tax Statement and Transmittal of Wage and Tax Statements, should be printed in red OCR drop-out ink. **Tax Year (1998) Copies B,C, and 2 are not required to be 24 pt OCR-A font (See Part B, Section 2.05.**

.10 The Catalog Number, shown on the 1998 Form W-2 as "Cat. No. 10134D", and the Catalog Number shown on the 1998 Form W-3 as "Cat No. 10159Y", is used for IRS distribution purposes and should not be printed on substitute Forms W-3 or W-2 (Copy A or employee copies).

.11 Added information on how forms can be obtained through computer on-line services.

.12 Various editorial changes were made.

SEC. 3. GENERAL RULES FOR FILING FORMS W-2

.01 Employers **MUST** use magnetic media for filing with SSA if they prepare and file 250 or more 1998 Forms W-2 (Copy A). This requirement applies unless:

1 The employer can establish that filing on magnetic media will result in undue hardship, **AND**

2. The employer is granted a waiver of the requirement by IRS.

To request a waiver of the magnetic media filing requirement, for the current tax year only, submit Form 8508, *Request for Waiver From Filing Information Returns on Magnetic Media*, to:

If by Postal Service:

Internal Revenue Service
Martinsburg Computing Center

P.O. Box 1359
Martinsburg, WV 25402-1359

Or, if by truck or air freight:

IRS – Martinsburg Computing
Center
Magnetic Media Reporting
Route 9 and Needy Road
Martinsburg, WV 25401.

Forms may also be FAXED to the IRS/MCC at (304) 264-5602.

Form 8508 may be obtained through electronic options on the Internet at <http://www.irs.ustreas.gov>, or by calling 1-800-829-3676. Form 8508 also may be obtained directly from the IRS Martinsburg Computing Center (IRS/MCC) at the above address or by calling (304) 263-8700 (not a toll-free number). The number for Telecommunication Device for the Deaf (TDD) is (304) 267-3367 (not a toll-free number). It is recommended that completed requests for waivers (Form 8508) be submitted at least 45 days before but no later than the due date of the return (see Sec. 3.06, below). The requestor will receive an approval or denial letter from IRS, but must allow at least **30** days for IRS to respond. If you have any questions concerning Form 8508, contact IRS/MCC at the address or phone number shown above. Employers who do not comply with the magnetic media filing requirements for Form W-2 and who are not granted a waiver may be subject to certain penalties. Since many states and local governments accept Form W-2 data on magnetic media, savings may be obtained if magnetic media is used for filing with both SSA and state or local governments. In many instances, the state or local government is willing to accept the data format specifications set out in SSA's Technical Information Bulletin (TIB) No. 4, Magnetic Media Reporting. You must contact each individual state or local taxing agency to receive approval and make arrangements to file on magnetic media.

EMPLOYERS WHO FILE FORM W-2 INFORMATION ON MAGNETIC MEDIA WITH SSA MUST NOT SEND THE SAME DATA TO SSA ON PAPER FORMS W-2. This would result in duplicate reporting and may subject the filer to an unnecessary contact by the IRS.

.02 TIB-4, *Magnetic Media Reporting, Submitting Annual W-2 Copy A Informa-*

tion to the Social Security Administration, (SSA Pub. No. 42-007, revised **Oct., 1997**) contains the specifications and procedures for filing Form W-2 information on magnetic media with SSA. Specifications for both tape and diskette reporting for Forms W-2 are included in the TIB-4.

.03 TIB-4 may be obtained by writing to:

Social Security Administration
OCO, DES
Attn: Employer Reporting Services
Center
300 North Greene Street
Baltimore, MD 21201.

Employers may call their local SSA Magnetic Media Coordinator (MMC) to obtain the TIB-4 (see list of Magnetic Media Coordinators' telephone numbers in the Appendix). The TIB-4 is also on the SSA Annual Wage Reporting Bulletin Board System (AWRBBS). The number for the AWRBBS is (410) 965-1133 (not a **toll-free number**). Employers using magnetic media are cautioned to obtain the most recent revision of the TIB-4 and supplements due to possible changes in the specifications and procedures.

.04 Employers not using magnetic media must file a paper Copy A of Form W-2 with SSA on either the IRS printed official form or a privately printed substitute paper form that exactly meets the specifications shown in Parts B and C.

.05 Employers can design their own statements to give to employees. This applies to both employers who file with SSA either on magnetic media or paper Forms W-2, Copy A. Employee statements designed by employers must comply with the requirements shown in Parts B and C, below.

NOTE: Copy A must not be filed on paper with SSA when the same Form W-2 information is filed on magnetic media. Therefore, magnetic media filers who use the official IRS printed form or any other pre-printed form are advised not to print Copy A, or to discard a printed Copy A, to prevent duplicate information from being submitted to SSA.

.06 If you are terminating your business, you must provide your employees with Forms W-2 on or before the due date of the business filing its final Form 941. Employers must also file Forms

W-2 and W-3 with SSA on or before the last day of the month following the due date of the final Form 941. See Rev. Proc. 96-57, Automatic Extensions for Forms W-2, Internal Revenue Cumulative Bulletin 1996-2 page 389, dated 12/30/96, for more information.

Note: Use of a reporting agent or other third-party payroll service provider does not relieve an employer of the responsibility to ensure that tax and information returns are sent out and/or filed correctly and on time.

.07 1998 Forms W-2, whether filed on magnetic media or paper, must be submitted to SSA on or before **March 1, 1999**. In addition, the employee copies must be furnished to the employee on or before February 1, 1999. If employment ended before December 31, 1998, the employee may be furnished his/her copy any time after employment ends, but no later than February 1, 1999. However, if the employee requests Form W-2, you must furnish him or her the completed copies within 30 days of the request or of the final wage payment, whichever is later. This requirement is met if the form is properly addressed, mailed, and postmarked on or before the due date. Failure to timely file with SSA or to timely provide the employee copies may subject the employer to penalties. Employers needing additional time to file Form W-2 information (paper or magnetic media) with SSA may request an extension of time to file by submitting Form 8809, Request for Extension of Time to File Information Returns, to the IRS/MCC at the address (or alternative address) listed in Sec. 3.01, above. The extension request should be filed as early as possible, but must be postmarked no later than the due date of the forms (**March 2, 1999**). **DO NOT SEND FORM 8809 TO SSA.**

NOTE: APPROVAL OF THE EXTENSION IS NOT AUTOMATIC. Approval or denial is based on administrative criteria and guidelines. The requestor will receive an approval or denial letter from IRS and must allow at least 30 days for IRS to respond. You do not have to wait for a response before filing your return. File your return as soon as they are ready. If you have received a response, **do not** send a copy of the letter or Form 8809 with your return. Form 8809 may be obtained through electronic options on the

Internet at <http://www.irs.ustreas.gov>; by modem to IRIS (703) 321-8020; or by using the IRS Fax Forms Program (703) 487-4160, or by calling 1-800-829-3676. You can also contact IRS/MCC (See the address and phone number in Sec. 3.01, above).

.08 If requesting extensions of time for more than 10 employers, IRS encourages filers to submit the request on tape, tape cartridge, 5 ¼ or 3 ½-inch diskette, or electronically through the Information Reporting Program Bulletin Board System (IRP-BBS). **Transmitters requesting an extension of time to file more than 50 payers are required to file the extension request on magnetic media or electronically.** Transmitters who submit requests for multiple payers will receive one approval letter with an attached list of payers covered under that approval. Publication 1220, *Specifications for Filing Forms 1098, 1099, 5498, and W-2G Magnetically or Electronically*, provides information on how to file requests for extensions of time on tape, tape cartridge/quarter inch cartridge, diskette, or electronically.

NOTE: To file a request for extensions of time magnetically or electronically for multiple payers, third party filers and transmitters, must have an IRS Transmitter Control Code (Authorization to file information returns).

SEC. 4. GENERAL RULES FOR FILING FORM W-3

.01 Employers submitting Form W-2 (Copy A) on paper to SSA must send Forms W-2 with Form W-3.

.02 Form W-3 must be the same width (7 inches) as the Forms W-2 filed.

.03 Form W-3 should only be used to transmit paper Forms W-2 (Copy A). Magnetic media filers do not file Form W-3. Employers using magnetic media must transmit Form W-2 data with Form 6559, *Transmitter Report and Summary of Magnetic Media*, (and Form 6559-A, *Continuation Sheet for Form 6559*, if necessary). These forms may be obtained by calling either your SSA MMC (see listing in Appendix) or IRS at 1-800-829-3676.

PART B. REQUIREMENTS FOR FILING PAPER SUBSTITUTES

SEC. 1. REQUIREMENTS FOR SUBSTITUTE "PRIVATELY PRINTED" FORMS SUBMITTED TO SSA (FORMS W-2, COPY A, AND FORMS W-3)

.01 Employers may file privately printed substitute Forms W-2 and W-3 with SSA. The substitute form must be an exact replica of the IRS printed form (or official reproduction proof) with respect to layout and contents because it will be read by machine. The Government Printing Office (GPO) symbol must be deleted (see Sec. 1.16, below). The specifications and allowable tolerances for the Copy A of substitute Forms W-2 are provided later in this Revenue Procedure. See Exhibit A for Form W-2 specifications. The specifications for Forms W-3 are provided in Exhibit B.

.02 Paper for substitute Forms W-2, Copy A, and Form W-3 (cut sheets and continuous pinfeed forms) that are to be filed with SSA must be white 100% bleached chemical wood, **18-20 pound paper only**, optical character recognition (OCR) bond produced in accordance with the specifications shown as follows:

Paper Requirements

- 1 Acidity: pH value, average, not less than 4.5
- 2 Basis Weight 17 × 22 500 cut sheets 18-20 Metric equivalent grams per sq. meter 60-75 A tolerance of +5 pct. shall be allowed.
- 3 Stiffness: Average, each direction, not less than Gurley milligrams — Cross direction 50 Machine direction 80
- 4 Tearing Strength: Average, each direction, not less than—Grams 40
- 5 Opacity: Average, not less than—Percent 82
- 6 Reflectivity: Average not less than—percent 68
- 7 Thickness: Average inch 0.0038 Metric equivalent mm 0.097 A tolerance of ±0.0005 inch (0.0127mm) shall be allowed.

Paper shall not vary more than 0.0004 inch (0.012mm) from one edge to the other.

- 8 Porosity: Average, not less than—seconds 10
- 9 Finish (smoothness): Average, each side—econds 20-55 (For information only, the Sheffield equivalent unit 170-d100)
- 10 Dirt: Average, each side, not to exceed—Parts per million 8

NOTE: Reclaimed fiber in any percentage is permitted, provided the requirements of this standard are met. **DO NOT USE RECYCLED PAPER.**

.03 All printing for Copy A of Forms W-2 and Form W-3 will be in red OCR drop-out ink, except as specified below.

1. The identifying control number '22222' (Exhibit C) at the top of Form W-2 must be printed in non-reflective black ink.

2. The **Form W-2 tax year at the bottom** of the form (see Exhibit C) must be printed in **non-reflective black ink**.

3. The identifying control number '33333' (Exhibit D) at the top of Form W-3 must be printed in non-reflective black ink.

4. The Form W-3 tax year at the bottom of the form (Exhibit D) must be printed in non-reflective black ink.

5. The form identification at the bottom 'W-3' must be printed in non-reflective black ink (Exhibit D).

All other printing will be in red OCR drop-out ink meeting, or comparable to, the specifications in this paragraph. The OCR drop-out ink for paper Forms W-2, Copy A, and W-3 is specified as Flint Ink (formerly Sinclair and Valentine) J-6983 red ink or equivalent. This is the same ink that is used for Copy A of the Form 1099 series. The use of this is required for **1998** Forms W-3 and W-2, Copy A.

NOTE: Printing in any other red OCR drop-out ink must be cleared by contacting Banc-Tech Corp., Attn: Forms Designer & Analyst, P.O. Box 660204, MS-77, Dallas, TX 75266 (214-579-6927—This is a voice mail number. Leave a message and your call will be returned).

.04 Type must be substantially identical in size and shape with corresponding type on the official form. The form identifying number MUST be printed in non-reflective black ink using an OCR-A font; 10 characters per inch.

1. On Form W-3 and Copy A of Forms W-2, all the perimeter rules must be 1-point (0.014 inch), while all other rules must be one-half point (0.007 inch).

2. Vertical rules must be parallel to the left edge of the form; horizontal rules parallel to the top edge.

.05 Two official Forms W-2 (Copy A), or one official Form W-3 are contained on a single page that is 7 inches wide (exclusive of any snap-stubs) by 11 inches deep. The form identifying control number for the official forms (7 inches wide) is '22222' (5 digits) for Form W-2 and '33333' (5 digits) for Form W-3. The top margin for 1998 Forms W-3 and W-2, Copy A is .375 inch (3/8 inch). The right margin must be .15 inch and the left margin .35 inch (plus or minus .0313 inch). The margins are unchanged from 1997. Margins must be free of all printing. No printing should appear anywhere near the Form ID control number (33333, 22222). For Forms W-2, Copy A, the combination width of Box a, "Control number", and the box containing the form identifying number (22222) must always be 2.0 inches. For Form W-3, the combined width of these boxes must always be 2.2 inches.

NOTE: All form identifying numbers are to be printed in non-reflective black ink, using OCR-A font, printed 10 characters per inch.

.06 The depth of the individual scannable image on a page must be the same as that of the IRS printed forms. For Form W-2, the depth is 4.92 inches (see Exhibit A). The scannable image depth of the Form W-3 on a page must be 4.47 inches (see Exhibit B).

.07 The words "Do Not Cut, Staple, or Separate Forms on This Page" must be printed in red OCR drop-out ink between the two Forms W-2 on Copy A only (see Exhibit A). Perforations are required on all copies (except Copy A) to enable the separation of individual forms. Continuous pinfeed Copy A forms must be separated at the page perforation into individual 11" deep pages before submission to SSA. The pinfeed strips must also be re-

moved. However, the two W-2 documents contained on the 11" deep page must not be separated.

.08 The words "**For Privacy Act and Paperwork Reduction Act Notice, see separate instructions**", must be printed in red OCR drop-out ink on Forms W-2, Copy A (see Exhibit A for format and location). **The Notice has been removed from the Form W-3, and placed inside the Forms W-2 Instructions. (See Exhibit B)**

.09 The Office of Management and Budget (OMB) Number must be printed on each ply of Form W-2 and W-3 (see Exhibits A and B for format and location).

.10 The section titled "Where to File" in the general instructions on the employer's copy of the official Form W-3, must be printed in its entirety on all substitute Forms W-3 (see Exhibit B). Household employers filing Forms W-2 for household employees should send the forms to the same address listed in the instructions.

Note: Household employers, even those with only one household employee, must file Form W-3 with Form W-2. On Form W-3 mark the "Hshld." Box in Box b.

.11 The Privacy Act and Paperwork Reduction Act Notice **was deleted from** Form W-3 in the interest of space conservation (see Exhibit B). **The Notice was placed inside the Form W-2 instructions.**

.12 Privately printed continuous substitute Forms W-2, Copy A, must be perforated at each 11" page depth. No perforations are allowed between the individual forms (5½-inch Forms W-2) on a single copy page of Copy A. Continuous pinfeed Copy A forms must be separated at the page perforation prior to submitting them to SSA. Two Copy A forms are contained on one page. The two copies must remain together on the page. Only the pages are to be separated (burst). Perforations are required between all the other individual copies on a page (Copies 1, B, C, 2, and D) included in the set.

.13 The back of a substitute Form W-2, Copy A, and Form W-3 (page 1) must be free of all printing.

.14 Spot carbons are NOT permitted for Copy A of Forms W-2 or for Form W-3. Interleaved carbon should be black and must be of good quality to assure leg-

ibility of information on all copies and to preclude smudging.

.15 Chemical transfer paper is permitted for Form W-2, Copy A, and Form W-3 only if the following standards are met:

1. Only chemically backed paper is acceptable for Copy A.

2. Carbon coated forms are not permitted. Front and back chemically treated paper cannot be processed properly by machine.

3. Chemically transferred images must be black in color.

.16 The GPO symbol must not be placed on substitute Copy A of Forms W-2.

.17 The Catalog Number, shown on the 1998 Form W-2 as "Cat. No. **10134D**", and the Catalog Number shown on the 1998 Form W-3 as "Cat. No. **10159Y**", is used for IRS distribution purposes and should not be printed on substitute forms.

SEC. 2. REQUIREMENTS FOR SUBSTITUTE FORMS FURNISHED TO EMPLOYEES (COPIES B, C, AND 2 OF FORMS W-2)

.01 All employers (including those who file on magnetic media and do not file a paper Copy A) must furnish employees with at least two copies of the Forms W-2 (three or more for employees required to file a state, city, or local income tax return). The dimensions of these copies (Copies B, C, etc.) but not Copy A, may be expanded from the dimensions of the official form to allow space for conveying additional information, such as additional entries required for Boxes 13 or 14, withholding from pay for health insurance, union dues, bonds, charity, etc. The requirement that a maximum of **three items** are permitted in Box 13 of Form W-2 applies only to the paper **Copy A** that is filed with SSA. As long as sufficient space is provided on the substitute employee copies, as many items as needed may be placed in Box 13 or Box 14. Also, on these copies (Copies B, C, etc.), the size of these boxes may be adjusted. (However, see the minimum size for certain boxes, below). This may permit the employer to eliminate other statements or notices that would otherwise be furnished to employees.

1. The MAXIMUM allowable dimensions for employee copies of Forms W-2 are:

(a) depth should be no more than 6.5 inches;

(b) width should be no more than 8.5 inches.

2. The MINIMUM allowable dimensions for employee copies of Forms W-2 are:

(a) 2.67 inches by 5.0 inches.

(b) horizontal or vertical format is permitted.

NOTE: These minimum and maximum size specifications are for **1998** only and may change for future years. The maximum width of 8.5 inches is for employee copies of Form W-2 only. The width of the paper Copy A, submitted to SSA, is specified in Part B, section 1.05 above.

.02 The paper for all copies should be white. The substitute Copy B (or its equal), that employees are instructed to attach to their Federal income tax return, must be at least 12 pound paper (basis $17 \times 22-500$), while the other copies furnished the employee should be at least 9-pound paper (basis $17 \times 22-500$).

.03 Interleaved carbon and chemical transfer paper for employee copies must meet the following standards:

1. All copies must be CLEARLY LEGIBLE;

2. All copies must have the capability to be photocopied; and

3. Fading must not be of such a degree as to preclude legibility and the ability to photocopy.

In general, black chemical transfer inks are preferred; other colors are permitted only if the above standards are met. "Spot carbons" are NOT permitted (See Part B, Sec. 1.15, above, for standards for chemical transfer paper for Copy A.)

.04 The following requirements govern the private printing of employee copies of Forms W-2. All substitutes must be a form, which contains boxes, box numbers, and box titles that, where applicable, match the IRS printed form. **Please insure that the employee copy of Forms W-2 (Copy C) contains the note "This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it."** The placement, numbering, and size of certain boxes (the "core" information) is specified as follows:

1. The items and box numbers that constitute the core data are:

Box 1 – Wages, tips, other compensation,

Box 2 – Federal income tax withheld,

Box 3 – Social Security Wages/Railroad Retirement Compensation,

Box 4 – Social Security tax withheld/Railroad Retirement Tax Withheld,

Box 5 – Medicare wages and tips/Railroad Retirement Tips, and

Box 6 – Medicare tax withheld/Railroad Retirement Tax Withheld.

NOTE: Railroad employees may not be subject to Social Security coverage but are subject to Railroad Retirement Tax Tier I and II coverage. Railroad Compensation employers may make the above modifications to Forms W-2 but only for substitute Forms W-2 furnished to employees and not for any Copy A forms to be filed with SSA.

The "core" boxes **must** be printed in the exact order on each line as on the IRS printed form (see the Exhibits at the end of this revenue procedure). Boxes 1 and 2 must be next to each other, with Boxes 3 and 4 below on the next line, and Boxes 5 and 6 on the line below Boxes 3 and 4.

2. The block of core data (Boxes 1 through 6) must be placed in the upper right of the form. Substitute employee copies of Form W-2, which are printed using a vertical format with dimensions smaller than the IRS printed form, may have the core data entirely on the top of the form (see Exhibit F). In no instance will boxes or other information be permitted to the right of the core data. Standard margins or a small amount of other blank space may appear to the top or right of this data. The form title, number, or copy (Copy B, C, etc.) may be at the top of the form. Also, a reversed or blocked-out area to accommodate a postal permit number or other postal considerations is permitted at the upper right of the form.

3. Boxes 1 through 6 must each be a minimum of 1 3/8 inches wide and 1/4 inch deep.

4. Other required boxes:

– Employer identification number (EIN),

– Employer's name, address, and ZIP code,

– Employee's Social Security number, and

– Employee's name, address, and ZIP code.

These items are required to be present on the form and must be in boxes similar to those on the IRS printed form. However, they may be placed in any location, other than the top or upper right. The lettering system used on the IRS printed form ("a" through "f") need not be used. The employer's EIN may be included in the box for the employer's name and address. If this is done, a separate box for the EIN is not required. The Control number box (Box "a" on the IRS printed form) is not required.

5. The Tax Year (**1998**) **MUST** be clearly printed (**in non-reflective black ink**) on all copies of substitute Forms W-2. It is recommended (but not required) that this information be located to the right of the form title on the lower left of the Form W-2. **The use of 24 pt OCR-A font is recommended but not required.**

6. If applicable, Social Security tips **MUST** be shown separately from Social Security wages. A separate box is not required unless Social Security tips are to be reported.

Boxes 1 and 2 on Copy B are required to be outlined in bold 2-point rule (see Exhibit E) or highlighted in some manner to distinguish these boxes.

7. If a box for Advance EIC (Earned Income Credit) payments (Box 9) is present, the box must be outlined in bold 2-point rule or highlighted in some manner to distinguish this box. However, if no amounts are paid for Advance EIC, this box is not required and may be omitted by printers. Do not use Box 9 for any other purpose than reporting Advance EIC payments.

8. If Allocated tips (Box 8) are being reported for the individual employee (or class of employees that are being provided Forms W-2), it is recommended (but not required) that this box also be outlined in bold 2-point rule or highlighted on Copy B. However, if allocated tips are not being reported, this box may be omitted by printers.

9. If Form W-2 contains additional data concerning payroll deductions (e.g., saving bonds withholding, retirement withholding, or payroll savings), there should be a special highlighting of the areas pertaining to Federal income tax

withheld; wages, tips, and other compensation; or Advance EIC (Earned Income Credit) payments that are related to those items.

10. Employers who are required to report or withhold state income tax information are required to include the following boxes on substitute Forms W-2:

Box 16 - State and Employer's state identification (I.D.) number,

Box 17 - State wages, tips, etc., and

Box 18 - State income tax withheld.

11. Employers who are required to report or withhold local income tax information are required to include the following boxes on substitute Forms W-2:

Box 19 - Locality name

Box 20 - Local wages, tips, etc., and

Box 21 - Local income tax.

12. If state or local tax information is required, this information is also considered "core data." The state and local information **MUST** be placed at the bottom of the form. See the exhibits at the end of this revenue procedure.

13. Other boxes on the IRS printed form (Boxes 7 through 15) need not appear on substitute Forms W-2 provided to employees **unless** an employer has that item of information to report to an employee. For example, if an employee did not have Social Security tips (Box 7), Allocated tips (Box 8), or Advance EIC payments (Box 9), the form could be printed without these boxes. However, if the employer had provided amounts for dependent care benefits, those amounts would be required to be reported separately and shown in a box labeled "Box 10, Dependent care benefits," as on the IRS printed form and the exhibits in this revenue procedure.

14. Employers may provide multiple entries in Box 13, but each entry should use the same codes as assigned by the IRS for that type of item. (See Reference Guide for Box 13 Codes in the 1998 Form W-2 instructions). For example, employers reporting deferred compensation must label the box as "13d" and not as "13a", even though it is the first or only item to go in this box. Use the codes shown with the dollar amount. On Copy A, Form W-2, do not enter more than three codes in this box. If more than three items need to be reported in box 13, use a separate Form W-2 to report the additional items (see Multiple Forms in the 1998 Form

W-2 instructions). However, employers may enter more than three codes in box 13 of Copies 1, 2, B, C, and D of Form W-2. Do not report in box 13 any items that are not listed as **codes A-T** in the Form W-2 instructions. Do not report the same Federal tax data to the SSA on more than one Copy A, Form W-2.

15. For codes D,E,F,G,H, and S, if any elective deferrals, salary reduction amounts, or non-elective contributions to a section 457(b) plan during the year are make-up amounts under the **Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA)** for a prior year, you must enter prior year contributions separately. You must enter the code, the year, and the amount. For example, elective deferrals to a section 401(k) plan are reported in box 13 as follows: D-1996-2250.00, D-1997-1250.00. The 1998 contribution does not require a year designation, enter it as D 7000.00.

16. If you are a military employer and provide your employee with basic quarters, subsistence allowances, and combat zone compensation, report the amount in Box 13, Form W-2, using code Q.

17. Employers contributions to an employees Medical Savings Account's (MSA), must be reported in Box 13, Form W-2, using code R.

18. An employee elective contribution to a salary reduction SIMPLE retirement account must be included in Box 13, Form W-2, using code S. However, if the amount is contributed to a SIMPLE that part of section 401(K) arrangement, that amount must be reported in Box 13, Form W-2, using Code D.

19. Amounts paid or expenses incurred by an employer to or for an employee for qualified adoption expenses must be reported in Box 13, Form W-2, using code T.

20. Employers may use Box 14 for any other information you want to give your employee. Please label each item. Examples are union dues, health insurance, premiums deducted, nontaxable income, voluntary after-tax contributions, or educational assistance payments.

21. If you are reporting prior year payments contributions under USERRA (see item 15 above), you may report Box 14 make-up amounts for non-elective employer contributions, voluntary after-tax

contributions, required employee contributions, and employer matching contributions. Report such amounts separately for each year.

.05 Substitute forms for employees (Copies B, C, and 2 of Forms W-2) must meet the following requirements:

1. All copies of Forms W-2 must clearly show the form number, the form title, and the tax year. The title of Form W-2 is "Wage and Tax Statement." It is recommended (but not required) that this be located on the bottom left of Form W-2. The reference to the Department of the Treasury - Internal Revenue Service must be on all copies of Form W-2 provided to the employee. It is recommended (but not required) that this be located on the bottom right of Form W-2.

2. If the substitute forms are not labeled as to the disposition of the copies, then written notification must be provided to each employee as specified below:

(a) The first copy of the form (Copy B) is filed with the employee's Federal tax return.

(b) The second copy of the form (Copy C) is for the employee's records.

(c) If applicable, the third copy (Copy 2) of the form is filed with the employee's state, city, or local income tax return.

3. If the substitute forms are labeled, the forms must contain the applicable description:

"Copy B, to be filed with employee's Federal tax return," **and** "Copy C, for employee's records." It is recommended (but not required) that this be located on the lower left of Form W-2. The designation "Form W-2, is recommended (but not required) to be located on the lower left of Form W-2 and Department of the Treasury - Internal Revenue Service." It is recommended (but not required) that this be located on the lower right of Form W-2.

4. Instructions similar to those contained on the back of Copies B and C of the official Form W-2 must be provided to each employee. Employers may modify or delete certain information in these instructions (such as modification for employees of railroads to cover Railroad Retirement Tier I and II Compensation and Taxes). Employers are allowed to delete instructions that do not apply to the employee. For example, if none of the em-

ployees have dependent care benefits (Box 10), the employer may delete the instructions for that item. Also, if an employer will only be reporting amounts for a 401(k) plan in Box 13, those instructions may be modified to cover only Section 401(k) contributions.

5. You must notify employees who have no income tax withheld that they may be able to claim a tax refund because of the earned income credit (EIC). You will meet this notification requirement if you issue the IRS Form W-2 with the EIC notice on the back of the employee's copy (Copy B), or a substitute Form W-2 with the same statement. You may also meet the requirement by providing a substitute Form W-2 without the EIC notice and Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC), or your own statement that contains the same wording. You also may change the font on Employee Copy C (back page only) so that the EIC notification and W-2 instructions may fit entirely on the back of Copy C. For more information about notification requirements, see **Notice 1015** (formerly Pub. 1325), *Employers-Have You Told Your Employees About the Earned Income Credit (EIC)*.

NOTE: Printers are cautioned that the rules set forth here (Part B. Sec. 2) apply to employee copies (Copies B, C, etc.) only. Paper filers who send Copy A of Form W-2 to SSA must follow the requirements in Part B. Sec. 3, below for those paper submissions.

SEC. 3. GENERAL RULES FOR FILING "PAPER SUBSTITUTES" FOR FORMS W-2 AND W-3

.01 Paper substitutes that conform totally to the specifications contained in this revenue procedure may be privately printed without the prior approval of the IRS. Penalties may be assessed for not complying with the form specifications set forth in this publication. **SUBSTITUTE FORMS THAT DO NOT CONFORM TOTALLY TO THESE SPECIFICATIONS ARE NOT ACCEPTABLE.** This applies to both paper substitutes that are filed with SSA and those that are given to employees. **Forms should not be submitted to IRS or SSA for specific approval.** However, if you are uncertain of any specification set forth herein and want that specification clarified, you may

submit a letter citing the specification in question, your interpretation of that specification, and an example of how the form would appear if produced using your understanding of the specification. Any questions pertaining to Copies B, C, and 2 of Forms W-2 should be sent to:

Internal Revenue Service
ATTN: Substitute Form W-2
Coordinator
T:C:A:C:I,Room C7-443
5000 Ellin Rd.
Lanhan, MD.20706

Any questions pertaining to Copy A, Form W-2, and Form W-3 should be forwarded to:

Social Security Administration
Data Operations Center
1150 E. Mountain Drive
Attn: Program Analyst Office Room
449

Wilkes-Barre, PA 18702-7997

NOTE: You should allow at least **30** days for the IRS and SSA to respond.

.02 Forms W-2 and W-3 are subject to annual review and possible change. Employers are cautioned against overstocking supplies of privately printed substitutes.

.03 Copies of the current year IRS printed Forms W-2 and W-3 and the instructions for these forms may be obtained through electronic options on the Internet at <http://www.irs.ustreas.gov>, or from most IRS offices or by calling 1-800-829-3676. The IRS provides only cut sheet sets.

.04 Substitute Forms W-2 and W-3 transmitted to SSA should generally contain only data that is required by the Form W-2, the Form W-2 instructions, and this revenue procedure.

.05 Substitute Forms W-2, Copy A, and W-3 are machine imaged and scanned by Social Security, therefore these forms must meet the same specifications as Forms W-2 and W-3 produced by IRS. The vertical and horizontal spacing for all Federal payment and data boxes on Form W-2 must be in compliance with the specifications contained herein.

.06 All ballot boxes on Forms W-2, Copy A (Box 15), and W-3 (Box "b") must be 8-point boxes.

NOTE: If a box is marked, more than 50% of the applicable ballot box must be covered by an "X".

.07 Copy A of Form W-2 and Form W-3 must have the form producer's EIN entered to the left of "Department of Treasury".

PART C. ADDITIONAL INSTRUCTIONS

SEC. 1. INSTRUCTIONS FOR FORMS PRINTERS

.01 Except as provided below, if magnetic media is not used for filing with SSA, the substitute copies of Forms W-2 assembly should be arranged in the same order as the IRS printed Forms W-2. Copy A should be first, followed sequentially by perforated sets (Copies 1, B, C, 2, and D). The substitute form to be filed by the employer with SSA must carry the designation "Copy A."

NOTE: Magnetic media filers do not submit Copy A of Form W-2 or Form W-3. Form 6559 is the transmittal for magnetic media filed Form W-2 data.

1. It is not a requirement that privately printed substitute forms contain a copy to be retained by employers (Copy D). However, employers must be prepared to verify or duplicate this information if it is requested by the IRS or SSA. Paper filers that do not keep Copy D should be able to generate a facsimile of Copy A in case of loss.

2. Except as provided in the arrangement of the official assemblies, additional copies that may be prepared by employers shall not be placed ahead of the copy "For EMPLOYEE'S RECORDS," Form W-2 (Copy C).

3. Instructions similar to those contained on the back of **Copies B and C** of the official form **MUST** be provided to each employee. These instructions may be printed on the back of the substitute Copy B and C or may be provided to employees on a separate statement. Do not print these instructions on the back of copies 1 or 2 that is to be filed with the employee's state or local returns.

.02 All privately printed Forms W-3 and Forms W-2 (Copy A), must have the tax year, form number, and form title printed on the bottom face of each form using identical type to that of the official format. **The tax year must be printed in non-reflective black ink using 24 pt OCRA-font (copy A), of Forms W-2, and Forms W-3. The form title, e.g.,**

Wage and Tax Statement must be printed in red OCR drop-out ink on Form W-2, Copy A, and Form W-3. The form identifying control number of Forms W-2 and Form W-3, must be printed in non-reflective black ink, using OCRA-font, printed 10 characters per inch. The word "Form" on the W-2 and W-3 must be printed in red OCR drop-out ink.

.03 The substitute Form W-2, Copy B, which employees attach to their Federal income tax return, must be at least 12-pound paper (basis 17 × 22-500) while the other copies furnished to employee's should be at least 9-pound paper (basis 17 × 22-500).

.04 Employee copies of Forms W-2 (Copies B, C, etc.), including those that are printed on a single sheet of paper, **MUST** be produced so as to be easily separated by the employee. Perforations between the individual copies that are printed on a single sheet of paper satisfy this requirement.

.05 The Form W-2, Copy A, and the OCR bond Form W-3 that are filed with SSA must have no printing on the reverse side.

.06 Instructions similar to those provided as part of the official form must be provided as part of any substitute Form W-3.

.07 The copy of the substitute Form W-3 that contains the instructions and is to be retained by the employer should be at least 18-pound paper (basis 17 × 22-500).

SEC. 2. INSTRUCTIONS FOR EMPLOYERS

.01 Only originals or ribbon copies of Copy A (Forms W-2) and Form W-3 may be filed with SSA. Carbon copies and photocopies are not acceptable.

.02 Employers should type or machine print entries on forms whenever possible and provide good quality data entries by using a high quality type face, inserting data in the middle of blocks that are well separated from other printing and guidelines, and taking any other measures that will guarantee clear, sharp images. The print character size must be no more than 12 characters per inch. Omit dollar signs but include decimal points for all cents amounts. The employer must provide a machine scannable form for Copy A. The

employer must refrain from printing any data in the top margin of the forms. The employer must also provide payee copies (Copies B, C, and 2) that are legible and capable of being photocopied (by the employee).

.03 The Employer Identification Number (EIN) may be entered in the Employer's name and address box on Copy A of Forms W-2 (Box "c" on the IRS printed Form W-2). If this is done, the EIN need not be entered in the box provided for the EIN (Box "b" on the IRS printed Form W-2). The EIN must be entered in Box "e" of the Form W-3. **Note: EIN entered on Form W-3 Box "e" must be the same EIN entered on Forms W-2 Box "b", and on Form 941 as well.**

.04 The employer's name, address, and EIN may be preprinted.

.05 The optional employer's state number may be pre-printed in the employer's name, address, and ZIP code box. If this is done, the Employer's state I.D. Number section in Box 16 of Forms W-2 need not be completed, as long as the applicable state taxing authority does not object. **Please check with the appropriate state taxing authority before doing this.**

.06 Generally, an agent that has an approved Form(s) 2678, Employer Appointment of Agent, should enter its name as the employer in Box c of Form W-2, and file one Form W-2. However, if the agent is acting as an agent for two or more employers, or is an employer and is acting as an agent for another employer, and pays social security wages in excess of the wage base to an individual, special reporting for payments to that individual is needed. The agent should file separate Forms W-2 reflecting the wages paid by each employer. Box "c" of Form W-2 should include name of agent, agent for (name of employer), and address of agent. Each Form W-2 should reflect the EIN of the agent in Box "b". In addition the employer's EIN should be shown in Box "h" of Form W-3.

.07 The preparation and filing instructions for Forms W-2 are contained in the 1998 Instructions for Form W-2. The preparation and filing instructions for Form W-3 are contained as part of the 1998 Form W-3 snap set assembly.

.08 To avoid confusion and questions by employees, employers are encouraged

to delete the following items from the employee copies of Forms W-2 that are provided to employees:

1 Form identifying number (e.g., 22222);

2 The word "void" and associated box

3 Any other captions or box number that would not be of any informational use to employees (unless otherwise required).

.09 Employers should use the IRS supplied label when filing Form W-3 with SSA. The label should be placed inside the brackets printed in Boxes "e" and "f".

SEC. 3. OFFICE OF MANAGEMENT AND BUDGET (OMB) REQUIREMENTS FOR SUBSTITUTE FORMS

.01 The Paperwork Reduction Act requires: (1) OMB approval of IRS tax forms, (2) that each form (all copies) show the OMB approval number and, when appropriate, the form's expiration date, and (3) that the form (or its instructions) state why IRS is collecting the information, how we will use it and whether it must be given to us. The official IRS form (or instructions) will contain this information.

.02 As it applies to substitute IRS forms, this means:

1. All substitute forms (all copies) must show the OMB number as it appears on the official IRS printed form (see Exhibits A and B).

2. The OMB number must be in one of the following formats:

OMB No. 1545-0008 (preferred),

or

OMB # 1545-0008

3. You must inform the users of your substitute forms of the reasons for IRS collection, use, and requirements, as stated in the instructions for the official IRS form.

Sec. 4. FORMS and PUBLICATIONS

.01 Electronic access to IRS tax forms, instructions, publications, and other tax data is available through the following:

Modem: IRIS at FedWorld (703) 321-8020

Technical questions regarding FedWorld can be directed to the FedWorld help desk 24 hours a day at (703) 487-4608.

Internet: Telnet - [iris.irs.ustreas.gov](telnet://iris.irs.ustreas.gov)
FTP - [tftp.irs.ustreas.gov](ftp://tftp.irs.ustreas.gov)
WWW - <http://www.irs.ustreas.gov>
Fax Forms: (703) 487-4160

.02 Over 100 of the most requested forms and instructions may be obtained via your fax machine. Just call (703) 487-4160 from the telephone connected to your fax machine.

.03 A CD-ROM containing over 2,000 tax forms, instructions, and publications may be purchased from the Government

Printing Office (GPO), Superintendent of Documents (Supt. Docs.). Current tax year materials, and tax forms from 1991 and publications from 1994, are included on the disc. To order the CD-ROM, contact Supt. Docs. At (202) 512-1800 (select Option #1), or by computer through GPO's Internet Web Site (http://www.access.gpo.gov/su_docs).

.04 List of Social Security Administrations Magnetic Media Coordinators is included in the Appendix.

Sec. 5 EFFECT ON OTHER REVENUE PROCEDURES

.01 Rev. Procs. 97-24 and 97-24A, I.R.B. 1997-16, dated April 21, 1997, and I.R.B. 1997-20, dated May 19, 1997, (Reprinted as Publication 1141, Revised ~~4-97~~), is superseded.

Appendix: Telephone Numbers for the Social Security Administration's Regional Magnetic Media Coordinators

Social Security personnel at these telephone numbers can help callers with questions about how to submit **W-2's or W-2c's on magnetic media**. These are not toll-free telephone numbers.

Refer to Internal Revenue Service (IRS) Publication 393, Federal Employment Tax Forms, for instructions on filing paper W-2s/W-3s. Employers, payroll services, or an "agent" filing W-2s for employers may telephone the IRS Martinsburg Computing Center at (304) 263-8700 with employment tax questions.

Calls from:	Telephone	Calls from:	Telephone
Alabama	(404) 562-1315 (Atlanta)	Nevada	(415) 744-4559 (San Francisco)
Alaska	(206) 615-2125 (Seattle)	New Hampshire	(617) 565-2895 (Boston)
American Samoa	(415) 744-4559 (San Francisco)	New Jersey	(212) 264-5643 (New York)
Arizona	(415) 744-4559 (San Francisco)	New Mexico	(505) 262-6048 (Albuquerque)
Arkansas	(501) 324-5446 (Little Rock)	New York	(212) 264-5643 (New York)
California	(415) 744-4559 (San Francisco)	North Carolina	(404) 562-1315 (Atlanta)
Colorado	(303) 844-2364 (Denver)	North Dakota	(303) 844-2364 (Denver)
Connecticut	(617) 565-2895 (Boston)	Ohio	(312) 575-4244 (Chicago)
Delaware	(215) 597-4632 (Philadelphia)	Oklahoma	(918) 333-3331 (Bartlesville)
Dist. of Columbia	(215) 597-4632 (Philadelphia)	Oregon	(206) 615-2125 (Seattle)
Florida	(404) 562-1315 (Atlanta)	Pennsylvania	(215) 597-4632 (Philadelphia)
Georgia	(404) 562-1315 (Atlanta)	Puerto Rico	(787) 766-5574 (San Juan)
Guam	(415) 744-4559 (San Francisco)	Rhode Island	(617) 565-2895 (Boston)
Hawaii	(415) 744-4559 (San Francisco)	South Carolina	(404) 562-1315 (Atlanta)
Idaho	(206) 615-2125 (Seattle)	South Dakota	(303) 844-2364 (Denver)
Illinois	(312) 575-4244 (Chicago)	Tennessee	(404) 562-1315 (Atlanta)
Indiana	(312) 575-4244 (Chicago)	Texas—Central/South	(210) 472-6433 (San Antonio)
Iowa	(816) 936-5649 (Kansas City)	Texas—Dallas County	(214) 346-2355 (Dallas)
Kansas	(816) 936-5649 (Kansas City)	Texas—North	(817) 978-3123 (Fort Worth)
Kentucky	(404) 562-1315 (Atlanta)	Texas—Southeast	(713) 718-3015 (Houston)
Louisiana	(504) 389-0426 (Baton Rouge)	Texas—West	(505) 262-6048 (Albuquerque)
Maine	(617) 565-2895 (Boston)	Utah	(303) 844-2364 (Denver)
Maryland	(215) 597-4632 (Philadelphia)	Vermont	(617) 565-2895 (Boston)
Massachusetts	(617) 565-2895 (Boston)	Virgin Islands	(787) 766-5574 (San Juan)
Michigan	(312) 575-4244 (Chicago)	Virginia	(215) 597-4632 (Philadelphia)
Minnesota	(312) 575-4244 (Chicago)	Washington	(206) 615-2125 (Seattle)
Mississippi	(404) 562-1315 (Atlanta)	West Virginia	(215) 597-4632 (Philadelphia)
Missouri	(816) 936-5649 (Kansas City)	Wisconsin	(312) 575-4244 (Chicago)
Montana	(303) 844-2364 (Denver)	Wyoming	(303) 844-2364 (Denver)
Nebraska	(816) 936-5649 (Kansas City)		

For questions regarding State filing, contact the State Revenue Agency.

Exhibit A Form W-2

a Control number 22222		Void <input type="checkbox"/>	For Official Use Only ▶ OMB No. 1545-0008				
b Employer identification number .08 .08		1 Wages, tips, other compensation		2 Federal income tax withheld			
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld			
		5 Medicare wages and tips		6 Medicare tax withheld			
		7 Social security tips		8 Allocated tips			
d Employee's social security number		9 Advance EIC payment		10 Dependent care benefits			
e Employee's name (first, middle initial, last)		11 Nonqualified plans		12 Benefits included in box 1			
		13 See instrs. for box 3		14 Other			
		15 Statutory employee <input type="checkbox"/> .3		Deceased <input type="checkbox"/> .3	Pension plan <input type="checkbox"/> .3	Legal rep. <input type="checkbox"/> .3	Deferred compensation <input type="checkbox"/> .5
f Employee's address and ZIP code		16 State Employer's state I.D. no.	17 State wages, tips, etc.	18 State income tax	19 Locality name	20 Local wages, tips, etc.	21 Local income tax

Form **W-2 Wage and Tax Statement** 1998

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Copy A For Social Security Administration—Send this entire page with Form W-3 to the Social Security Administration; photocopies are Not acceptable.

Cat. No. 10134D

Do NOT Cut, Staple, or Separate Forms on This Page Do NOT Cut, Staple, or Separate Forms on This Page

a Control number 22222		Void <input type="checkbox"/>	For Official Use Only ▶ OMB No. 1545-0008				
b Employer identification number		1 Wages, tips, other compensation		2 Federal income tax withheld			
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld			
		5 Medicare wages and tips		6 Medicare tax withheld			
		7 Social security tips		8 Allocated tips			
d Employee's social security number		9 Advance EIC payment		10 Dependent care benefits			
e Employee's name (first, middle initial, last)		11 Nonqualified plans		12 Benefits included in box 1			
		13 See instrs. for box 3		14 Other			
		15 Statutory employee <input type="checkbox"/>		Deceased <input type="checkbox"/>	Pension plan <input type="checkbox"/>	Legal rep. <input type="checkbox"/>	Deferred compensation <input type="checkbox"/>
f Employee's address and ZIP code		16 State Employer's state I.D. no.	17 State wages, tips, etc.	18 State income tax	19 Locality name	20 Local wages, tips, etc.	21 Local income tax

Form **W-2 Wage and Tax Statement** 1998

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Copy A For Social Security Administration—Send this entire page with Form W-3 to the Social Security Administration; photocopies are Not acceptable.

Cat. No. 10134D

Exhibit B Form W-3

DO NOT STAPLE

a Control number ← 1.3" →		33333 ← .9" →	For Official Use Only ▶ OMB No. 1545-0008			
b Kind of Payer ← 1.69" →	941 Military	<input type="checkbox"/>	943	<input type="checkbox"/>	1 Wages, tips, other compensation	2 Federal income tax withheld
	CT-1.39" Hshid. emp. .39" Medicare gov. emp.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3 Social security wages	4 Social security tax withheld
c Total number of Forms W-2 ← 1.64" →	d Establishment number ← 1.7" →			5 Medicare wages and tips	6 Medicare tax withheld	
e Employer identification number ← 3.34" →			7 Social security tips ← 1.6" →		8 Allocated tips ← 1.56" →	
f Employer's name ← 6.5" →			9 Advance EIC payments		10 Dependent care benefits	
			11 Nonqualified plans		12 Deferred compensation	
			13			
			14			
g Employer's address and ZIP code			15 Income tax withheld by third-party payer			
h Other EIN used this year						
i Employer's state I.D. No.						
Contact person		Telephone number ()	Fax number ()	E-mail address		

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature _____ Title _____ Date _____

Form **W-3 Transmittal of Wage and Tax Statements 1998** Department of the Treasury Internal Revenue Service

Send this entire page with the entire Copy A page of Forms W-2 to the Social Security Administration. Photocopies are NOT acceptable. **DO NOT SEND ANY REMITTANCE (cash, checks, money orders, etc.) WITH FORMS W-2 AND W-3.**

Change To Note

New boxes. At the bottom of the form above the signature area, boxes were added to enter the name of a contact person and that person's phone or fax number and e-mail address. This data may be used by the SSA if more information is needed during processing.

Need Help?

For information about the information reporting call site, bulletin board services, substitute forms, and how to get forms and publications, see the **1998 Instructions for Form W-2.**

Where To File

Send the entire first page of this form with the entire Copy A page of Forms W-2 to:

Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001

Note: If you use "Certified Mail" to file, change the ZIP code to "18769-0002." Also see **Shipping and Mailing** on page 2 for additional information. If you use an IRS approved private delivery service, add "ATTN: W-2 PROCESS, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Circular E for a list of IRS approved private delivery services.

For Privacy Act and Paperwork Reduction Act Notice, see the 1998 Instructions for Form W-2.

Exhibit C Form W-2 Box Layout

a Control number 22222		Void <input type="checkbox"/>	For Official Use Only ▶ OMB No. 1545-0008			
b Employer identification number		1 Wages, tips, other compensation		2 Federal income tax withheld		
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld		
		5 Medicare wages and tips		6 Medicare tax withheld		
		7 Social security tips		8 Allocated tips		
d Employee's social security number		9 Advance EIC payment		10 Dependent care benefits		
e Employee's name (first, middle initial, last)		11 Nonqualified plans		12 Benefits included in box 1		
		13 See instrs. for box 13		14 Other		
f Employee's address and ZIP code		15 Statutory employee <input type="checkbox"/> ← .3" →		Deceased <input type="checkbox"/> ← .3" →		
		Pension plan <input type="checkbox"/> ← .3" →		Legal rep <input type="checkbox"/> ← .3" →		
		Deferred compensation <input type="checkbox"/> ← .5" →				
16 State Employer's state I.D. no	17 State wages, tips, etc	18 State income tax	19 Locality name	20 Local wages, tips, etc	21 Local income tax	

Form **W-2** Wage and Tax Statement **1998**

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Copy A For Social Security Administration—Send this entire page with Form W-3 to the Social Security Administration; photocopies are Not acceptable.

Cat. No. 10134D

Do NOT Cut, Staple, or Separate Forms on This Page **Do NOT Cut, Staple, or Separate Forms on This Page**

Exhibit D Form W-3

DO NOT STAPLE

a Control number		33333		For Official Use Only ▶ OMB No. 1545-0008			
b Kind of Payer ▶	941	Military	943	1 Wages, tips, other compensation		2 Federal income tax withheld	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3 Social security wages		4 Social security tax withheld	
	CT-1	Hahd. emp.	Medicare govt. emp.				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
c Total number of Forms W-2			d Establishment number		5 Medicare wages and tips		6 Medicare tax withheld
e Employer identification number				7 Social security tips		8 Allocated tips	
f Employer's name				9 Advance EIC payments		10 Dependent care benefits	
				11 Nonqualified plans		12 Deferred compensation	
				13			
				14			
g Employer's address and ZIP code							
h Other EIN used this year				15 Income tax withheld by third-party payer			
i Employer's state I.D. No.							
Contact person		Telephone number		Fax number		E-mail address	
		()		()			

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶

Title ▶

Date ▶

Form W-3 Transmittal of Wage and Tax Statements 1998

Department of the Treasury
Internal Revenue Service

Send this entire page with the entire Copy A page of Forms W-2 to the Social Security Administration. Photocopies are NOT acceptable. DO NOT SEND ANY REMITTANCE (cash, checks, money orders, etc.) WITH FORMS W-2 AND W-3.

Change To Note

New boxes. At the bottom of the form above the signature area, boxes were added to enter the name of a contact person and that person's phone or fax number and e-mail address. This data may be used by the SSA if more information is needed during processing.

Need Help?

For information about the information reporting call site, bulletin board services, substitute forms, and how to get forms and publications, see the 1998 Instructions for Form W-2.

Where To File

Send the entire first page of this form with the entire Copy A page of Forms W-2 to:

Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001

Note: If you use "Certified Mail" to file, change the ZIP code to "18769-0002." Also see *Shipping and Mailing* on page 2 for additional information. If you use an IRS approved private delivery service, add "ATTN: W-2 PROCESS, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Circular E for a list of IRS approved private delivery services.

For Privacy Act and Paperwork Reduction Act Notice, see the 1998 Instructions for Form W-2.

Cat. No. 10159Y

Exhibit E Form W-2 (Copy B)

a Control number		OMB No. 1545-0008				
b Employer identification number		1 Wages, tips, other compensation		2 Federal income tax withheld		
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld		
		5 Medicare wages and tips		6 Medicare tax withheld		
		7 Social security tips		8 Allocated tips		
d Employee's social security number		9 Advance EIC payment		10 Dependent care benefits		
e Employee's name, address, and ZIP code		11 Nonqualified plans		12 Benefits included in box 1		
		13 See instrs. for box 13		14 Other		
		15 Statutory employee <input type="checkbox"/>		Deceased <input type="checkbox"/>		Pension plan <input type="checkbox"/>
				Legal rep. <input type="checkbox"/>		Deferred compensation <input type="checkbox"/>
16 State	Employer's state I.D. no.	17 State wages, tips, etc.	18 State income tax	19 Locality name	20 Local wages, tips, etc.	21 Local income tax

Form **W-2** Wage and Tax Statement **1998**
 Copy B To Be Filed With Employee's FEDERAL Tax Return

Department of the Treasury—Internal Revenue Service

This information is being furnished to the Internal Revenue Service.

Part IV. Items of General Interest

Foundations Status of Certain Organizations

Announcement 98-37

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:

Hospice of the Heart Inc., Whitney, TX
Hot Rod Hundley Foundation, Salt Lake City, UT
Hot Springs Documentary Film Festival, Hot Springs, AR
Hugs Inc., Paulsboro, NJ
Human Touch, Kansas City, MO
Humane Society of Van Buren County, Spencer, TN
Humanitarian Aid for Ethiopia, Washington, DC
Humanities Corporation, Phoenix, AZ
Hundred Club of Alvin, Alvin, TX
Hundred Club of Greater Charleston Inc., Charleston, SC
Hungarian Baptist Union of Romania Incorporated, Dallas, TX
Hunterdon County Housing Corporation, W. Orange, NJ
Huntsville Firefighters Retirees Association Inc., Huntsville, AL
Hurricane Andrew Relief Association of IRS Employees, Plantation, FL
Hurricane Proof and Flood Resistant Housing Foundation, Houston, TX
Hutchinson Archives Inc., Hutchinson, KS
Hyde County Childrens Center Inc., Engelhard, NC
Hydrocephalus Association of Philadelphia, Philadelphia, PA

Hytowl Inc., Chicago, IL
Jireh Development Corporation, Cincinnati, OH
Joe Wibel III Memorial Scholarship Fund, Crossville, TN
Joedy P. Hendrix Jr. Ministries Inc., Checotah, OK
Joey's Shelter Inc., Atlanta, GA
John & Lisa Mcdaniel Ministries Inc., Memphis, TN
John Christian Charity Trust Inc., Pittsburgh, PA
Johnson County Fire Training Association Inc., Cleburne, TX
Johnson Volunteer Fire Department, Ellisville, MS
Jr Pantherettes, Newark, OH
Just Because Inc., Arvada, CO
Just for the Kids of N P C Inc., Danville, IN
Justice Building Inc., Corpus Christi, TX
Juvenile Officers Association of Michigan & Ontario, Detroit, MI
Juvenile Awareness in Law Enforcement and Life Inc., Lithonia, GA
Kent County Central Committee, Grand Rapids, MI
Kentucky Baptist Disaster Relief Southeastern Region, Barbourville, KY
Kentucky Center To Prevent Gun Violence, Prospect, KY
Kentucky Educational Fund for Handicap Children Inc., Frankfort, KY
Kentucky High School Junior All Stars Inc., Madisonville, KY
Kentucky Homeless Shelter Inc., Detroit, MI
Kentucky Recycling Association Inc., Independence, KY
Kentucky Refugee Ministries Inc., Louisville, KY
Kentucky Society of Healthcare Planning and Marketing Inc., Louisville, KY
Kerr County Sheriffs Reserve, Kerrville, TX
Kids for Education, Dearborn Heights, MI
Kids Like Me of Johnson County, Shawnee Mission, KS
Kids Network Inc., Superior, WI
Kids Unlimited, Tucson, AZ
Kings Ambassadors Inc., Argyle, TX
Kings Kids Day Care Inc., Gardner, KS
Kingston Township Raiders Junior Football Inc., Shavertown, PA

Kingston Youth League, Chillicothe, OH
Kiwanis Club of Longmont Foundation, Longmont, CO
Kiwanis Club of Sarasota Sunrise Foundation Inc., Sarasota, FL
Kiwanis Park Inc., Irvine, KY
Knightlife Inc., Memphis, TN
Knights of Christ Inc., Clarksville, IN
Knoxville Concert Band, Knoxville, TN
Knoxville Fall Baseball League, Knoxville, TN
Koala Lebanon Alumni Association Inc., Lebanon, IN
Koinonia Agape Ministries Inc., Orlando, FL
Koinonia House of Jackson County, Jackson, MI
Kokopelli Notes, Asheville, NC
Korean American Citizens Coalition, Chicago, IL
Korner Klub Inc., Hillsboro, WI
KPCH Inc., Winston Salem, NC
Krewe of Christmas Inc., New Orleans, LA
Life Choice Mission Inc., Cocoa Beach, FL
Life Conservation Inc., Atlanta, GA
Life Cycle of Indiana Inc., Indianapolis, IN
Life Education Network of Florida Inc., Maitland, FL
Life Giver Inc. of Hampton Roads, Virginia Beach, VA
Life Line Ministries Inc., Lafayette, LA
Life Rescue Mission, Norristown, PA
Life Styles Inc., Hoisington, KS
Life Transition Therapy Institute, Santa Fe, NM
Lifeline Ministries, Marshall, MN
Light Club No. 2 Inc., Jacksonville, TX
Lighthouse Childrens Home and Ministries Inc., Fort Valley, GA
Lil Pardners Child Care and Learning Center Inc., Terrell, TX
Lima Area Parkinson Support Group Inc., Lima, OH
Lincoln County Band Boosters of the Lincoln County Bands, Stanford, KY
Living Alternatives Inc., Tyler, TX
Living Alternatives of Jacksonville Inc., Jacksonville, TX
Living Faith Group A Member Group of Alcoholics Anonymous, Austin, TX
Living Sanctuary of Faith, Broadview, IL
Lloyd E Collins Scholarship Fund, Danbury, NC

Lo-Tech Research & Development Inc.,
St. Petersburg, FL

Los Barrios Unidos Health Foundation,
Dallas, TX

Los-Islenos Heritage & Cultural Society,
Violet, LA

Los Ninos Inc., Albuquerque, NM

Losers Inc., Kennesaw, GA

Lost Pines Industries, Cedar Creek, TX

Lotus Production Company Inc., Kansas
City, MO

Louisiana Cancer Coalition, Baton
Rouge, LA

Louisiana Feed-a-Meal Inc., Ruston, LA

Louisiana Oilmans Charity Invitational
Inc., New Orleans, LA

Love for Children of Clark County,
Jeffersonville, IN

Love Inc. of Bradley County Tennessee,
Cleveland, TN

Love the People Inc., Bozeman, MT

Love To Serve Incorporated, Chicago, IL

Loveland Police Dept. Racing Team,
Loveland, CO

Low Income Housing Foundation of New
Mexico Inc., Albuquerque, NM

Lower 9th Ward Coalition Inc., New
Orleans, LA

Lower Woodville Youth Development
Club, Natchez, MS

LRGS Educational Foundation Inc.,
Baker, WV

Lt. Ben Benjamin O. Davis Jr. Chapter
Tuskegee Airmen, Box Elder, SD

Luis H. Garcia Memorial Scholarship
Fund Inc., Trenton, NJ

Luther Heights Inc., Bettendorf, IA

Lutheran Bears Football Association Inc.,
Saginaw, MI

Lutheran Social Services of the Greater
Charleston Area, N. Charleston, SC

Luthern Family Services of Tennessee,
Knoxville, TN

Lycoming Animal Protection Society
Inc., Montoursville, PA

Lydia Rose Hummel-Dosmann
Educational Foundation Inc.,
Milwaukee, WI

Lyman Adult Foster Care, Detroit, MI

Lyme Disease Institute Inc., Cape
Girardeau, MO

Michael E. Griffith Memorial
Foundation, Inc., Copperas Cove, TX

Michigan Black Shell Service Station
Dealers, Detroit, MI

Michigan Chiropractic Foundation, East
Lansing, MI

Michigan Environmental Trust Ltd,
Bloomfield Hills, MI

Michigan Theatre Center Inc., Detroit,
MI

Mid-Del Food Pantry Inc., Midwest City,
OK

Mississippi Junior Chamber of Source
Foundation, Inc., Meridian, MS

Mississippi Writers Association Inc.,
Jackson, MS

Missoula on Ice Inc., Missoula, MT

Missouri Valley Historical Society,
Bismarck, ND

Missouri Valley Tennis E&R Foundation,
Kansas City, MO

MNI SOSE Water Rights Coalition,
Rapid City, SD

Mobile Beauty-N-Massage Inc., Dallas,
TX

Mobile City Relief, Memphis, TN

Mohave Literacy Council Incorporated,
Fort Mohave, AZ

Moms Day Care Center, St. Thomas, VI

Montgomery Dancers Unlimited, Mt.
Carbon, WV

Montrose Community Foundation,
Montrose, MI

Monumental Rifle & Pistol Club-Junior
Division Incorporated, Clarksville, MD

Moon Hut, Boulder, CO

Mount Pocono Sports Complex Fund
Committee, Inc., Mt. Pocono, PA

Mountain State Art and Craft Fair
Scholarship and Grant Fund, Kenna,
WV

Mount Sneffels Education Foundation,
Ridgway, CO

Mount Zion Fellowship Inc., New Bern,
NC

Mountain Meadow Ranch Bible Camp,
Phoenix, AZ

Mt. St. Alban Independent Scholastic
Newspaper, Inc., Washington, DC

Mt. Vernon Optimist Youth Baseball-
Softball, Inc., Mt. Vernon, IL

Multi-Cultural Initiatives Alliance, St.
Paul, MN

Muslimat Al Nissa Jamiyatt Inc., Atlanta,
GA

Mustard Seed Ministries Inc.,
Springfield, IL

My Brothers Keeper Ministry Keepers
Inn, Youngstown, OH

My Friends House Inc., College Park,
GA

My Life Development Corps, Decatur,
GA

Neighborhood Senior Center Inc., New
Orleans, LA

Neighborhood Visions Inc., Kansas City,
KS

Neolaia of Pasco Inc., Holiday, FL

New Hanover Adolescent Health
Council, Incorporated, Wilmington,
NC

New Hope Baptist Ministries of Summit
County-Akron, OH, Akron, OH

New Hope Boys Ranch Inc., Overton, TX

New Hope for Tomorrow Foundation,
Columbus, OH

New Hope Housing Ministries Inc.,
Hudsonville, MI

New Horizons Community Services Inc.,
Prescott Valley, AZ

New Life Programs Inc., Dawsonville,
GA

New Mexico Clogging Association,
Albuquerque, NM

New Mexico Elite Volleyball Club,
Albuquerque, NM

New Mexico National Guard Historical
Foundation, Inc., Santa Fe, NM

New Mexico Open Land Trust, Santa Fe,
NM

New Mexico State D A R E Board, Santa
Fe, NM

New Orleans Technology Council
Corporation, New Orleans, LA

New World Foundation Inc., Miami, FL

O. J. Esquivel Foundation, Kingsville,
TX

Oak Cliff Christian Housing Inc., Dallas,
TX

Oak Grove Missions to Russia,
Poplarville, MS

Oconto Falls Area School Age Child Care
Inc., Oconto Falls, WI

Oconto Falls Partners in Education Inc.,
Oconto Falls, WI

Odessa Pony League, Odessa, MO

Ofallon Community Center Inc., Ofallon,
IL

Office of Black and Minority Health for
the State of Wisconsin, Glendale, WI

Ohio Entrepreneurship Association,
Reynoldsburg, OH

Ohio Eta Foundation of Sigma Phi
Epsilon, Cincinnati, OH

Ohio Leadership Institute Inc., Ironton,
OH

Ohio Psychiatric Nurses Network,
Cleveland, OH

Ohio Schools Development Corporation,
Columbus, OH

Ohio Valley Harvest Inc., Wheeling, WV
 Oki Wildlife Cooperative, Pleasant Plain, OH
 Oklahoma Association of Resource Conservation & Development Councils, Burns Flat, OK
 Oklahoma Association of Scholars, Oklahoma City, OK
 Oklahoma Special Rescue Team Inc., Duncan, OK
 Oklahoma Tamil Sangam, Oklahoma City, OK
 Oklahoma Toxics Campaign Fund Inc., Oklahoma City, OK
 Okmulgee Art Guild Inc., Okmulgee, OK
 Olathe Sister Cities Association Inc., Olathe, KS
 Old Camp Meeting Ministries, Arlington, TX
 Old East Dallas Renaissance Project, Dallas, TX
 Old Fourth Ward Redevelopment Inc., Atlanta, GA
 Old Mill Hill Society Inc., Trenton, NJ
 Old Neighborhood Rehab Inc., Springfield, IL
 Old Rockport Inc., Rockport, IN
 Oldham County Heritage Farm and Branch Museum of Vega Texas Inc., Vega, TX
 Olive Gardens Development Corporation Inc., Brinly, AR
 Omaha South High School Alumni Association, Omaha, NE
 Omega Kappa Kappa Gamma Educational Foundation, Leawood, KS
 One Love Inc., Savannah, GA
 One Veterans Crusade for Christ Inc., Green Cove Springs, FL
 One World Now Inc., Houston, TX
 Onslow Arts & Crafts Association, Jacksonville, NC
 Open Air Recovery Productions Inc., Seminole, FL
 Open Door Health Clinic Inc., Frankfort, IN
 Open Door Theater Inc., Ft. Wayne, IN
 Opera Piccola, Arlington, VA
 Operation Education Incorporated, Plainsboro, NJ
 Operation Fresh Start, Columbus, OH
 Operation Luz de Sol Incorporated, Washington, DC
 Operation Orphan Wildlife Rehabilitation, Akron, OH
 Operation Playground, Crystal Lake, IL
 Operation Reach Out, Detroit, MI

Orange County Radio Amateurs Incorporated, Chapel Hill, NC
 Orchard Manor Resident Management Corporation, Charleston, WV
 Organico Institute Corporation, Ashland, WI
 Orion Institute, Salt Lake City, UT
 Orlando Wheelchair Games Inc., Orlando, FL
 Orthopaedic Research Foundation Inc., Fayetteville, AR
 Osage Community Day School Inc., Aurora, CO
 Osceola County Intergroup of Alcoholics Anonymous, St. Cloud, FL
 Osprey Baseball Alumni Club, Savannah, GA
 Others Inc., Atlanta, GA
 Ottawa Kiwanis Retirement Community Inc., Ottawa, OH
 Our Children in the Courts Foundation, Chicago, IL
 Our Daily Bread of Bradenton Inc., Bradenton, FL
 Our Industries, San Marcos, TX
 Our Jobs Our Children Our Future Inc., Huntington, WV
 Our Little Angels Inc., Lebanon, IN
 Outreach Community Services Inc., Lake Providence, LA
 Outreach Ministries Inc., Green Forest, AR
 Owen County Art Guild Inc., Spencer, IN
 Owensboro Metropolitan Parks Foundation Inc., Owensboro, KY
 Owl Feather War Bonnet Womens Resource Center, St. Francis, SD
 Ozark Alternative Crop Education Training and Promotion Association Inc., Searcy, AR
 Ozarks 285 Amateur Radio Club, Clarksville, AR

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.

Loans to Plan Participants;
 Correction

Announcement 98-38

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to a notice of proposed rulemaking.

SUMMARY: This announcement contains corrections to the notice of proposed rulemaking (REG-209476-82 [1998-8 I.R.B. 36]), which was published in the **Federal Register** Friday, January 2, 1998 (63 F.R. 42), relating to loans made from a qualified employer plan to plan participants or beneficiaries.

FOR FURTHER INFORMATION CONTACT: Vernon Carter (202) 622-6070 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking that is the subject of these corrections is under sections 72(p) of the Internal Revenue Code.

Need for Correction

As published, REG-209476-82 contains errors which may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the notice of proposed rulemaking (REG-209476-82), which was the subject of F.R. Doc. 97-33983, is corrected as follows:

1. On page 43, column 2, in the preamble under the paragraph heading “*Explanation of Provisions*”, the first full paragraph in the column, line 18, the language “However, a special rule applies if a plan” is corrected to read “In addition, a special rule applies if a plan”.

2. On page 43, column 2, in the preamble under the paragraph heading “*Explanation of Provisions*”, the first full paragraph in the column, line 26, the language “increase in basis thereafter is less than” is corrected to read “increase in basis thereafter (e.g., from after-tax contribution) is less than”.

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

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 ap-

plies 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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¹ A cumulative finding list for previously published items mentioned in Internal Revenue Bulletins 1997-27 through 1997-52 will be found in Internal Revenue Bulletin 1998-1, dated January 5, 1998.

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