

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. 98-49, page 4.

Low-income housing tax credit. This ruling advises taxpayers that payments made to a building owner on behalf or in respect of a tenant under the Section 8 Assistance For Single-Room Occupancy Dwellings Program or under the Shelter Plus Care Program are not grants made with respect to a building or its operation under section 42(d)(5) of the Code.

Rev. Rul. 98-50, page 7.

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term exempt rate. For purposes of sections 1274, 1288, 382, and other sections of the Code, tables set forth the rates for October 1998.

EMPLOYEE PLANS

T.D. 8781, page 4.

REG-101363-98, page 10.

Final, temporary, and proposed regulations under section 411 of the Code provide for changes to the rules regarding qualified retirement plan benefits that are protected from reduction by plan amendment, that have been made necessary by the Taxpayer Relief Act of 1997.

Rev. Proc. 98-53, page 9.

Determination letter requests; plan amendments. This procedure allows for determination letter requests with caveats for statutory changes. Rev. Proc. 98-14 modified.

EXEMPT ORGANIZATIONS

Announcement 98-91, page 12.

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

ADMINISTRATIVE

Announcement 98-87, page 11.

This announcement states that taxpayers may rely on the proposed Income Tax Regulations under sections 411(a)(11) and 417 of the Code pertaining to notice and consent (Section 1.411(a)-11(c)(2) and (8) and section 1.417(e)-1(b)(3) and (4)).

Announcement 98-89, page 11.

The Service has undertaken a new initiative to improve its procedures for handling bankruptcy cases.

Finding Lists begin on page 17.

Announcement of Disbarments and Suspensions begins on page 13.

Index for January-September begins on page 19.



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 42.—Low-Income Housing Credit

26 CFR 1.42-16: *Eligible basis reduced by federal grants.*

Low-income housing tax credit. This revenue ruling advises taxpayers that payments made to a building owner on behalf or in respect of a tenant under the Section 8 Assistance For Single-Room Occupancy Dwellings Program or under the Shelter Plus Care Program are not grants made with respect to a building or its operation under section 42(d)(5) of the Code.

Rev. Rul. 98-49

Pursuant to § 1.42-16(b)(3) of the Income Tax Regulations, the Internal Revenue Service has determined that payments made to a building owner on behalf or in respect of a tenant under the *Section 8 Assistance For Single-Room Occupancy Dwellings Program* (42 U.S.C. 11301, 11401-11402) or under the *Shelter Plus Care Program* (42 U.S.C. 11301, 11403-11407b) are not grants made with respect to a building or its operation under § 42(d)(5) of the Internal Revenue Code.

DRAFTING INFORMATION

The principal author of this revenue ruling is Christopher J. Wilson of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling contact Mr. Wilson on (202) 622-3040 (not a toll-free call).

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

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

The adjusted federal long-term rate is set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

Section 411.—Minimum Vesting Standards

26 CFR 1.411(d)-4: *Section 411(d)(6) protected benefits.*

T.D. 8781

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

Section 411(d)(6) Protected Benefits (Taxpayer Relief Act of 1997); Qualified Retirement Plan Benefits

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document contains final and temporary regulations providing for changes to the rules regarding qualified retirement plan benefits that are protected from reduction by plan amendment, that have been made necessary by the Taxpayer Relief Act of 1997 (TRA '97). The temporary regulations change the existing regulations to conform with the TRA '97 rules regarding in-kind distribution requirements for certain employee stock ownership plans, and specify the time period during which certain plan amendments for which relief has been granted by TRA '97 may be made without violating the prohibition against plan amendments that reduce accrued benefits. These temporary regulations affect sponsors of qualified retirement plans, employers that maintain qualified retirement plans, and qualified retirement plan participants. The final regulations amend the existing final regulations to cross-refer-

ence the temporary regulations. The text of the temporary regulations also serves as the text of REG-101363-98, page 10.

DATES: These regulations are effective September 4, 1998.

FOR FURTHER INFORMATION CONTACT: Linda S. F. Marshall, (202) 622-6030 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to the Income Tax Regulations (26 CFR part 1) under section 411(d)(6). These temporary regulations change the rules under section 411(d)(6) regarding qualified retirement plan benefits that are protected from reduction by plan amendment, to take into account amendments made by the Taxpayer Relief Act of 1997 (TRA '97), Public Law 105-34 (111 Stat. 788 (1997)). Specifically, these temporary regulations change the existing regulations to conform to the TRA '97 amendments to section 409 regarding the general requirement that employee stock ownership plans offer distributions in the form of employer securities. In addition, these temporary regulations specify the time period during which certain plan amendments for which relief has been granted by TRA '97 may be made without violating section 411(d)(6).

Explanation of Provisions

Section 411(d)(6) provides that a plan is not treated as satisfying the requirements of section 411 if the accrued benefit of a participant is decreased by a plan amendment. Under section 411(d)(6)(B), a plan amendment that eliminates an optional form of benefit is treated as reducing accrued benefits to the extent that the amendment applies to benefits accrued as of the later of the adoption date or the effective date of the amendment. Sections 1.411(d)-4, Q&A-1(b)(1) and 1.401(a)(4)-4(e) specify that different optional forms of benefit within the meaning of section 411(d)(6)(B) result from differences in the medium of a distribution

(e.g., cash or in-kind) from a plan. Section 411(d)(6)(C) provides that any tax credit employee stock ownership plan or any employee stock ownership plan is not treated as failing to meet the requirements of section 411(d)(6) merely because it modifies distribution options in a nondiscriminatory manner.

Special Rules Regarding Medium of Distribution from ESOPs

Section 409(h) contains requirements relating to distributions from tax credit employee stock ownership plans. Section 4975(e)(7) extends the requirements of section 409(h) to other employee stock ownership plans as well, and section 401(a)(23) extends the requirements of section 409(h) to qualified plans that are stock bonus plans. Under section 409(h)(1)(A), an employee stock ownership plan or other stock bonus plan generally is required to make distributions available in the form of employer securities. Prior to its amendment by TRA '97, section 409(h)(2) provided an exception to this rule in the case of an employer whose charter or bylaws restrict the ownership of substantially all outstanding employer securities to employees or to a trust described in section 401(a).

Under section 1361, certain small business corporations that do not have more than 75 shareholders are eligible to elect treatment as S corporations whose tax attributes generally flow through to shareholders in accordance with the rules of subchapter S of chapter 1 of subtitle A of the Internal Revenue Code. Prior to the Small Business Job Protection Act of 1996 (SBJPA), Public Law 104-188 (110 Stat. 1755 (1996)), an S corporation could not maintain an employee stock ownership plan because an S corporation could not have a qualified trust described in section 401(a) as a shareholder. SBJPA amended the requirements for S corporations, effective for tax years beginning after December 31, 1996, to permit certain tax-exempt organizations, including qualified trusts described in section 401(a), to be S corporation shareholders.

TRA '97 made an additional change to the rules governing qualified plans holding securities of an S corporation employer, to make it easier for S corporation employers to facilitate employee owner-

ship of employer securities through qualified plans. Section 1506 of TRA '97 extends the exception of section 409(h)(2) to cover S corporations, effective for taxable years beginning after December 31, 1997. Pursuant to this change, tax credit employee stock ownership plans, employee stock ownership plans, and other stock bonus plans established and maintained by S corporation employers are not required to offer distributions in the form of employer securities.

Section 1.411(d)-4, Q&A-2(d)(2)(ii) provides an exception from the requirements of section 411(d)(6) for plan amendments that eliminate optional forms of benefit from a tax credit employee stock ownership plan, an employee stock ownership plan, or a stock bonus plan, for certain employers. Section 1.411(d)-4, Q&A-2(d)(2)(ii) applies to employers that become substantially employee-owned, if the employer otherwise meets the requirements of section 409(h)(2) with respect to restrictions on the ownership of outstanding employer stock. These temporary regulations expand this exception from the requirements of section 411(d)(6) to apply to S corporations as well, to reflect the TRA '97 changes to section 409(h).

Rules for Plan Amendments Pursuant to TRA '97

Section 1541 of TRA '97 contains provisions relating to plan amendments that are adopted as a result of TRA '97. If section 1541 applies to a plan amendment, section 1541(a) provides that the plan will be treated as operated in accordance with its terms and will not fail to satisfy the requirements of section 411(d)(6) by reason of the amendment. Section 1541 applies to a plan amendment that is made pursuant to a legislative change in the pension and employee benefit provisions of TRA '97, provided the following conditions are satisfied. First, the plan amendment must be adopted before the first day of the first plan year beginning on or after January 1, 1999 (2001, in the case of a governmental plan, as defined in section 414(d)). Second, the plan must be operated in accordance with the terms of the plan amendment, beginning on the date the legislative change takes effect, or, if the amendment is not required by the legislative change, the effective date of the

amendment specified by the plan. Third, the plan amendment must be made retroactively effective.

The remedial amendment period for adopting plan amendments to which section 1541 of TRA '97 applies was extended pursuant to the rules of section 401(b) in Rev. Proc. 98-14 (1998-4 I.R.B. 22). To provide a uniform time for plan amendment, these temporary regulations extend the time for the section 411(d)(6) relief provided by section 1541 of TRA '97 to the end of the remedial amendment period for these plan amendments.

Other Section 411(d)(6) Issues

In Notice 98-29 (1998-22 I.R.B. 8), the IRS requested public comment regarding a number of possible methods of providing section 411(d)(6) relief, particularly for defined contribution plans. The IRS will also consider comments submitted pursuant to Notice 98-29 that propose other methods of providing section 411(d)(6) relief to address special concerns of employee stock ownership plans.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulation does not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, these temporary regulations will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

Drafting Information

The principal author of these regulations is Linda S. F. Marshall, Office of the Associate Chief Counsel (Employee Benefits and Exempt Organizations). However, other personnel from the IRS and Treasury Department participated in their development.

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Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by adding an entry in numerical order to read in part as follows:

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

*§1.411(d)-4T also issued under 26 U.S.C. 411(d)(6). * * **

Par. 2. Section 1.411(d)-4 is amended by:

1. Removing the reference “Q&A-5” and adding Q&A-2” in its place in the first sentence of Q&A-2(d)(1) introductory text.

2. Adding a sentence at the end of Q&A-2(d)(3) to read as follows:

§1.411(d)-4 Section 411(d)(6) protected benefits.

* * * * *

Q-2: * * *

A-2: * * *

(d) * * *

(3) * * * (For taxable years after December 31, 1997, see §1.411(d)-4T Q&A-2(d).)

* * * * *

Par. 3. Section 1.411(d)-4T is added to read as follows:

§1.411(d)-4T Section 411(d)(6) protected benefits (temporary).

Q&A-1: [Reserved]. For further information, see §1.411(d)-4 Q&A-1.

Q-2: To what extent may section 411(d)(6) protected benefits under a plan be reduced or eliminated?

(a) through (c) [Reserved]. For further information, see §1.411(d)-4 Q&A-2(a) through (c).

(d) *ESOP and stock bonus plan exception—(1) In general.* Subject to the limitations in paragraph (d)(2) of this Q&A-2, a tax credit employee stock ownership plan (as defined in section 409(a)), an employee stock ownership plan (as defined in section 4975(e)(7)), or a stock bonus plan that is not an employee stock ownership plan will not be treated as violating

the requirements of section 411(d)(6) merely because of the circumstances described in paragraph (d)(1)(ii) of this Q&A-2.

(i) [Reserved]. For further information, see §1.411(d)-4 Q&A-2(d)(1)(i).

(ii) *Employer becomes substantially employee-owned or is an S corporation.* The employer eliminates, or retains the discretion to eliminate, with respect to all participants, optional forms of benefit by substituting cash distributions for distributions in the form of employer stock with respect to benefits subject to section 409(h) in the circumstances described in paragraph (d)(1)(ii)(A) or (B) of this Q&A-2, but only if the employer otherwise meets the requirements of section 409(h)(2)—

(A) The employer becomes substantially employee-owned; or

(B) For taxable years of the employer beginning after December 31, 1997, the employer is an S corporation as defined in section 1361.

(iii) and (iv) [Reserved]. For further information, see §1.411(d)-4 Q&A-2(d)(1)(iii) and (iv).

(2) *Limitations on ESOP and stock bonus plan exceptions.* [Reserved]. For further information, see §1.411(d)-4 Q&A-2(d)(2).

(3) *Effective date.* Paragraph (d) of this Q&A-2 applies for taxable years beginning after December 31, 1997. For taxable years beginning prior to January 1, 1998, see §1.411(d)-4 Q&A-2(d).

(4) [Reserved]. For further information, see §1.411(d)-4 Q&A-2(d)(4).

Q&A-3 through Q&A-10 [Reserved]. For further information, see §1.411(d)-4 Q&A-3 through Q&A-10.

Q-11: To what extent may a plan amendment that is made pursuant to the Taxpayer Relief Act of 1997 (TRA '97) (Public Law 105-34, 111 Stat. 788), reduce or eliminate section 411(d)(6) protected benefits?

A-11: A plan amendment does not violate the requirements of section 411(d)(6) merely because the plan amendment reduces or eliminates section 411(d)(6) protected benefits as of the effective date of the plan amendment, provided that—

(a) The plan amendment is made pursuant to an amendment made by title XV, or subtitle H of title X, of TRA '97; and

(b) The plan amendment is adopted no later than the last day of any remedial amendment period that applies to the plan pursuant to §§1.401(b)-1 and 1.401(b)-1T for changes under TRA '97.

Michael P. Dolan,
Deputy Commissioner of
Internal Revenue.

Approved July 24, 1998.

Donald C. Lubick,
Assistant Secretary of
the Treasury.

(Filed by the Office of the Federal Register on September 8, 1998, 8:45 a.m., and published in the issue of the Federal Register for September 9, 1998, 63 F.R. 47172)

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

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

(Also sections 42, 280G, 382, 412, 467, 468, 482, 483, 642, 807, 846, 1288, 7520, 7872.)

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term exempt rate. For purposes of sections 1274, 1288, 382, and other sections of the Code, tables set forth the rates for October 1998.

Rev. Rul. 98-50

This revenue ruling provides various prescribed rates for federal income tax purposes for October 1998 (the current month.) Table 1 contains the short-term, mid-term, and long-term applicable fed-

eral rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(2) for buildings placed in service during the current month. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 98-50 TABLE 1

Applicable Federal Rates (AFR) for October 1998

Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	5.06%	5.00%	4.97%	4.95%
110% AFR	5.58%	5.50%	5.46%	5.44%
120% AFR	6.09%	6.00%	5.96%	5.93%
130% AFR	6.61%	6.50%	6.45%	6.41%
<i>Mid-Term</i>				
AFR	5.12%	5.06%	5.03%	5.01%
110% AFR	5.65%	5.57%	5.53%	5.51%
120% AFR	6.16%	6.07%	6.02%	5.99%
130% AFR	6.69%	6.58%	6.53%	6.49%
150% AFR	7.73%	7.59%	7.52%	7.47%
175% AFR	9.06%	8.86%	8.76%	8.70%
<i>Long-Term</i>				
AFR	5.46%	5.39%	5.35%	5.33%
110% AFR	6.02%	5.93%	5.89%	5.86%
120% AFR	6.57%	6.47%	6.42%	6.38%
130% AFR	7.13%	7.01%	6.95%	6.91%

REV. RUL. 98-50 TABLE 2
Adjusted AFR for October 1998

Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	3.52%	3.49%	3.47%	3.46%
Mid-term adjusted AFR	4.05%	4.01%	3.99%	3.98%
Long-term adjusted AFR	4.80%	4.74%	4.71%	4.69%

REV. RUL. 98-50 TABLE 3

Rates Under Section 382 for October 1998

Adjusted federal long-term rate for the current month	4.80%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months)	5.02%

REV. RUL. 98-50 TABLE 4

Appropriate Percentages Under Section 42(b)(2) for October 1998

Appropriate percentage for the 70% present value low-income housing credit	8.23%
Appropriate percentage for the 30% present value low-income housing credit	3.53%

REV. RUL. 98-50 TABLE 5

Rate Under Section 7520 for October 1998

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	6.2%
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Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1998. See Rev. Rul. 98-50, page 7.

Part III. Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.

Rev. Proc. 98-53

SECTION 1. PURPOSE

This revenue procedure modifies Rev. Proc. 98-14, 1998-4 I.R.B. 22, to give sponsors of individually-designed pension, profit-sharing and stock bonus plans, including volume submitter plans, the option of requesting that applications for determination letters involving § 401(a) or § 403(a) of the Code be reviewed without taking into account changes in the plan qualification requirements made by the Uruguay Round Agreements Act, Pub. L. 103-465 (GATT), the Small Business Job Protection Act of 1996, Pub. L. 104-188 (SBJPA) (including § 414(u) and the Uniformed Services Employment and Reemployment Rights Act of 1994, Pub. L. 103-353 (USERRA)), and the Taxpayer Relief Act of 1997, Pub. L. 105-34 (TRA '97). This option is being provided in response to employer and practitioner comments and will continue until further notice. This option will allow employers to take advantage of the full remedial amendment period for changes in the plan qualification requirements under these acts.

SECTION 2. BACKGROUND

.01 Rev. Proc. 98-14 provides that determination letter applications that are filed on or after April 27, 1998, will be reviewed taking into account GATT, TRA '97, and those provisions of SBJPA that are effective before 1999 ("new law"). The only exception is for determination letter applications for adopters of master or prototype (M&P) and regional prototype plans (other than terminating plans) that have not yet been amended for the new law; these will continue to be reviewed and approved on the basis of "pre-GATT" law. In addition, under Rev. Proc. 98-14, applications for opinion letters for M&P plans, notification letters for regional prototype plans, and advisory letters for volume submitter specimen plans that are filed on or after April 27, 1998, will be reviewed on the basis of the new law.

.02 Rev. Proc. 97-41, 1997-33 I.R.B.

51, as modified by Rev. Proc. 98-14, provides that the remedial amendment period under § 401(b) for amending plans for the new law generally does not expire until the end of the first plan year beginning on or after January 1, 1999. Rev. Proc. 97-41 also provides that this remedial amendment period applies with respect to all disqualifying provisions of new plans adopted or effective after December 7, 1994, and all disqualifying provisions of existing plans arising from a plan amendment adopted after December 7, 1994. Nevertheless, employers and practitioners have asked that plan sponsors be allowed to request determination letters without being required to amend their plans for the new law at this time.

SECTION 3. MODIFICATION OF REV. PROC. 98-14

.01 Rev. Proc. 98-14 is modified to provide that sponsors of individually-designed plans, including volume submitter plans, may request that an application for a determination letter on a plan's qualified status (other than a determination on plan termination) be reviewed without taking into account the requirements of the new law, except for § 1432 and § 1454 of SBJPA, which amended § 401(a)(26) and § 414(n), respectively. The fact that a plan sponsor requests that its application be reviewed without taking into account the requirements of the new law does not preclude the sponsor from incorporating in the plan any provisions that reflect the new law, such as the GATT changes to § 417(e). However, the determination letter that is issued for the plan may not be relied upon with respect to whether such provisions satisfy the qualification requirements as amended by the new law, except for § 1432 and, if the applicant has requested a determination of leased employee status, § 1454 of SBJPA. This option of requesting a pre-GATT letter will apply with respect to applications filed on or after April 27, 1998, and will continue until further notice.

.02 A determination letter applicant who wishes to request a pre-GATT letter should so indicate in a cover letter submitted with the application or on the face of the application form. If the application

has already been filed, the applicant should notify the Service by calling the phone number shown on the Service's acknowledgment-of-receipt letter or by contacting the specialist who has been assigned to review the application. A favorable determination letter that is issued in response to an application for a pre-GATT letter will contain a statement to the effect that the letter does not reflect consideration of new law changes in the qualification requirements, except for § 1432 and, if the applicant has requested a determination of leased employee status, § 1454 of SBJPA.

.03 The procedures described in section 6.03 of Rev. Proc. 98-14, regarding applications filed for plans that contain the family aggregation rules of § 414(q)(6) and § 401(a)(17)(A), will not apply if the applicant requests a pre-GATT letter.

.04 This modification does not affect the provisions of Rev. Proc. 98-14 that apply to determination letter applications filed by adopters of M&P and regional prototype plans or to applications for opinion, notification, or advisory letters. Thus, for example, applications for opinion, notification, and advisory letters that are filed on or after April 27, 1998, will in all cases be reviewed taking into account the requirements of the new law.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 98-14 is modified.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective with respect to determination letter applications that are filed on or after April 27, 1998.

DRAFTING INFORMATION

The principal author of this revenue procedure is James Flannery of the Employee Plans Division. For further information regarding this revenue procedure, contact the Employee Plans Division's telephone assistance service between the hours of 1:30 and 3:30 p.m. Eastern time, Monday through Thursday, on (202) 622-6074/75. (These telephone numbers are not toll-free.)

Part IV. Items of General Interest

Notice of Proposed Rulemaking and Notice of Public Hearing

Section 411(d)(6) Protected Benefits (Taxpayer Relief Act of 1997); Qualified Retirement Plan Benefits

REG-101363-98

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: In T.D. 8781, page 4, the IRS is issuing temporary regulations providing for changes to the rules regarding qualified retirement plan benefits that are protected from reduction by plan amendment, that have been made necessary by the Taxpayer Relief Act of 1997. The text of those temporary regulations also serves as the text of these proposed regulations.

DATES: Written comments and requests for a public hearing must be received by December 3, 1998.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG-101363-98), room 5228, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-101363-98), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC. Alternatively, taxpayers may submit comments electronically via the internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS internet site at http://www.irs/ustreas.gov/prod/tax_regs/comments.html.

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Linda S. F. Marshall, (202) 622-6030 (not a toll-free call); concerning submissions, Michael Slaughter, (202) 622-7190 (not a toll-free call).

SUPPLEMENTARY INFORMATION:

Background

Temporary regulations in T.D. 8781 amend the Income Tax Regulations (26 CFR part 1) relating to section 411(d)(6), to provide for changes that have been made necessary by the Taxpayer Relief Act of 1997 (TRA '97), Public Law 105-34, 111 Stat. 788 (1997). The temporary regulations change the existing regulations to conform with the TRA '97 rules regarding in-kind distribution requirements for certain employee stock ownership plans, and specify the time period during which certain plan amendments for which relief has been granted by TRA '97 may be made without violating the prohibition against plan amendments that reduce accrued benefits.

The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulation does not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8)

copies) that are submitted timely to the IRS. All comments will be available for public inspection and copying. A public hearing may be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the **Federal Register**.

Drafting Information

The principal author of these regulations is Linda S. F. Marshall, Office of the Associate Chief Counsel (Employee Benefits and Exempt Organizations). However, other personnel from the IRS and Treasury Department participated in their development.

* * * * *

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

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

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

Par. 2. Section 1.411(d)-4 is amended by:

1. Revising paragraph (d)(1)(ii) of Q&A-2.

2. Adding Q&A-11.

The addition and revisions read as follows:

§1.411(d)-4 Section 411(d)(6) protected benefits.

* * * * *

Q&A-2 * * *

(d)(1)(ii) [The text of proposed paragraph (d)(1)(ii) of Q&A-2 is the same as the text of §1.411(d)-4T Q&A-2(d)(1)(ii) published in T.D. 8781.]

* * * * *

Q&A-11 [The text of proposed Q&A-11 is the same as the text of §1.411(d)-4T Q&A-11 published in T.D. 8781.]

Michael P. Dolan,
Deputy Commissioner of
Internal Revenue.

Pending Finalization of Proposed Regulations Regarding Timing Requirements for Satisfying Notice and Consent Requirements Under Sections 411 and 417 of the Code

Announcement 98-87

The Internal Revenue Service and the Department of the Treasury intend to take into account public comments that are currently being received regarding the use of new technologies (sometimes referred to as "paperless" technologies) in the administration of qualified plans when amending and finalizing proposed regulations relating to notice and consent requirements under sections 411(a)(11) and 417 of the Internal Revenue Code (the "Code"). The Service and Treasury intend to finalize these regulations in the near future. In the meanwhile, plan sponsors may continue to rely on these regulations as proposed.

Background

A notice of proposed rulemaking (EE-24-93) containing proposed amendments to the Income Tax Regulations under sections 411(a)(11) and 417 of the Code (that would amend section 1.411(a)-11(c)(2) and (8) and section 1.417(e)-1(b)(3) and (4)) was published in the **Federal Register** (60 F.R. 49236) on September 22, 1995. Temporary Income Tax Regulations (T.D. 8620) under sections 411(a)(11) and 417 (section 1.411(a)-11T(c)(2) and (8) and section 1.417(e)-1T(b)(3) and (4)) were published on the same day (60 F.R. 49218). The text of the proposed regulations and temporary regulations is the same. Under section 7805(e), temporary regulations expire within three years after issuance.

The proposed and temporary regulations set forth rules concerning the timing requirements for satisfying the notice and consent requirements under sections 411(a)(11) and 417 of the Code in connection with distributions from qualified plans. The regulations did not provide guidance on the use of paperless tech-

nologies, although the preamble to the regulations invited comments on possible modifications to the notice and consent requirements to accommodate paperless technologies, if adequate safeguards are provided.

Section 1510 of the Taxpayer Relief Act of 1997, Pub. L. 105-34, provides that the Secretary of the Treasury and the Secretary of Labor each shall issue guidance designed to interpret the notice, election, consent, disclosure, and time requirements (and related recordkeeping requirements) under the Code and the Employee Retirement Income Security Act of 1974 relating to retirement plans as applied to the use of new technologies by plan sponsors and administrators. Section 1510 requires the guidance to maintain the protection of the rights of participants and beneficiaries. Announcement 98-62, 1998-29 I.R.B. 13, requested public comments, by October 5, 1998, on the use of paperless technologies and, among other issues, the application of these technologies to the notice and consent requirements under sections 411(a)(11) and 417.

Reliance on Proposed Regulations

The Service and Treasury plan to issue amended and final regulations relating to the timing requirements for satisfying the notice and consent requirements under sections 411(a)(11) and 417 of the Code only after careful consideration of the public comments on paperless technologies received by October 5, 1998. Accordingly, it is intended that the temporary regulations under sections 411(a)(11) and 417 (section 1.411(a)-11T(c)(2) and (8) and section 1.417(e)-1T(b)(3) and (4)) will not be finalized prior to their automatic expiration under section 7805(e). Pursuant to this announcement, plan sponsors may rely on the proposed regulations under sections 411(a)(11) and 417 (that would amend section 1.411(a)-11(c)(2) and (8) and section 1.417(e)-1(b)(3) and (4)) until the proposed regulations are amended or finalized.

IRS Announces New Procedures For Handling Matters In Bankruptcy

Announcement 98-89

The Internal Revenue Service has un-

dertaken a new initiative to improve its procedures for handling bankruptcy cases. The new procedures are intended to minimize the likelihood that IRS collection actions will inadvertently violate the bankruptcy laws, to facilitate prompt correction of any violations that do occur, and to provide an administrative process for handling any claims for damages against the IRS that arise from such violations.

The initiative includes new administrative measures to speed the processing of bankruptcy matters. The IRS has designated specific points of contact who will coordinate the handling of violations of the automatic stay and the discharge injunction of the bankruptcy laws. These contact points will be part of the Special Procedures Function (SPF) in the local IRS Collection Division. SPF will expeditiously handle these cases according to specific time guidelines in order to ensure compliance with the bankruptcy laws. These procedures will be reflected in the next version of IRM Part V Bankruptcy Handbook 5.9. In addition, the IRS is notifying bankruptcy practitioners throughout the country of the address in each district to which bankruptcy petitions and all other bankruptcy correspondence should be sent.

The initiative also provides for a pilot program to test new administrative procedures for handling any claims for damages debtors may have in cases where the IRS fails to properly comply with the bankruptcy laws. Under Section 7433 of the Internal Revenue Code, as amended by the Internal Revenue Service Reform and Restructuring Act of 1998, debtors may be entitled to recover damages for actual economic losses they sustain as a result of willful violations of the bankruptcy laws by the IRS. Attorney's fees in these cases may also be available pursuant to Internal Revenue Code Section 7430.

While the new procedures for processing bankruptcy cases are intended to minimize any such violations, the IRS believes it is appropriate to test a simplified administrative process for handling cases in which debtors believe they have suffered damages because of improper IRS actions. Under this process, debtors may elect to file claims for damages with the local SPF office rather than with the

bankruptcy court. Claims for damages must be made in writing and must include supporting documentation requested by the SPF office. SPF will evaluate and respond to these claims within sixty days.

The IRS will be undertaking outreach efforts to explain its new procedures to bankruptcy practitioners and other interested parties across the country. For additional information about these new procedures, contact the local Special Procedures Function office.

Foundations Status of Certain Organizations

Announcement 98-91

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:

Abundant Waters Inc., New York, NY
Akron Coalition for Education Foundation, Akron, OH
American Computer Scientists Association, Inc., Cranford, NJ
Belize Foundation, Detroit, MI
Berdan Support Fund, Mendenhall, PA
Bonsall Village Inc., Yeadon, PA
Center for Health and Long Term Care Research, Inc., Waltham, MA
Chicago Community Outreach, Chicago, IL
Christ Crusade Community Center, Fayetteville, NC

Christian Legal Services Inc., Bangor, MI
Coastnet, Beaufort, SC
Corestates Community Development Corporation, Philadelphia, PA
Cross Keys Retirement, Inc., Sewell, NJ
Earl Kouba Memorial Foundation, Kasson, MN
Earth Preservation Funds, Inc., Milwaukee, WI
Families United By Adoption, Berlin, NJ
Film Foundation Inc., New York, NY
For A Better Life Foundation, Chicago, IL
Freed Hurwitz Memorial Fund, Inc., Hollywood, FL
Fritz & Alice Anton Scholarship Fund, San Marcos, TX
God Rules Ministry, Inc., Baton Rouge, LA
Goddard Historical & Genealogical Society Inc., Stow, OH
Good Stewards, Woodbury, MN
Gulf Coast Research and Development Laboratory Inc., Tampa, FL
Haviland Heartland Housing, Haviland KS
Hollyfield Foundation, Houston, TX
Indiana Civic and Cultural Association, Incorporated, Indiana, PA
Jewish Radical Education Project, Inc., New York, NY
Johns Gospel Mission, Troy, MI
Joseph Ministries Inc., Nixa, MO
Juanita Maldon Foundation, Richmond, CA
Kate Sidran Family Foundation, Dallas, TX
King City Police Activities League, Inc., King City, CA
Largess, South Euclid, OH
Living God Ministries, Inc., Bastrop, TX
Lutheran Housing Service Number 8 Incorporated, Toledo, OH
Lutheran Radio Incorporated, Nevada, IA
Mesoamerican Research Foundation, Salt Lake City, UT
Na Vision Ministries Inc., Sunrise, FL
Network 2000, Kansas City, KS
Ontohealth, Inc., Xenia, OH
Ozark Mountain Adventure, Fort Smith, AR

Paula Martin Jones Charities, Inc., Longview, TX
People Against Racism & Discrimination, Calumet, IL
Raptor Education Group Inc., Antigo, WI
Somerville Community Schools Council Inc., Somerville, MA
Special Program for Adolescents, Evanston, IL
Sports Pride of America Foundation, Inc., Raleigh, NC
Sterling Foundation Inc., Pittsburgh, PA
Sthle Wildlife Foundation, Brewer, ME
Tanzania Children Development Association, Hazel Crest, IL
Think First of New York, Inc., Schenectady, NY
The Silver Spring Historical Trust, Cape Girardeau, MO
The Sumter Foundation Inc., Americus, GA
Trades Awareness Program Inc., Franklin, WI
Union Missionary Baptist Neighborhood Redevelopment Corp., Lansing, MI
United Students Association, Inc., Chestnut Hill, MA
Urban Ministries Development Corporation, Columbus, OH
Versin House Inc. Community/Living Facility, Dolton, IL
Victory Home Health Hospice, Las Vegas, NM
Wisconsin Rural Leadership Program, Inc., Madison, WI
World Farmers Hall of Fame, Pawnee City, NE

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.

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

Under 330, Title 31 of the United States Code, the Secretary of the Treasury, after due notice and opportunity for hearing, is authorized to suspend or disbar from practice before the Internal Revenue Service any person who has violated the rules and regulations governing the recognition of attorneys, certified public accountants, enrolled agents, or enrolled actuaries to practice before the Internal Revenue Service.

Attorneys, certified public accountants, enrolled agents, and enrolled actuaries are prohibited in any Internal Revenue Service matter from directly or indirectly employ-

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

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify such disbarred or suspended practitioners, the Director of Practice will announce in the Internal Revenue Bulletin the names and addresses of practitioners who have been suspended from such practice, their designation as attorney, certified public accountant, enrolled agent, or enrolled actuary, and date or period of suspension. This

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

After due notice and opportunity for hearing before an administrative law judge, the following individuals have been disbarred from further practice before the Internal Revenue Service:

Name	Address	Designation	Effective Date
Galt, Edward G.	Monterey, CA	CPA	October 25, 1997
Lopez, Andrew L.	Albuquerque, NM	CPA	December 11, 1997
Branch, Jimmie L.	Jacksonville, FL	CPA	January 15, 1998
Harrison, Rebecca A.	Carmichael, CA	Enrolled Agent	March 4, 1998
Mayer, Robert J.	Wexford, PA	CPA	June 4, 1998

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

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

Attorneys, certified public accountants, enrolled agents, and enrolled actuaries are

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

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

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

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

Name	Address	Designation	Date of Suspension
Clark, Sheila	Houston, TX	CPA	Indefinite from April 21, 1998
Kimes, Larry W.	Austin, TX	Attorney	Indefinite from May 5, 1998
Braiteman, Sheldon	Baltimore, MD	Attorney	Indefinite from June 5, 1998
Pollack, Michael	Guttenberg, NJ	Attorney	Indefinite from June 11, 1998
Eichenbaum, Irving	Huntingdon Valley, PA	CPA	Indefinite from August 4, 1998
Corley, Francis R.	Irmo, SC	CPA	Indefinite from August 4, 1998
Scott, Richard	Lincoln, NE	Attorney	Indefinite from August 4, 1998
Wilson, Douglas D.	Roanoke, VA	Attorney	Indefinite from August 4, 1998
Watkins, Brian R.	Lincoln, NE	Attorney	Indefinite
Congdon Jr., Byron E.	San Bernadino, CA	Attorney	Indefinite from August 4, 1998
Abrams, Robert	Elmsford, NY	CPA	Indefinite from August 4, 1998
Robinson, Doane	Rapid City, SD	CPA	Indefinite from August 4, 1998
Szarwark, Ernest	Nashville, TN	Attorney	Indefinite from August 4, 1998
Roberts, Mark	Norman, OK	CPA	Indefinite from August 4, 1998
Wood, Randall K.	Springfield, MO	Attorney	Indefinite from August 5, 1998
Chappell, Ronald L.	Antelope, CA	CPA	Indefinite from August 12, 1998

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

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

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

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

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

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

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

Name	Address	Designation	Date of Suspension
Makula, John G.	Park Ridge, IL	CPA	April 1, 1998 to March 31, 2003
Slomski, Michael	Gross Pointe Woods, MI	CPA	April 1, 1998 to March 31, 2001
Bozeman Jr., T. Alvin	Sylvester, GA	CPA	May 22, 1998 to November 21, 1999
Parness, Richard A.	Westfield, NJ	CPA	June 1, 1998 to December 31, 1998
Register, Billy	Havana, FL	CPA	Indefinite from July 10, 1998
Cooper, Michael E.	Edina, MN	CPA	August 19, 1998 to February 18, 1999
Minello, Michael J.	Clarks Summit, PA	CPA	August 28, 1998 to April 27, 2001
Holden, William W.	Fairfield, CT	CPA	September 1, 1998 to March 31, 1999
Freeman, Samuel	Bedford, NH	CPA	September 1, 1998 to August 31, 1999
Anders, Kevin	Williamport, MD	CPA	September 1, 1998 to August 31, 2001
Breed, Robert M.	Concord, MA	CPA	September 1, 1998 to February 28, 2001
Sandirk, Paula Brooks	Chehalis, WA	CPA	November 1, 1998 to April 30, 2000
Neuhaus Jr., George	Brewster, NY	CPA	November 1, 1998 to April 30, 2000

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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Key to Abbreviations:

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

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