

## 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. 99-17, page 4.

**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 April 1999.

#### Rev. Rul. 99-18, page 3.

**Low-income housing credits; satisfactory bond; "bond factor" amounts for the period January through March 1999.** This ruling announces the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period January through March 1999.

#### Notice 99-17, page 6.

This notice modifies Notice 98-20, 1998-13 I.R.B. 25, to reflect changes made to section 1(h) of the Internal Revenue Code by sections 4002(i)(3) and 4003(b) of the Tax and Trade Relief Extension Act of 1998. The changes affect the treatment of post-1997 distributions of capital gains from a charitable remainder trust.

#### Rev. Proc. 99-20, page 7.

**Section 911(d)(4) waiver.** Guidance is provided to individuals who fail to meet the eligibility requirements of section 911(d)(1) of the Internal Revenue Code because adverse conditions in a foreign country preclude the individual from meeting those requirements. A current list of countries and the dates those countries are subject to the section 911(d)(4) waiver is provided.

### EXEMPT ORGANIZATIONS

#### Announcement 99-32, page 20.

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

### ADMINISTRATIVE

#### REG-100729-98, page 9.

Proposed regulations under section 6302 of the Code relate to the deposit of Federal taxes by electronic funds transfer (EFT). A public hearing is scheduled for May 11, 1999.

#### Announcement 99-24, page 12.

The Service is requesting comments from the public on proposed revisions to Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding.

#### Announcement 99-26, page 20.

An updated edition of Publication 954, Tax Incentives for Empowerment Zones and Other Distressed Communities (revised February 1999), is now available.

#### Announcement 99-33, page 21.

Updated editions of Publication 547, Casualties, Disasters, and Thefts (Business and Nonbusiness) (revised February 1999), and Publication 584, Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property) (revised February 1999) are now available.

#### Announcement 99-35, page 22.

Proposed regulation REG-113744-98, 1999-10 I.R.B. 59, under section 1296 of the Code relating to the new mark-to-market election for stock of a passive foreign investment company (PFIC), is corrected.

Finding Lists begin on page 28.

Announcement of Disbarments and Suspensions begins on page 25.

Announcement of Declaratory Judgment Proceedings Under Section 7428 is on page 22.

Index for January through March begins on page 30.



# Mission of the Service

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities

and by applying the tax law with integrity and fairness to all.

## 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 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.**

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 1999. See Rev. Rul. 99-17, page 4.

**Low-income housing credits; satisfactory bond; “bond factor” amounts for the period January through March 1999.** This ruling announces the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-in-

come buildings or interests therein during the period January through March 1999.

### Rev. Rul. 99-18

In Rev. Rul. 90-60, 1990-2 C.B. 3, the Internal Revenue Service provided guidance to taxpayers concerning the general methodology used by the Treasury Department in computing the bond factor amounts used in calculating the amount of bond considered satisfactory by the Secretary under § 42(j)(6) of the Internal

Revenue Code. It further announced that the Secretary would publish in the Internal Revenue Bulletin a table of “bond factor” amounts for dispositions occurring during each calendar month.

This revenue ruling provides in Table 1 the bond factor amounts for calculating the amount of bond considered satisfactory under § 42(j)(6) for dispositions of qualified low-income buildings or interests therein during the period January through March 1999.

Calendar Year Building Placed in Service or, if Section 42(f)(1) Election Was Made, the Succeeding Calendar Year													
Month of Disposition	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Jan '99	44.10	57.48	70.98	72.56	74.67	77.09	79.54	81.87	84.18	86.70	89.33	92.33	92.81
Feb '99	44.10	57.48	70.98	72.35	74.45	76.85	79.29	81.60	83.90	86.40	89.00	91.92	92.81
Mar '99	44.10	57.48	70.98	72.14	74.24	76.62	79.05	81.35	83.63	86.11	88.69	91.56	92.81

For a list of bond factor amounts applicable to dispositions occurring during other calendar years, see the following revenue rulings: Rev. Rul. 98-3, 1998-2 I.R.B. 4, for dispositions occurring during the calendar years 1996 and 1997; Rev. Rul. 98-13, 1998-11 I.R.B. 4, for dispositions occurring during the period January through March 1998; Rev. Rul. 98-31, 1998-25 I.R.B. 4, for dispositions occurring during the period April through June 1998; Rev. Rul. 98-45, 1998-38 I.R.B. 4, for dispositions occurring during the period July through September 1998; and Rev. Rul. 99-1, 1999-2 I.R.B. 4, for dispositions occurring during the period October through December 1998.

### DRAFTING INFORMATION

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

## Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of April 1999. See Rev. Rul. 99-17, page 4.

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

The adjusted applicable federal long-term rate is set forth for the month of April 1999. See Rev. Rul. 99-17, page 4.

## Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 1999. See Rev. Rul. 99-17, page 4.

## 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 April 1999. See Rev. Rul. 99-17, page 4.

## 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 April 1999. See Rev. Rul. 99-17, page 4.

## 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 April 1999. See Rev. Rul. 99-17, page 4.

**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 April 1999. See Rev. Rul. 99-17, page 4.

**Section 642.—Special Rules for Credits and Deductions**

Federal short-term, mid-term, and long-term rates are set forth for the month of April 1999. See Rev. Rul. 99-17, page 4.

**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 April 1999. See Rev. Rul. 99-17, page 4.

**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 April 1999. See Rev. Rul. 99-17, page 4.

**Section 911.—Citizens or Residents of the United States Living Abroad**

*26 CFR 1.911-1: Partial exclusion for earned income sources within a foreign country and foreign housing costs.*

Guidance is provided to individuals who fail to meet the eligibility requirements of section 911(d)(1) of the Internal Revenue Code because adverse conditions in a foreign country preclude the individual from meeting those requirements. A current list of countries and the dates of those countries are subject to the section 911(d)(4) waiver is provided. See Rev. Proc. 99-20, 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 April 1999.

**Rev. Rul. 99-17**

This revenue ruling provides various prescribed rates for federal income tax purposes for April 1999 (the current month.) Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(2) for buildings placed in service during the current month. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 99-17 TABLE 1

Applicable Federal Rates (AFR) for April 1999

*Period for Compounding*

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	4.99%	4.93%	4.90%	4.88%
110% AFR	5.49%	5.42%	5.38%	5.36%
120% AFR	6.01%	5.92%	5.88%	5.85%
130% AFR	6.51%	6.41%	6.36%	6.33%
<i>Mid-Term</i>				
AFR	5.28%	5.21%	5.18%	5.15%
110% AFR	5.81%	5.73%	5.69%	5.66%
120% AFR	6.35%	6.25%	6.20%	6.17%
130% AFR	6.88%	6.77%	6.71%	6.68%
150% AFR	7.97%	7.82%	7.75%	7.70%
175% AFR	9.33%	9.12%	9.02%	8.95%
<i>Long-Term</i>				
AFR	5.67%	5.59%	5.55%	5.53%
110% AFR	6.24%	6.15%	6.10%	6.07%
120% AFR	6.82%	6.71%	6.65%	6.62%
130% AFR	7.40%	7.27%	7.21%	7.16%

REV. RUL. 99-17 TABLE 2				
Adjusted AFR for April 1999				
<i>Period for Compounding</i>				
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	3.18%	3.16%	3.15%	3.14%
Mid-term adjusted AFR	3.82%	3.78%	3.76%	3.75%
Long-term adjusted AFR	4.78%	4.72%	4.69%	4.67%

REV. RUL. 99-17 TABLE 3	
Rates Under Section 382 for April 1999	
Adjusted federal long-term rate for the current month	4.78%
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.)	4.78%

REV. RUL. 99-17 TABLE 4	
Appropriate Percentages Under Section 42(b)(2) for April 1999	
Appropriate percentage for the 70% present value low-income housing credit	8.28%
Appropriate percentage for the 30% present value low-income housing credit	3.55%

REV. RUL. 99-17 TABLE 5	
Rate Under Section 7520 for April 1999	
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	6.4%

**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 April 1999. See Rev. Rul. 99-17, page 4.

**Section 7520.—Valuation Tables**

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 1999. See Rev. Rul. 99-17, page 4.

**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 April 1999. See Rev. Rul. 99-17, page 4.

## Part III. Administrative, Procedural, and Miscellaneous

### Post-1997 Distributions of Capital Gains from Charitable Remainder Trusts

#### Notice 99-17

This notice modifies Notice 98-20, 1998-13 I.R.B. 25, to reflect changes made to § 1(h) of the Internal Revenue Code by §§ 4002(i)(3) and 4003(b) of the Tax and Trade Relief Extension Act of 1998 (Division J of H.R. 4328, Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999), Pub. L. No. 105-277, 112 Stat. 2681 (1998) (TTREA of 1998). The changes affect the treatment of post-1997 distributions of certain capital gains properly taken into account in 1997 by a charitable remainder trust (CRT) described in § 664.

#### BACKGROUND

Notice 98-20 provides guidance on the ordering and taxation of distributions under § 664(b)(2) from a CRT to reflect changes made to § 1(h) by the Taxpayer Relief Act of 1997 (TRA 1997), Pub. L. No. 105-34, § 311, 111 Stat. 788, 831. TRA 1997 amended § 1(h) to provide for new capital gain tax rates for noncorporate taxpayers. Under Notice 98-20, a CRT's long-term capital gains (LTCGs) and losses fall into three separate tax rate groups: (1) the 28-percent group, (2) the 25-percent group, and (3) the 20-percent group. Grouping of LTCGs properly taken into account by a CRT is necessary in order to determine the treatment of dis-

tributions by the CRT. Notice 98-20 provides that LTCGs properly taken into account by a CRT from January 1, 1997, through May 6, 1997, are treated as LTCGs in the 28-percent group.

Section 4002(i)(3) of the TTREA of 1998 added § 1(h)(13)(D). New § 1(h)(13)(D) provides that § 1(h)(13)(A) and § 1(h)(13)(B)(ii) (providing 28-percent rate treatment for certain LTCGs properly taken into account in 1997) do not apply to any capital gain distribution made by a CRT, effective for taxable years ending after December 31, 1997. Because § 1(h)(13)(A) and § 1(h)(13)(B)(ii) do not apply to a CRT distribution for taxable years ending after December 31, 1997, LTCGs (other than collectibles gain) properly taken into account by a CRT during 1997 and distributed in taxable years ending after December 31, 1997, that would have been in the 28-percent group now fall within either the 25-percent group or the 20-percent group.

To reflect the changes made to § 1(h) by § 4002(i)(3) of the TTREA of 1998, this present notice modifies two sections of Notice 98-20: (1) 1997 PRE-EFFECTIVE DATE LONG-TERM CAPITAL GAINS and (2) EXAMPLE ILLUSTRATING ORDERING AND CHARACTER RULES. The 1997 PRE-EFFECTIVE DATE LONG-TERM CAPITAL GAINS section of Notice 98-20 should be disregarded for taxable years ending after December 31, 1997. In the EXAMPLE ILLUSTRATING ORDERING AND CHARACTER RULES section of

Notice 98-20, the 28-percent group gain is changed to collectibles gain.

#### DISCUSSION

The character of a CRT's income is determined at the time the income is realized by the trust. Under § 1(h)(13)(D), a CRT's LTCG in the 28-percent group (other than collectibles gain) that was properly taken into account during 1997 and distributed in taxable years ending after December 31, 1997, falls within either the 25-percent group or the 20-percent group. Thus, a CRT's LTCG described in the previous sentence now falls within the 25-percent group if the gain (1) was from property held more than 12 months but not more than 18 months, (2) was properly taken into account for the portion of the taxable year after July 28, 1997, and before January 1, 1998, and (3) otherwise satisfies the requirements for unrecaptured § 1250 gain under § 1(h)(7); any remaining LTCG falls within the 20-percent group.

To reflect this change in law, some CRTs will need to remove from the 28-percent group any LTCGs (other than collectibles gain) properly taken into account during 1997 that were not distributed in taxable year 1997 and place those LTCGs in either the 25-percent group or the 20-percent group, as appropriate.

Tables 1 and 2 illustrate the recent changes made to § 1(h) and their effect on CRTs.

**Table 1**  
**Rules Applicable to LTCGs Distributed in Tax Year 1997**

Pre-1997 LTCGs	LTCGs realized from 1/1/97-5/6/97	LTCGs realized from 5/7/97-7/28/97	LTCGs realized from 7/29/97-12/31/97
20%	28% if property held > 12 months	28% for collectibles gain	28% if property held > 12 months and < 18 months or for collectibles gain
		25% if property held > 12 months and LTCG is unrecaptured § 1250 gain	25% if property held > 18 months and LTCG is unrecaptured § 1250 gain
		20% for all other property held > 12 months	20% for all other property held > 18 months

**Table 2**  
**Rules Applicable to LTCGs Distributed in Post-1997 Tax Years**

<b>Pre-1997 LTCGs</b>	<b>LTCGs realized from 1/1/97-5/6/97</b>	<b>LTCGs realized from 5/7/97-7/28/97</b>	<b>LTCGs realized from 7/29/97-12/31/97</b>
No change—20%	Change—20% if property held > 12 months	No change—28% for collectibles gain	Change—28% <b>only</b> for collectibles gain
		No change—25% if property held > 12 months and LTCG is unrecaptured § 1250 gain	Change—25% if property held > <b>12 months</b> and LTCG is unrecaptured § 1250 gain
		No change—20% for all other property held > 12 months	Change—20% for all other property held > 12 months

**EFFECTIVE DATE**

The statutory changes described in this notice apply to CRT distributions made in taxable years ending after December 31, 1997.

**EFFECT ON OTHER DOCUMENTS**

Notice 98–20 is modified.

**DRAFTING INFORMATION**

The principal author of this notice is Mary Beth Collins of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, contact Ms. Collins on (202) 622-3080 (not a toll-free call).

*26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability. (Also Part I, section 911, 1.911–1)*

**Rev. Proc. 99–20**

**SECTION 1. PURPOSE**

01. This revenue procedure provides information to any individual who failed to meet the eligibility requirements of § 911(d)(1) of the Internal Revenue Code because adverse conditions in a foreign country precluded the individual from meeting those requirements for taxable year 1998.

02. The Internal Revenue Service has previously listed countries for which the eligibility requirements of § 911(d)(1) of the Code are waived under § 911(d)(4)

because of adverse conditions in those countries on and after the date stated. See Rev. Proc. 98–38, 1998–27 I.R.B. 29, Rev. Proc. 97–51, 1997–2 C.B. 526, and Rev. Proc. 96–33, 1996–1 C.B. 720. This revenue procedure lists countries added to the list in 1998, for which the eligibility requirements of § 911(d)(1) are waived. Rev. Proc. 98–38, Rev. Proc. 97–51, and Rev. Proc. 96–33 remain in full force and effect.

**SEC. 2. BACKGROUND**

01. Section 911(a) of the Code allows a “qualified individual,” as defined in § 911(d)(1), to exclude foreign earned income and housing cost amounts from gross income. Section 911(c)(3) of the Code allows a qualified individual to deduct housing cost amounts from gross income.

02. Section 911(d)(1) of the Code defines the term “qualified individual” as an individual whose tax home is in a foreign country and who is (A) a citizen of the United States and establishes to the satisfaction of the Secretary of the Treasury that the individual has been a bona fide resident of a foreign country or countries for an uninterrupted period that includes an entire taxable year, or (B) a citizen or resident of the United States who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days.

03. Section 911(d)(4) of the Code provides an exception to the eligibility requirements of § 911(d)(1). An individual will be treated as a qualified individual with respect to a period in which the indi-

vidual was a bona fide resident of, or was present in, a foreign country if the individual left the country during a period for which the Secretary of the Treasury, after consultation with the Secretary of State, determines that individuals were required to leave because of war, civil unrest, or similar adverse conditions that precluded the normal conduct of business. An individual must establish that but for those conditions the individual could reasonably have been expected to meet the eligibility requirements.

04. For 1998, the Secretary of the Treasury in consultation with the Secretary of State, has determined that war, civil unrest, or similar adverse conditions that precluded the normal conduct of business existed in the following countries beginning on or after the specified dates:

<i>Country</i>	<i>Date of Departure</i> <i>On or After</i>
Albania	August 14, 1998
Democratic Republic of the Congo	August 5, 1998
Eritrea	June 5, 1998
Guinea-Bissau	June 10, 1998
Indonesia	May 15, 1998
Pakistan	August 16, 1998
Sierra Leone	December 23, 1998
Serbia-Montenegro	October 11, 1998

05. Accordingly, for purposes of § 911 of the Code, an individual who left one of the foregoing countries on or after the specified departure date shall be treated as a qualified individual with respect to the period during which that individual was present in, or was a bona fide resident of,

such foreign country if the individual establishes a reasonable expectation of meeting the requirements of § 911(d) but for those conditions.

06. To qualify for relief under § 911(d)(4) of the Code, an individual must have established residency or have been physically present in the foreign country on or prior to the date that the Secretary of the Treasury determines that individuals were required to leave the for-

eign country. Individuals who establish residency or are first physically present in the foreign country after the date that the Secretary prescribes, shall not be treated as qualified individuals under § 911(d)(4) of the Code pursuant to § 911(d)(4)(C). For example, individuals who are first physically present in Albania after August 14, 1998, are not eligible to qualify for the exemption prescribed in § 911(d)(4) of the Code for taxable year 1998.

07. In order to assist those individuals who are filing prior year or amended tax returns, the Internal Revenue Service is republishing the countries added to the list for tax years 1995, 1996 and 1997, for which the eligibility requirements of § 911(d)(1) of the Code are waived under § 911(d)(4):

Tax Year 1995 - No new departure dates were added to the list.

Tax Year 1996-

<i>Country</i>	<i>Date of Departure</i> <i>On or After</i>	<i>On or Before</i>
Central African Republic	May 21, 1996	September 12, 1996

Tax Year 1997-

<i>Country</i>	<i>Date of Departure</i> <i>On or After</i>
Albania	March 12, 1997
Cambodia	July 9, 1997
Central African Republic	March 28, 1997
Democratic Republic of the Congo	May 3, 1997
Republic of the Congo	June 7, 1997
Sierra Leone	May 28, 1997
Tajikistan	November 26, 1997

SEC. 3. INQUIRES

A taxpayer who needs assistance on how to claim this exclusion, or on how to file an amended return, should contact a local IRS Office or, for a taxpayer residing or traveling outside the United States, the nearest overseas IRS office.

SEC. 4. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 98-38, 1998-27 I.R.B. 29 is supplemented.

DRAFTING INFORMATION

The principal author of this revenue

procedure is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure contact Ms. Hwa at (202) 622-3840 (not a toll-free call).



## Part IV. Items of General Interest

### Notice of Proposed Rulemaking and Notice of Public Hearing

#### Electronic Funds Transfers of Federal Deposits

REG-100729-98

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations relating to the deposit of Federal taxes by electronic funds transfer (EFT). The proposed regulations affect certain taxpayers required to make deposits of Federal taxes. For calendar years beginning after 1999, the proposed regulations provide rules under which certain taxpayers must make deposits by EFT.

DATES: Written and electronic comments must be received by May 24, 1999. Outlines and topics to be discussed at the public hearing scheduled for May 11, 1999, at 10 a.m. must be received by April 20, 1999.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG-100729-98), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-100729-98), 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 [http://www.irs.ustreas.gov/prod/tax\\_regs/comments.html](http://www.irs.ustreas.gov/prod/tax_regs/comments.html) (the IRS Internet address). The public hearing will be held in room 2615, Internal Revenue Building, 1111 Constitution Ave. NW, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Vincent Surabian, (202) 622-4940; concerning submission of comments, the

hearing, and/or to be placed on the building access list to attend the hearing, Michael Slaughter, (202) 622-7190 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### *Background*

This document contains proposed amendments to the Income Tax Regulations (26 CFR part 1), the Estate Tax Regulations (26 CFR part 20), the Gift Tax Regulations (26 CFR part 25), the Employment Taxes and Collection of Income Tax at Source Regulations (26 CFR part 31), and the Excise Tax Procedural Regulations (26 CFR part 40).

On July 14, 1997, the IRS issued final regulations under section 6302(h) of the Internal Revenue Code relating to the deposit of Federal taxes by EFT (T.D. 8723, 62 F.R. 37490).

Those final regulations gradually phase taxpayers into the EFT system through 1999. In the final stages of the phase-in under those regulations, taxpayers with more than \$50,000 in employment tax deposits during calendar year 1995, 1996, or 1997, and taxpayers that, in any of those years, had no employment tax deposits but made deposits of other depository taxes exceeding \$50,000, were required to begin to deposit by EFT.

At present, the regulations do not require EFT use by a new or growing taxpayer with annual deposits that did not exceed the prescribed threshold for the first time before 1998.

##### *Explanation of Provisions*

###### *1. Increase in Current \$50,000 Threshold*

Section 6302(h) requires that in fiscal year 1999 and subsequent years 94 percent of employment taxes and 94 percent of other depository taxes be collected by EFT. The IRS and Treasury Department previously concluded that the deposit threshold had to be set at \$50,000 to satisfy this statutory requirement. More recent experience suggests, however, that the statutory requirement can be satisfied even if the threshold is set at a substantially higher level. Moreover, an increase in the threshold would allow small businesses to make the transition to the EFT

system at their own pace as they adopt electronic funds transfer in their other business operations. Accordingly, the proposed regulations increase the deposit threshold to \$200,000 in aggregate Federal tax deposits during a calendar year.

The new threshold will be applied initially to 1998 deposits, and taxpayers that exceed the threshold in 1998 will be required to deposit by EFT in 2000 and subsequent years. Taxpayers that first exceed the threshold in 1999 or a subsequent year will similarly be required to deposit by EFT after a one-year grace period. A taxpayer that exceeds the threshold will not be permitted to resume making paper coupon deposits if its deposits fall below \$200,000 in a subsequent year. Although a similar rule applies under the current regulations, taxpayers that are currently required to deposit by EFT will be given a fresh start and will not be required to use EFT unless they exceed the \$200,000 threshold in 1998 or a subsequent calendar year.

Under the new rules, only 9 percent of all business taxpayers that make Federal tax deposits will be required to deposit by EFT. The fresh start will allow 65 percent of the taxpayers subject to the EFT requirement under the current regulations to resume making paper coupon deposits beginning in 2000. The IRS and Treasury Department are confident, however, that most of these taxpayers have come to appreciate the simplicity and convenience of the EFT system and will continue to deposit by EFT on a voluntary basis. The continued participation of these taxpayers, coupled with ongoing efforts to encourage voluntary enrollment, should assure 94 percent collections by EFT notwithstanding the increase in the threshold.

###### *2. Taxes Taken into Account in Applying Threshold*

The current regulations prescribe one threshold (\$50,000 in employment taxes) for depositors liable for employment taxes and a separate threshold (\$50,000 in other taxes) for taxpayers with no employment tax liability. Thus, taxpayers that deposit employment taxes but do not exceed the applicable \$50,000 threshold are not subject to the EFT requirement even if they deposit large amounts of

other depository taxes. In Notice 97-43 (1997-2 C.B. 294), the IRS and Treasury Department invited public comment on two alternatives to these rules and also welcomed any suggestions for a different rule. The first alternative presented in Notice 97-43 is a two-pronged test under which a taxpayer that deposits more than the threshold amount of the employment taxes imposed by chapters 21, 22, and 24 or more than the threshold amount of other depository taxes would be required to deposit by EFT. The second alternative is an aggregate deposits test under which a taxpayer that deposits more than the threshold amount of employment and other taxes combined would be required to deposit by EFT.

The IRS received six comments in response to Notice 97-43. Two commentators stated that the aggregate deposits test would be the most satisfactory. One of these commentators stated that an aggregate test (1) is simple for taxpayers to calculate; (2) is easy for financial institutions to calculate; and (3) is easy for the IRS to monitor and maintain. The second commentator favored an aggregate deposits test because it would introduce a larger number of taxpayers to the advantages and efficiencies of the EFT system.

Two commentators stated that the present system should be retained because of its simplicity. One of these commentators stated that a taxpayer need consider only one set of figures, its employment taxes, to determine if it is subject to EFT. If the taxpayer has no employment taxes, then the taxpayer would simply look at its other depository taxes. The second commentator favored the present rule because of its belief that the adoption of either of the two proposals described in Notice 97-43 would bring additional smaller employers into the EFT system. The commentator stated that it is unnecessary to bring additional employers into the EFT system because, under the current rule, the IRS is satisfying the requirement of section 6302(h) that more than 94 percent of all depository taxes be deposited by EFT for fiscal year 1999 and thereafter.

The proposed regulations adopt an aggregate deposits test. As the comments illustrate, there is disagreement concerning the relative simplicity of the various options. The view of the IRS and Treasury Department, based on experience with the

current system, is that an aggregate deposits test would be, on balance, simpler, less confusing to taxpayers, and more easily administered than a two-threshold rule. The aggregate deposits test also has the advantage of eliminating the anomalous current treatment of taxpayers that deposit small amounts of employment taxes and large amounts of other taxes as if they were smaller than taxpayers that deposit no employment taxes but are otherwise similarly situated. The IRS and Treasury Department believe that the other concern expressed in the comments, that the aggregate deposits test would unnecessarily extend the EFT system to additional small employers, has been adequately addressed by the proposed increase in the threshold.

A fifth commentator suggested that a rule be considered under which a taxpayer could be relieved of the EFT deposit requirement if the taxpayer, after being mandated into the system, fails to deposit the threshold amount during succeeding calendar years. This suggestion has not been adopted because of concerns that it would be more complex and more difficult to administer than the proposed rule.

A final commentator stated that the current regulations make no provision for the consciences of persons whose religious beliefs restrict the use of computer equipment in their businesses. The IRS and Treasury Department are continually sensitive to the limited nature of the technology available to many taxpayers and, for that reason, have developed a system under which, using the ACH debit option, equipment no more complex than a rotary or touch-tone telephone is all that is necessary to make an EFT deposit. A computer is not required.

### *3. Expansion of Voluntary Payments by EFT*

Finally, the current regulations allow the voluntary payment by EFT of certain nondepository taxes, specifically individual income taxes (including estimated taxes). These proposed regulations expand the types of nondepository tax payments for which voluntary payment by EFT is allowed to include nondepository payments of Federal income, estate and gift, employment, and various specified excise taxes.

## *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 these regulations do not impose a collection of information requirement 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.

## *Proposed Effective Date*

The regulations are proposed to become effective on the date final regulations are published in the **Federal Register**.

## *Comments and Public Hearing*

Before these proposed regulations are adopted as final regulations, consideration will be given to any electronic and written comments (a signed original and eight (8) copies) that are submitted timely to the IRS. The IRS and Treasury Department specifically request comments on the clarity of the proposed regulations and how they can be made easier to understand. All comments will be available for public inspection and copying.

A public hearing has been scheduled for May 11, 1999, beginning at 10 a.m. The hearing will be held in room 2615, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC. Due to building security procedures, visitors must enter at the 10th Street entrance, located between Constitution and Pennsylvania Avenues, NW. In addition, all visitors must present photo identification to enter the building. Because of access restrictions, visitors will not be admitted beyond the immediate entrance area more than 15 minutes before the hearing starts. For information about having your name placed on the building access list to attend the hearing, see the FOR FURTHER IN-

FORMATION CONTACT section of this preamble.

The rules of 26 CFR 601.601(a)(3) apply to the hearing. Persons who wish to present oral comments at the hearing must submit written or electronic comments by May 24, 1999, and submit an outline of topics to be discussed and the time to be devoted to each topic (a signed original and eight (8) copies) by April 20, 1999.

A period of 10 minutes will be allotted to each person for making comments.

An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

*Drafting Information*

The principal author of these regulations is Vincent Surabian, Office of Assistant Chief Counsel (Income Tax & Accounting). However, other personnel from the IRS and Treasury Department participated in their development.

\* \* \* \* \*

*Proposed Amendments to the Regulations*

Accordingly, 26 CFR parts 1, 20, 25, 31, and 40 are proposed to be amended as follows:

**PART 1—INCOME TAXES**

Paragraph 1. The authority citation for part 1 is amended by revising the entry for §1.6302-4 to read as follows:

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

Section 1.6302-4 also issued under sections 6302(a), (c), and (h). \* \* \*

Par. 2. Section 1.6302-4 is revised to read as follows:

*§1.6302-4 Use of financial institutions in connection with income taxes; voluntary payments by electronic funds transfer.*

Any person may voluntarily remit by electronic funds transfer any payment of tax imposed by subtitle A of the Internal Revenue Code, including any payment of estimated tax. Such payment must be made in accordance with procedures prescribed by the Commissioner.

**PART 20—ESTATE TAX; ESTATES OF DECEDENTS DYING AFTER AUGUST 16, 1954**

Par. 3. The authority citation for part 20 is amended by adding an entry in numerical order to read as follows:

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

Section 20.6302-1 also issued under sections 6302(a) and (h). \* \* \*

Par. 4. Section 20.6302-1 is added to read as follows:

*§20.6302-1 Voluntary payments of estate taxes by electronic funds transfer.*

Any person may voluntarily remit by electronic funds transfer any payment of tax to which this part 20 applies. Such payment must be made in accordance with procedures prescribed by the Commissioner.

**PART 25—GIFT TAX; GIFTS MADE AFTER DECEMBER 31, 1954**

Par. 5. The authority citation for part 25 is amended by adding an entry in numerical order to read as follows:

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

Section 25.6302-1 also issued under sections 6302(a) and (h). \* \* \*

Par. 6. Section 25.6302-1 is added to read as follows:

*§25.6302-1 Voluntary payments of gift taxes by electronic funds transfer.*

Any person may voluntarily remit by electronic funds transfer any payment of tax to which this part 25 applies. Such payment must be made in accordance with procedures prescribed by the Commissioner.

**PART 31—EMPLOYMENT TAXES AND COLLECTION OF INCOME TAX AT SOURCE**

Par. 7. The authority citation for part 31 continues to read in part as follows:

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

Par. 8. Section 31.6302-1 is amended as follows:

1. The heading for paragraph (h)(2) is revised.

2. A heading is added for paragraph (h)(2)(i).

3. New paragraph (h)(2)(i)(C) is added.

4. Paragraph (h)(2)(ii) is revised

5. Paragraph (h)(2)(iii) is added.

6. Paragraph (m) is redesignated as paragraph (n).

7. Paragraph (k) is redesignated as paragraph (m).

8. Paragraph (j) is redesignated as paragraph (k).

9. New paragraph (j) is added.

The additions and revisions read as follows:

*§31.6302-1 Federal tax deposit rules for withheld income taxes and taxes under the Federal Insurance Contributions Act (FICA) attributable to payments made after December 31, 1992.*

\* \* \* \* \*

(h) \* \* \*

(2) *Applicability of requirement—(i) Deposits for return periods beginning before January 1, 2000.* \* \* \*

(C) This paragraph (h)(2)(i) applies only to deposits required to be made for return periods beginning before January 1, 2000. Thus, a taxpayer, including a taxpayer that is required under this paragraph (h)(2)(i) to make deposits by electronic funds transfer beginning in 1999 or an earlier year, is not required to use electronic funds transfer to make deposits for return periods beginning after December 31, 1999, unless deposits by electronic funds transfer are required under paragraph (h)(2)(ii) of this section.

(ii) *Deposits for return periods beginning after December 31, 1999.* Unless exempted under paragraph (h)(5) of this section, a taxpayer that deposits more than \$200,000 of taxes described in paragraph (h)(3) of this section during a calendar year beginning after December 31, 1997, must use electronic funds transfer (as defined in paragraph (h)(4) of this section) to make all deposits of those taxes that are required to be made for return periods beginning after December 31 of the following year and must continue to deposit by electronic funds transfer in all succeeding years. Thus, a taxpayer that exceeds the \$200,000 deposit threshold during calendar year 1998 is required to

make deposits for return periods beginning in calendar year 2000 by electronic funds transfer.

(iii) *Voluntary deposits.* A taxpayer that is not required by this section to use electronic funds transfer to make a deposit of taxes described in paragraph (h)(3) of this section may voluntarily make the deposit by electronic funds transfer, but remains subject to the rules of paragraph (i) of this section, pertaining to deposits by Federal tax deposit (FTD) coupon, in making deposits other than by electronic funds transfer.

\* \* \* \* \*

(j) Voluntary payments by electronic funds transfer. Any person may voluntarily remit by electronic funds transfer any payment of tax imposed by subtitle C of the Internal Revenue Code. Such payment must be made in accordance with procedures prescribed by the Commissioner.

\* \* \* \* \*

PART 40—EXCISE TAX  
PROCEDURAL REGULATIONS

Par. 9. The authority citation for part 40 is amended by adding an entry in numerical order to read in part as follows:

Authority: 26 U.S.C. 7805 \* \* \*  
Section 40.6302(a)-1 also issued under 26 U.S.C. 6302(a) and (h). \* \* \*

Par. 10. Section 40.6302(a)-1 is added to read as follows:

*§40.6302(a)-1 Voluntary payments of excise taxes by electronic funds transfer.*

Any person may voluntarily remit by electronic funds transfer any payment of tax to which this part 40 applies. Such payment must be made in accordance with procedures prescribed by the Commissioner.

Robert E. Wenzel,  
*Deputy Commissioner of  
Internal Revenue.*

(Filed by the Office of the Federal Register on March 22, 1999, 8:45 a.m., and published in the issue of the Federal Register for March 23, 1999, 64 F.R. 13940)

**Proposed Form 1042-S, Foreign  
Person's U.S. Source Income  
Subject to Withholding**

**Announcement 99-24**

The Internal Revenue Service announces that it is requesting comments from the public on proposed revisions to

Form 1042-S. The form is being revised as a result of final regulations (T.D. 8734, 62 F.R. 53387; 1997-2 C.B. 109) published on October 14, 1997, relating to the withholding of income tax under sections 1441, 1442, and 1443 on certain U.S. source income paid to foreign persons.

Form 1042-S is used by U.S. withholding agents to report the withholding of U.S. income tax on certain U.S. source income paid to foreign persons.

This announcement provides a draft copy of proposed revisions to Form 1042-S. The form is being issued so that withholding agents can adapt their systems to comply with the regulations. Filers and recipients of the form are advised that the form may be revised based on further developments and comments. The form, together with instructions, will be re-issued for further comment as part of the OMB approval process.

The IRS would like to receive comments on this proposed draft form from all interested persons by May 5, 1999. Please send comments to Chairman, Tax Forms Coordinating Committee, Internal Revenue Service, OP:FS:FP, Room 5577, 1111 Constitution Avenue, NW, Washington, DC 20224. Alternatively, you may e-mail your comments to [tftpmail@publish.no.irs.gov](mailto:tftpmail@publish.no.irs.gov).

**Foreign Person's U.S. Source Income  
 Subject to Withholding**

**2000**

OMB No. 1545-0046

**Copy A** for  
 Internal Revenue Service

For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

1 Income code	2 Recipient code	3 Gross income	4 Withholding allowance	5 Net income	6 Tax rate	7 Exemption code	8 Tax withheld	9 Amount refunded to recipient	
10 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)					11 Recipient's U.S. taxpayer identification number, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				
					12 Recipient's country of residence for tax purposes			13 Country code	
15 WITHHOLDING AGENT'S name and address (including ZIP code)					14 Account number (optional) ▶				
					17 NONQUALIFIED INTERMEDIARY'S/ FLOW-THROUGH ENTITY'S name			18 Country code	
					19 Nonqualified intermediary's/flow-through entity's TIN				
					20 PAYER'S name and TIN (if different from withholding agent's)				
18 Withholding agent's taxpayer identification number (TIN) ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					21 State income tax withheld				
					22 Payer's state tax number		23 Name of state		

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Cat. No. 1-386A

Form **1042-S** (2000)

1 Income code	2 Recipient code	3 Gross income	4 Withholding allowances	5 Net income	6 Tax rate	7 Exemption code	8 Tax withheld	9 Amount reimbursed to recipient
10 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				11 Recipient's U.S. taxpayer identification number, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				
				12 Recipient's country of residence for tax purposes				13 Country code
				14 Account number (optional) ▶				
15 WITHHOLDING AGENT'S name and address (including ZIP code)				17 NONQUALIFIED INTERMEDIARY'S/ FLOW-THROUGH ENTITY'S name				18 Country code
				19 Nonqualified intermediary's/Flow-through entity's TIN				
				20 PAYER'S name and TIN (if different from withholding agent's)				
				21 State income tax withheld				
16 Withholding agent's taxpayer identification number (TIN) ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				22 Payer's state tax number			23 Name of state	

**CORRECTED** (if checked)

## U.S. Income Tax Filing Requirements

Every nonresident alien individual, nonresident alien fiduciary, and foreign corporation with United States income, including income that is effectively connected with the conduct of a trade or business in the United States, must file a United States income tax return. However, no return is required to be filed by a nonresident alien individual, nonresident alien fiduciary, or a foreign corporation if such person was not engaged in a trade or business in the United States at any time during the tax year and if the tax liability of such person was fully satisfied by the withholding of United States tax at the source. (Corporations file Form 1120-F; all others file Form 1040NR for Form 1040NR-EZ if eligible.) You may get the return forms and instructions at any United States Embassy or consulate or by writing to: Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A.

Tout étranger non-résident, tout organisme fidéicommissaire étranger non-résident et toute société étrangère percevant un revenu aux Etats-Unis, y compris tout revenu dérivé, en fait, du fonctionnement d'un commerce ou d'une affaire aux Etats-Unis, doit soumettre aux Etats-Unis, une déclaration d'impôt sur le revenu. Cependant aucune déclaration d'impôt sur le revenu n'est exigée d'un étranger non-résident, d'un organisme fidéicommissaire étranger non-résident, ou d'une société étrangère s'ils n'ont pris part à aucun commerce ou affaire aux Etats-Unis à aucun moment pendant l'année fiscale et si les impôts dont ils sont redevables, ont été entièrement acquittés par une retenue à la source de leur montant. (Les sociétés doivent faire leur déclaration d'impôt en remplissant le formulaire 1120-F; tous les autres redevables doivent remplir le formulaire 1040NR (ou 1040NR-EZ si éligible.) On peut se procurer les formulaires de déclarations d'impôts et instructions dans toutes les Ambassades et tous les Consulats des Etats-Unis. L'on peut également s'adresser pour tous renseignements à: Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A.

Todo extranjero no residente, todo organismo fidéicomissario extranjero no residente y toda sociedad anónima extranjera que reciba ingresos en los Estados Unidos, incluyendo ingresos relacionados con la conducción de un negocio o comercio dentro de los Estados Unidos, deberá presentar una declaración estadounidense de impuestos sobre Ingreso. Sin embargo, no se requiere declaración alguna a un individuo extranjero, una sociedad anónima extranjera y organismo fidéicomissario extranjero no residente, si tal persona no ha efectuado comercio o negocio en los Estados Unidos durante el año fiscal y si la responsabilidad con los impuestos de tal persona ha sido satisfecha plenamente mediante retención de impuesto de los Estados Unidos en la fuente. (Las sociedades anónimas envían la Forma 1120-F; todos los demás contribuyentes envían la Forma 1040NR (o la Forma 1040NR-EZ si le corresponde).) Se pueden obtener formas e instrucciones en cualquier Embajada o Consulado de los Estados Unidos o escribiendo directamente a: Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A.

Jede ausländische Einzelperson, oder ausländische Bevollmächtigte und jede ausländische Gesellschaft mit Einkommen in den Vereinigten Staaten, einschließlich des Einkommens, welches direkt mit der Ausübung von Handel oder Gewerbe innerhalb der Staaten verbunden ist, müssen eine Einkommensteuererklärung der Vereinigten Staaten abgeben. Eine Erklärung muss jedoch nicht von Ausländern, ausländischen Bevollmächtigten oder ausländischen Gesellschaften in den Vereinigten Staaten eingereicht werden, falls eine solche Person während des Steuerjahres kein Gewerbe oder Handel in den Vereinigten Staaten ausgeübt hat und die Steuerschuld durch Einbehaltung der Steuern der Vereinigten Staaten durch die Einkommensquelle abgegolten ist. (Gesellschaften reichen den Vordruck 1120-F ein; alle anderen reichen das Formblatt 1040NR oder wenn passend das Formblatt 1040NR-EZ ein.) Einkommensteuererklärungen und Instruktionen können bei den Botschaften und Konsulaten der Vereinigten Staaten eingeholt werden. Um weitere Informationen wenden man sich bitte an: Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A.

1 Income code	2 Payor code	3 Gross income	4 Withholding amount	5 Net income	6 Tax rate	7 Exemption code	8 Tax withheld	9 Amount reimbursed to recipient				
10 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				11 Recipient's U.S. taxpayer identification number, if any ▶ <input type="checkbox"/> SSN or TIN <input type="checkbox"/> EIN <input type="checkbox"/> CI-EIN								
15 WITHHOLDING AGENT'S name and address (including ZIP code)				12 Recipient's country of residence for tax purposes				13 Country code				
				14 Account number (optional) ▶				17 NONQUALIFIED INTERMEDIARY'S/ FLOW-THROUGH ENTITY'S name				18 Country code
				19 Nonqualified intermediary's/Flow-through entity's TIN				20 PAYER'S name and TIN (if different from withholding agent's)				
				21 State income tax withheld				22 Payer's state tax number				23 Name of state
16 Withholding agent's taxpayer identification number (TIN) ▶ <input type="checkbox"/> SSN or TIN <input type="checkbox"/> EIN <input type="checkbox"/> CI-EIN												

**CORRECTED** (if checked)



## Explanation of Codes

### Line 1. Income code.

Code	Type of Income
01	Interest paid by U.S. obligors—general
02	Interest on real property mortgages
03	Interest paid to controlling foreign corporations
04	Interest paid by foreign corporations
05	Interest on tax-free covenant bonds
06	Deposit interest
07	Original issue discount (OID)
08	Short-term OID
08	Dividends paid by U.S. corporations—general
10	Dividends paid by U.S. subsidiaries to foreign parent corporations (including consent dividends)
11	Dividends paid by foreign corporations
12	Capital gains
13	Industrial royalties
14	Motion picture or television copyright royalties
15	Other royalties (e.g., copyright, recording, publishing)
16	Real property income and natural resources royalties
17	Pensions, annuities, alimony, and/or insurance premiums
18	Scholarship or fellowship grants
18	Compensation for independent personal services
20	Compensation for dependent personal services
21	Compensation for teaching
22	Compensation during studying and training
23	Earnings as an artist or athlete
24	Real estate investment trust (REIT) distributions of capital gains
25	Trust distributions subject to IRC section 1446
26	Unsevered growing crops and timber distributions by a trust subject to IRC section 1446
27	Publicly traded partnership distributions subject to IRC section 1448
28	Gambling winnings
29	National principal contract income <sup>3</sup>
60	Other income

### Line 2. Recipient code.

Code	Type of Recipient
01	Individual <sup>4</sup>
02	Artist or athlete <sup>2</sup>
03	Partnership other than withholding foreign partnership <sup>2</sup>
04	Withholding foreign partnership
06	Trust
06	Estate
07	Corporation <sup>2</sup>
08	Government or International Organization
09	Tax-Exempt Organization (IRC section 501(c)(3))
10	Private Foundation
11	U.S. branch treated as U.S. person
12	Qualified Intermediary
13	Private Arrangement Intermediary <sup>5</sup>
14	Qualified Intermediary Withholding Pool
15	Ultimate Recipient

Line 7. Exemption code (applies if the tax rate entered in line 6 is 0%).

Code	Authority for Exemption
1	Income effectively connected with a U.S. trade or business
2	Exempt under an Internal Revenue Code section (income other than portfolio interest)
3	Income is not from U.S. source <sup>6</sup>
4	Exempt under tax treaty
5	Portfolio interest exempt under an Internal Revenue Code section
6	Qualified Intermediary that assumes primary withholding responsibility
7	Withholding foreign partnership
8	U.S. branch treated as a U.S. person
9	Qualified Intermediary represents income is exempt

<sup>1</sup> If compensation that otherwise would be covered under Income Codes 19–22 is directly attributable to the resident's occupation as an artist or athlete, use Income Code 23 instead.

<sup>2</sup> If Income Code 23 is used, Recipient Code 02 (artist or athlete) should be used instead of Recipient Code 01 (individual), 07 (corporation), or 03 (partnership).

<sup>3</sup> Use appropriate Interest Income Code for embedded interest in a national principal contract.

<sup>4</sup> May be used only by a qualified intermediary.

<sup>5</sup> Non-U.S. source income received by a nonresident alien is not subject to U.S. tax. Use Exemption Code 3 when entering an amount for information reporting purposes only.

Department of the Treasury  
Internal Revenue Service

**Copy D** for Recipient  
Attach to any other tax return you file

1 Payer code	2 Recipient code	3 Gross income	4 Withholding allowances	5 Net income	6 Tax rate	7 Exemption code	8 Tax withheld	9 Amount reimbursed to recipient
10 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				11 Recipient's U.S. taxpayer identification number, if any ▶ <input type="checkbox"/> SSN or TIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				
16 WITHHOLDING AGENT'S name and address (including ZIP code)				12 Recipient's country of residence for tax purposes				13 Country code
				14 Account number (optional) ▶				17 NONQUALIFIED INTERMEDIARY'S/ FLOW-THROUGH ENTITY'S name
				19 Nonqualified intermediary's/Flow-through entity's TIN				20 PAYER'S name and TIN (if different from withholding agent's)
				21 State income tax withheld				22 Payer's state tax number
18 Withholding agent's taxpayer identification number (TIN) ▶ <input type="checkbox"/> SSN or TIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN								

**CORRECTED** (if checked)

Form **1042-S** (2000)

**Foreign Person's U.S. Source Income  
 Subject to Withholding**

**2000**

DMB No. 1545-0096

**Copy E**  
 for Withholding Agent

For Paperwork Reduction Act Notices, see page 1 of the separate instructions.

1 Income code	2 Recipient code	3 Gross income	4 Withholding allowance	5 Net income	6 Tax rate	7 Exemption code	8 Tax withheld	9 Amount reimbursed to recipient
10 RECIPIENT'S name (first name, initials, and last name), street address, city or town, province or state, and country (including postal code)					11 Recipient's U.S. taxpayer identification number, if any ▶ <input type="checkbox"/> SSN or TIN <input type="checkbox"/> EIN <input type="checkbox"/> OI-EIN			
					12 Recipient's country of residence for tax purposes			13 Country code
15 WITHHOLDING AGENT'S name and address (including ZIP code)					14 Account number (optional) ▶			
					17 NONQUALIFIED INTERMEDIARY'S/ FLOW-THROUGH ENTITY'S name			18 Country code
					19 Nonqualified intermediary's/Flow-through entity's TIN			
					20 PAYER'S name and TIN (if different from withholding agent's)			
					21 State income tax withheld			
18 Withholding agent's taxpayer identification number (TIN) ▶ <input type="checkbox"/> SSN or TIN <input type="checkbox"/> EIN <input type="checkbox"/> OI-EIN					22 Payer's state tax number		23 Name of state	

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Form 1042-S (2000)

## New Revision of Publication

**954**, Tax Incentives for Empowerment Zones and Other Distressed Communities

### Announcement 99-26

Publication 954, revised February 1999, is now available from the Internal Revenue Service. It replaces the March 1998 revision.

This publication is primarily for business owners who want to find out whether they qualify for certain tax incentives created to increase business activity in distressed communities.

You can get a copy of this publication by calling 1-800-TAX-FORM (1-800-829-3676). You can also write to the IRS Forms Distribution Center nearest you. Check your income tax package for the address. The publication is also available on the IRS Internet Web site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

## Foundations Status of Certain Organizations

### Announcement 99-32

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:

Argonne Publishing Inc., Durham, NC  
Birmingham Area Council of Beautification Boards, Birmingham, AL  
Careplus Endowment Program, Washington Grove, MD  
Class Inc., Santa Fe, NM  
Community Evangelism & Discipleship, Ooleteway, TN

Community Network, Inc., Chester, PA  
D & R Inc. of Myrtle Beach, Myrtle Beach, SC  
D & T Kare, New Orleans, LA  
David H. Patterson Ministries, Inc., Kernersville, NC  
D E L V A House Inc., Marinette, WI  
D FY IT, Inc., Tucson, AZ  
Daedalus Foundation, Philadelphia, PA  
Dallas A&M Club, Dallas, TX  
Dallas Family Resources Inc., Dallas, TX  
Dalton Benefit Association, Dalton, MA  
Damas Unidas Latino-Americanas Inc., Bellerose, NY  
Damascus Road Ministries Inc., Arkansas, City, KS  
Dance Experience, Columbia, SC  
Dance Kids Inc., Carmel, CA  
Dance Theatre of Corpus Christi, Corpus Christi, TX  
Danceart Isadora Inc., New York, NY  
Dancers Edge, Austin, TX  
Dane County Democratic Party Education Scholarship Fund Inc., Madison, WI  
Danvers American Legion Baseball Fund Post 180, Danvers, MA  
Das Yosef Charity TR, Brooklyn, NY  
Daughters in Progress Clubs, Bay City, TX  
Daves Arid Club Inc., Nocona, TX  
David Layne Ministries Inc., Farmville, VA  
David Smiles, Grand Junction, CO  
David Young Ministries Inc., Broken Arrow, OK  
De Best Shared Housing Inc., Baltimore, MD  
Deaf AIDS Coalition, Chicago, IL  
Deaf Childrens Athletic Association, Fountain Valley, CA  
Deb Scholarship Fund, W Wareham, MA  
Debra Lynn Woods Theatre, Dallas, TX  
Deep Creek Raptor and Wildlife Rehabilitation Center, Missoula, MT  
Deerfield Neighborhood Association, Colorado Springs, CO  
Delaware Teachers Academy for Service Learning Association, Seaford, DE  
Delaware Valley Concerned Citizens Preservation Inc., Paulsboro, NJ  
Delaware Valley Ethics Committee Network, Laverock, PA  
Delegation Established to End Recidivism Inc., New York, NY  
Deliverance Centers of Hope Inc., Philadelphia, PA

Deliverance Grocery & Deli Institute Inc., Houston, TX  
Denny Plattner Memorial scholarship Fund Inc., Cold Spring, KY  
Deporres Eagles Club, Southfield, MI  
Derek Scott Ministries, Dallas, TX  
Des Moines Housing Authority Foundation Inc., Des Moines, IA  
Desiree Dottoli Scholarship Fund Inc., Waterford, NJ  
Desoto County Soccer Association, Memphis, TN  
Developing Economical and Better Living Inc., Chicago, IL  
Developing Education Leadership and Occupations for Neighborhood, Paterson, NJ  
Developing Industrial Skills & Knowledge Inc., New York, NY  
Dew of Hermon China Mission, Garden Grove, CA  
Diamond in the Rough, Riverside, CA  
Diamond Management Youth Corp., Jersey City, NJ  
Dick Tate Productions Inc., Milwaukee, WI  
Dillon Alano Club, Dillon, MT  
Dine Foundation Inc., Amherst, NY  
Disabled Travelers Friendship Network Inc., Orlando, FL  
Disaster Survival Foundation Inc., Ardsley, NY  
Distinguished Men and Women Youth Development Agency Inc., Dallas, TX  
District 200 CO Curricular Boosters, Woodstock, IL  
Diversity Inc., Indianapolis, IN  
Divine Light Service Inc., Bayside, WI  
Divorce Prevention International Foundation, Rancho Cordova, CA  
DLM Health Services, Guilford, ME  
Dodi Yavoh, Collinsville, IL  
DOE Valley Volunteer Fire Department, Mountain City, TN  
Doingsomething Inc., Minneapolis, MN  
Dollie Lowther Robinson Foundation Inc., New York, NY  
Dolphinback Theatre Company, Chicago, IL  
Domestic Violence Training and Resource Institute, Acton, MA  
Don Bosco Club DBC Inc., Brooklyn, NY  
Don Jackson Ministries Inc., Thermopolis, WY  
Door to Hope Inc., Jacksonville, FL  
Dorotheys Kitchen, Chadron, NE

Dothan Independent Living Center Inc.,  
Dothan, AL

Douglass Policy Institute, Washington,  
DC

Downstate Sickle Cell Anemia  
Association, Peoria, IL

Downtown Middletown Partnership Inc.,  
Middletown, OH

Dr Huey P Newton Foundation, Berkeley,  
CA

Dr Jorge Prieto Community Clinic,  
Chicago, IL

Dream, Nashville, TN

Dredf Development Partnership Inc.,  
Berkeley, CA

Dress for Success Inc., North Potomac,  
MD

Dress Smart Inc., Milwaukee, WI

Drug and Life Style and Addiction  
Project Inc., Atlanta, GA

Dufour Baldwin House Museum &  
Gardens Inc., New Orleans, LA

Dumas Community Rescue Mission,  
Dumas, AR

Dunamis, Detroit, MI

Dupage County Crime Stoppers,  
Wheaton, IL

Durham County Friends of Black  
Children Council, Durham, NC

Educational Software Fdn., Rochester  
Hills, MI

F A C T Net Inc. – Fight Against  
Coercive Tactics Network, Golden, CO

F and M Community Corporation Inc.,  
Youngstown, OH

F L A M E Inc., Framingham, MA

F R I E N D S 7, Jacksonville, NC

Fair Play for Women Athletes an Oregon  
Non-profit Organization, Hood River,  
OR

Fairfield Jets Track Club Association,  
Fairfield, CA

Fairfield Residential Program Inc.,  
Fairfield, CA

Fairgrounds Racing Museum Inc.,  
New Orleans. LA

Faith Bible Christian Center, Dallas, TX

Faith Community Singers Inc., Houston,  
TX

Faith Forum Inc., Atlanta, GA

Faith in Action International Inc., Burr  
Ridge, IL

Faith in Serving Humanity Inc., Monroe,  
GA

Fall River Five Cents Savings Bank, Fall  
River, MA

Falstaff Presents, New York, NY

Families Against Drugs and Abuse Inc.,  
Margate, FL

Families and Mentors Instituting  
Leadership for Youth, Hollandale, MS

Families are Important to Him, Green  
Camp, OH

Families are Special Inc., N Little Rock,  
AR

Family & Friends in Support of Children  
of Divorce Inc., Phoenix, AZ

Family Advisory Council on Education,  
Greensboro, NC

Family Awareness Project, Sioux Falls,  
SD

Family Day Care Association of Nassau  
County Inc., W Hempstead, NY

Family Focus Inc., Reedsburg, WI

Family Health Organization Inc.,  
Bayside, WI

Family Life and Christian Womens  
Foundation, Englewood, CO

Family Memories Foundation Inc.,  
Stanhope, NJ

Family Nurturing Center of Indiana Inc.,  
Indianapolis, IN

Family Outreach of Magnolia Columbia  
County Inc., Magnolia, AR

Family Psychological Center of Elk  
Grove, Elk Grove, CA

Family Reflections Nonprofit Housing  
Corporation, East Lansing, MI

Family Resource Center Advisory Board  
Inc., Eagle Pass, TX

Family Support Systems Unlimited  
Housing Developments Fund Corp.,  
Bronx, NY

Family Worship Center Church Inc.,  
Penns Grove, NJ

Farleys Aquatic Research Laboratory  
Inc., Tallahassee, FL

Farm Financial Standards Task Force,  
Omaha, NE

Farm Workers Housing Inc., Manning,  
SC

Farragut High School Football Boosters  
Club Inc., Knoxville, TN

Fashion Outreach Inc., New York, NY

Fathers Against Violence Inc., Carlisle,  
MA

Fathers Education Network Inc., Detroit,  
MI

Fathers Network of Orange County,  
Irvine, CA

Fathers Raising Children Alone Inc.,  
Pasadena, TX

Fathers Working with Fathers, Dayton,  
OH

Fayetteville Baseball Boosters Assn.,  
Fayetteville, AR

Feagin Day Care Center, North Long  
Beach, CA

Fearless, Grinnell, IA

Federal Gay Lesbian Bi-Sexual  
Employees of Texas Inc., Dallas, TX

Federal Way Veterans Center &  
Homestart Transition Program, Federal  
Way, WA

Federation of Gujarati Associations in  
North America, Spring Valley, OH

Fedohny Inc., New York, NY

Feed my Sheep by the Word of God  
Outreach Inc., Houston, TX

Feed the People, Beaumont, TX

Feline Friends Inc., Hudson, NY

Fellowship Development Group Inc.,  
Milwaukee, WI

Fertile Ground Inc., New York, NY

Fflair Productions Inc., Miami, FL

Fieldhome Community Inc., Peekskill,  
NY

Fifth Step House Society Inc., Seattle,  
WA

Filarmonica Santo Antonio Inc.,  
Cambridge, MA

Filipino American Scholarship  
Foundation Inc., American Fork, UT

Financial and Estate Planning  
Educational Foundation for Women,  
Weston, MA

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

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**New Revisions of Publication 547, Casualties, Disasters, and Thefts (Business and Nonbusiness), and Publication 584, Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property)**

**Announcement 99-33**

The February 1999 revisions of Publication 547 and Publication 584 are now available from the Internal Revenue Service. These revisions replace the February 1998 revision of Publication 547 and the November 1991 revision of Publication 584.

Publication 547 is primarily for individuals who want to find out about the tax treatment of casualties, disasters, and thefts. Publication 584 contains schedules individuals can use to figure the loss on their main home, its contents, and their motor vehicles.

You can get copies of these publications by calling 1-800-TAX-FORM (1-800-829-3676). You can also write to the IRS Forms Distribution Center nearest you. Check your income tax package for the address. These publications are also available on the IRS Internet Web site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

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## Passive Foreign Investment Companies; Definition of Marketable Stock; Correction

### Announcement 99-35

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed rulemaking.

SUMMARY: This document contains a correction to the notice of proposed rulemaking (REG-113744-98, 1999-10 I.R.B. 59), which was published in the **Federal Register** Tuesday, February 2, 1999 (64 F.R. 5012), relating to the new

mark to market election for stock of a passive foreign investment company.

FOR FURTHER INFORMATION CONTACT: Robert Laudeman (202) 622-3840 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### *Background*

The notice of proposed rulemaking that is the subject of this correction is under section 1296 of the Internal Revenue Code.

##### *Need for Correction*

As published, REG-113744-98 contains an error which may prove to be misleading and is in need of clarification.

##### *Correction of Publication*

Accordingly, the publication of the notice of proposed rulemaking (REG-113744-98), which was the subject of FR Doc. 99-1666, is corrected as follows:

On page 5012, column 1, in the preamble under the caption "ADDRESSES", line 9, the language "to: CC:DOM:CORP:R (REG-110524-98)," is corrected to read "to: CC:DOM:CORP:R (REG-113744-98)."

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

(Filed by the Office of the Federal Register on March 22, 1999, 8:45 a.m., and published in the issue of the Federal Register for March 23, 1999, 64 F.R. 13939)

## Section 7428(c) Validation of Certain Contributions Made During Pendency of Declaratory Judgment Proceedings

This announcement serves notice to potential donors that the organizations listed below have recently filed timely declaratory judgment suits under section 7428 of the Code, challenging revocation of their status as eligible donees under section 170(c)(2).

Protection under section 7428(c) of the Code begins on the date that the notice of revocation is published in the Internal Revenue Bulletin and ends on the date on which a court first determines that an organization is not described in section 170(c)(2), as more particularly set forth in section 7428(c)(1). In the case of individual contributors, the maximum amount of contributions protected during this period is limited to \$1,000.00, with a husband and wife being treated as one contributor. This protection is not extended to any individual who was responsible, in whole or in part, for the acts or omissions of the organization that were the basis for the revocation. This protection also applies (but without limitation as to amount) to organizations described in section 170(c)(2) which are exempt from tax under section 501(a). If the organization ultimately prevails in its declaratory judgment suit, deductibility of contributions would be subject to the normal limitations set forth under section 170.

Abraham Lincoln Opportunity  
Foundation, Denver, CO

The Freedom Alliance  
Dulles, VA

# 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 enrolled agent, 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 resignation from such practice. The Director of Practice, in his discretion, may suspend an enrolled agent 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 enrolled agent who has resigned from practice before the Internal Revenue Service.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify former enrolled agents who have resigned from practice before the Internal Revenue Service, the Director of Practice will announce in the Internal Revenue Bulletin the names and addresses of former enrolled agents who

have resigned from such practice, and date of resignation. 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 enrolled agent, who has resigned, and will be consolidated and published in the Cumulative Bulletin.

The following individual has offered his resignation as an enrolled agent:

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Name	Address	Date of Resignation
Ellis, Ronald C.	Billings, MT	October 6, 1998

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# 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 individual 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
Pierce, Steven J.	Aventura, FL	Attorney	Indefinite from October 15, 1998
Baker, Charles C.	Monteagle, TN	Attorney	Indefinite from October 15, 1998
Kantor, Stanley L.	New York, NY	Attorney	Indefinite from October 15, 1998
Wagner, Richard E.	Spencerport, NY	Enrolled Agent	Indefinite from October 15, 1998
Tuohey, Seamus	Montclair, NJ	Attorney	Indefinite from October 15, 1998
Burke, Beau E.	Santa Rosa, CA	CPA	Indefinite from October 15, 1998
Marn, Eric Y.	Honolulu, HI	Attorney	Indefinite from October 15, 1998
Todd, Kenneth	Tulsa, OK	Attorney	Indefinite from November 4, 1998



# 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 under suspension 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 actu-

ary, and date of disbarment or period of suspension. This announcement will appear in the weekly Bulletin for five successive weeks or as long as it 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
Shaw-Boatner, Deborah	Austin, TX	CPA	September 24, 1998
Hannum, David	Philadelphia, PA	Enrolled Agent	September 30, 1998
Miller, Theodore	Neshaminy Valley, PA	CPA	February 27, 1999

# 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
Cohn, Irving	Baltimore, MD	Attorney	September 4, 1998 to September 3, 2000
Hwang, Catherine T.	Livingston, NJ	CPA	October 1, 1998 to September 30, 1999
Bratek, Ronald	N. Brunswick, NJ	CPA	October 5, 1998 to July 4, 2000
Walker, Frank O.	Bay City, TX	CPA	October 5, 1998 to April 4, 2001
Ng, Peter J.	Monticello, NY	Attorney	October 5, 1998 to May 4, 2002
Sopkovich, Carol	Girard, OH	Attorney	October 5, 1998 to October 4, 2001
Kappler, John E.	Evansville, IN	CPA	October 8, 1998 to October 7, 1999
Sarcia, Jerry J.	Libertyville, IL	CPA	October 30, 1998 to August 29, 2002
Spey, Gregory E.	Youngstown, OH	CPA	November 1, 1998 to April 30, 2001
Jacobson, Kenneth	Jacksonville, FL	CPA	November 9, 1998 to November 8, 2000
Lopshire, Larry	Whiteland, IN	CPA	December 2, 1998 to December 1, 1999
Lederer, Christine L.	Somers, CT	Attorney	December 7, 1998 to December 6, 2001
Kieffer, Richard D.	Olney, IL	CPA	December 15, 1998 to December 14, 1999
Cleaver Jr., Thomas E.	Severna Park, MD	Enrolled Agent	December 23, 1998 to June 22, 2002
Trent, Douglas I.	Allen, TX	CPA	January 1, 1999 to December 31, 1999
Winters, John E.	Bayonne, NJ	CPA	January 1, 1999 to September 30, 1999
Todd Jr., Emory S.	Chester Springs	CPA	January 15, 1999 to July 14, 1999
Hawkins, William M.	Indianapolis, IN	Attorney	February 1, 1999 to January 31, 2002
Gimbal, Peter	Union City, NJ	CPA	April 1, 1999 to September 30, 2000
Ryan, Thomas J.	Danbury, CT	Attorney	May 1, 1999 to October 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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