

Part IV. Items of General Interest

Source Rules Involving U.S. Possessions and Other Conforming Changes; Correction

Announcement 2011-12

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains a correction to final regulations (T.D. 9391, 2008-1 C.B. 945) that were published in the **Federal Register** on Wednesday, April 9, 2008 (73 FR 19350) providing rules under section 937(b) of the Internal Revenue Code for determining whether income is derived from sources within a U.S. possession or territory specified in section 937(a)(1) (generally referred to in this preamble as a "territory") and whether income is effectively connected with the conduct of a trade or business within a territory as well as providing guidance under section 932 and other provisions related to the territories.

DATES: This correction is effective on January 25, 2011, and is applicable on April 9, 2008.

FOR FURTHER INFORMATION CONTACT: J. David Varley, (202) 435-5262 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations and removal of temporary regulations that are the subjects of this document are under sections 1, 170A, 861, 871, 876, 881, 884, 901, 931, 932, 933, 934, 935, 937, 957, 1402, 6012, 6038, and 6046 of the Internal Revenue Code.

Need for Correction

As published, final regulations (T.D. 9391) contain an error that may prove to be misleading and is in need of clarification.

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Correction of Publication

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendment:

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 1.932-1 is amended by revising paragraph (e)(1) to read as follows:

§ 1.932-1 Coordination of United States and Virgin Islands income taxes.

* * * * *

(e) * * * (1) *U.S. returns.* Except as otherwise provided for returns filed under paragraph (c)(2)(ii) of this section, a return required under the rules of paragraphs (b) and (c) of this section to be filed with the United States must be filed as directed in the applicable forms and instructions.

LaNita Van Dyke,
*Chief, Publications and
Regulations Branch,
Legal Processing Division,
Associate Chief Counsel
(Procedure and Administration).*

(Filed by the Office of the Federal Register on January 24, 2011, 8:45 a.m., and published in the issue of the Federal Register for January 25, 2011, 76 F.R. 4244)

Lactation Expenses as Medical Expenses

Announcement 2011-14

The Internal Revenue Service has concluded that breast pumps and supplies that assist lactation are medical care under § 213(d) of the Internal Revenue Code because, like obstetric care, they are for the purpose of affecting a structure or function of the body of the lactating woman. Therefore, if the remaining requirements of § 213(a) are met (for example, the taxpayer's total medical expenses exceed 7.5 percent of adjusted gross income), expenses paid for breast pumps and supplies that assist lactation are deductible medical expenses. Amounts reimbursed for these

expenses under flexible spending arrangements, Archer medical savings accounts, health reimbursement arrangements, or health savings accounts are not income to the taxpayer.

The Service will revise Publication 502, *Medical and Dental Expenses*, to include this information.

ADDITIONAL INFORMATION

For additional information concerning this announcement, contact Amy S. Wei of the Office of Associate Chief Counsel (Income Tax and Accounting) at (202) 622-7900 (not a toll-free call).

Deletions From Cumulative List of Organizations Contributions to Which are Deductible Under Section 170 of the Code

Announcement 2011-17

The Internal Revenue Service has revoked its determination that the organizations listed below qualify as organizations described in sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986.

Generally, the Service will not disallow deductions for contributions made to a listed organization on or before the date of announcement in the Internal Revenue Bulletin that an organization no longer qualifies. However, the Service is not precluded from disallowing a deduction for any contributions made after an organization ceases to qualify under section 170(c)(2) if the organization has not timely filed a suit for declaratory judgment under section 7428 and if the contributor (1) had knowledge of the revocation of the ruling or determination letter, (2) was aware that such revocation was imminent, or (3) was in part responsible for or was aware of the activities or omissions of the organization that brought about this revocation.

If on the other hand a suit for declaratory judgment has been timely filed, contributions from individuals and organizations described in section 170(c)(2) that

are otherwise allowable will continue to be deductible. Protection under section 7428(c) would begin on February 28, 2011 and would end on the date the court first determines that the organization is not described in section 170(c)(2) as more particularly set forth in section 7428(c)(1). For individual contributors, the maximum deduction protected is \$1,000, with a husband and wife treated as one contributor. This benefit is not extended to any individual, in whole or in part, for the acts or omissions of the organization that were the basis for revocation.

Arid Lands Project
North Haven, ME
Christian Credit Counselors International,
Inc.
Santa Ana, CA

Consumer Credit Protection Agency, Inc.
Tampa, FL
Falls Consumer Credit Management, Inc.
Akron, OH
Falls Consumer Credit Management, Inc.
Saint Clairsville, OH
Gullahorn Family Supporting
Organization
Naples, FL
International Vision, Inc.
Washington, D.C.
Riverview Athletic Association, Inc.
Omaha, NE
Rising Stars Community Services, Inc.
Houston, TX
RFD Communications, Inc.
Omaha, NE
Revive Credit Counseling, Inc.
Santa Monica, CA

Neighborcare International, Inc.
Fairfield Grade, TN
Mexican American Research Center
Austin, TX
Modern Day Veterans 304 Chapter
Licking, MO
Modern Day Veterans 203 Chapter
Marble Hill, MO
Care of Crow Wing County
Brainerd, MN
Northwest Conservation Stewardship
Fund
Seattle, WA
Panhandle Land Conservancy, Inc.
Destin, FL