

INTERNAL REVENUE BULLETIN



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. 2017–21, page 482.

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 1274, 1288, and other sections of the Code, tables set forth the rates for November 2017.

Notice 2017–66, page 487.

This notice invites public power providers (as defined in § 54C(d)(2) of the Internal Revenue Code (Code)) to submit applications for an allocation of the available authority (volume cap) to issue new clean renewable energy bonds under § 54C of the Code to finance qualified renewable energy facilities (as defined in § 54C(d)(1) of the Code).

Rev. Proc. 2017–58, page 489.

This procedure provides the 2018 cost-of-living adjustments to certain items due to inflation as required by various provisions of the Code and Service guidance.

ADMINISTRATIVE

Notice 2017–59, page 484.

This notice provides rules claimants must follow to submit a claim for refund pursuant to the temporary relief provided in section 3.02 of Notice 2017–30, 2017–21 I.R.B. 1248. A claimant may submit a refund claim for the § 4081(a)(1) tax imposed on undyed diesel fuel and kerosene for fuel that is 1) removed from a Milwaukee terminal; 2) entered into a Green Bay terminal within 24 hours; and 3) subsequently dyed and removed from the Green Bay terminal.

Bulletin No. 2017–45
November 6, 2017

Rev. Proc. 2017–58, page 489.

This procedure provides the 2018 cost-of-living adjustments to certain items due to inflation as required by various provisions of the Code and Service guidance.

EMPLOYEE PLANS

Notice 2017–64, page 486.

Section 415 of the Internal Revenue Code (the Code) provides for dollar limitations on benefits and contributions under qualified retirement plans. Section 415(d) requires that the Secretary of the Treasury annually adjust these limits for cost of living increases. Other limitations applicable to deferred compensation plans are also affected by these adjustments under § 415. Under § 415(d), the adjustments are to be made under adjustment procedures similar to those used to adjust benefit amounts under § 215(i)(2)(A) of the Social Security Act.

ESTATE TAX

Rev. Proc. 2017–58, page 489.

This procedure provides the 2018 cost-of-living adjustments to certain items due to inflation as required by various provisions of the Code and Service guidance.

EXCISE TAX

Notice 2017–59, page 484.

This notice provides rules claimants must follow to submit a claim for refund pursuant to the temporary relief provided in section 3.02 of Notice 2017–30, 2017–21 I.R.B. 1248. A claimant may submit a refund claim for the § 4081(a)(1) tax imposed on undyed diesel fuel and kerosene for fuel that is 1) removed from a Milwaukee terminal; 2) entered into a Green Bay terminal within 24 hours; and 3) subsequently dyed and removed from the Green Bay terminal.

Rev. Proc. 2017–58, page 489.

This procedure provides the 2018 cost-of-living adjustments to certain items due to inflation as required by various provisions of the Code and Service guidance.

GIFT TAX

Rev. Proc. 2017–58, page 489.

This procedure provides the 2018 cost-of-living adjustments to certain items due to inflation as required by various provisions of the Code and Service guidance.

The IRS Mission

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

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

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

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

against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, 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 last 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 last Bulletin of each semiannual period.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

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

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

(Also Sections 42, 280G, 382, 467, 468, 482, 483, 1288, 7520.)

Rev. Rul. 2017-21

This revenue ruling provides various prescribed rates for federal income tax

purposes for November 2017 (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)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%. 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. 2017-21 TABLE 1
Applicable Federal Rates (AFR) for November 2017
Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
		<i>Short-term</i>		
AFR	1.38%	1.38%	1.38%	1.38%
110% AFR	1.53%	1.52%	1.52%	1.52%
120% AFR	1.67%	1.66%	1.66%	1.65%
130% AFR	1.80%	1.79%	1.79%	1.78%
		<i>Mid-term</i>		
AFR	2.00%	1.99%	1.99%	1.98%
110% AFR	2.20%	2.19%	2.18%	2.18%
120% AFR	2.40%	2.39%	2.38%	2.38%
130% AFR	2.61%	2.59%	2.58%	2.58%
150% AFR	3.01%	2.99%	2.98%	2.97%
175% AFR	3.51%	3.48%	3.46%	3.46%
		<i>Long-term</i>		
AFR	2.60%	2.58%	2.57%	2.57%
110% AFR	2.86%	2.84%	2.83%	2.82%
120% AFR	3.12%	3.10%	3.09%	3.08%
130% AFR	3.38%	3.35%	3.34%	3.33%

REV. RUL. 2017-21 TABLE 2
Adjusted AFR for November 2017
Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.03%	1.03%	1.03%	1.03%
Mid-term adjusted AFR	1.49%	1.48%	1.48%	1.48%
Long-term adjusted AFR	1.93%	1.92%	1.92%	1.91%

REV. RUL. 2017-21 TABLE 3

Rates Under Section 382 for November 2017

Adjusted federal long-term rate for the current month	1.93%
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.)	1.93%

REV. RUL. 2017-21 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for November 2017

Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.53%
Appropriate percentage for the 30% present value low-income housing credit	3.23%

REV. RUL. 2017-21 TABLE 5

Rate Under Section 7520 for November 2017

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	2.4%
-----------------------------------------------------------------------------------------------------------------------------------------------------------	------

Section 42.—Low-Income Housing Credit

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2017. See Rev. Rul. 2017-21, page 482.

Section 280G.—Golden Parachute Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2017. See Rev. Rul. 2017-21, page 482.

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 November 2017. See Rev. Rul. 2017-21, page 482.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2017. See Rev. Rul. 2017-21, page 482.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2017. See Rev. Rul. 2017-21, page 482.

Section 482.—Allocation of Income and Deductions Among Taxpayers

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2017. See Rev. Rul. 2017-21, page 482.

Section 483.—Interest on Certain Deferred Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2017. See Rev. Rul. 2017-21, page 482.

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 November 2017. See Rev. Rul. 2017-21, page 482.

Section 7520.—Valuation Tables

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2017. See Rev. Rul. 2017-21, page 482.

Part III. Administrative, Procedural, and Miscellaneous

Temporary Relief for Fuel Removals Destined for Nontaxable Use Due to West Shore Pipeline Shutdown

Notice 2017-59

SECTION 1. PURPOSE

This notice provides rules claimants must follow to submit a claim for refund pursuant to the temporary relief provided in section 3.02 of Notice 2017-30, 2017-21 I.R.B. 1248, published on May 22, 2017. A claimant may submit a refund claim for the Internal Revenue Code (Code) § 4081(a)(1) tax imposed on undyed diesel fuel and kerosene for fuel that is 1) removed from a Milwaukee terminal; 2) entered into a Green Bay terminal within 24 hours of removal from that Milwaukee terminal; and 3) subsequently dyed and removed from that Green Bay terminal.

SECTION 2. BACKGROUND

.01 *West Shore Pipeline Shutdown and Emergency Fuel Tax Relief.* On May 22, 2017, the Treasury Department and the Internal Revenue Service (IRS) published Notice 2017-30 in response to energy emergencies in Wisconsin resulting from the permanent shutdown of the segment of the West Shore Pipeline between Milwaukee and Green Bay. Section 3.01 of Notice 2017-30 provides one time 180-day temporary emergency relief for fuel removals from Milwaukee terminals that take place on or after May 3, 2017, and before October 31, 2017.

Section 3.02 of Notice 2017-30 provides that once the 180-day temporary emergency relief expires, the Treasury Department and IRS will provide a temporary refund mechanism for the § 4081(a)(1) tax imposed upon removals of undyed diesel fuel and kerosene from a Milwaukee terminal when such fuel is subsequently removed from a Green Bay terminal as dyed fuel destined for a nontaxable use. Section 3.02 of Notice 2017-30 further states that the Treasury Department and the IRS will publish ad-

ditional guidance on how persons eligible for relief under section 3.02 of Notice 2017-30 may submit claims for refund. This notice provides that guidance.

.02 *Law.* Section 4081(a)(1)(A)(ii) of the Code imposes tax on the removal of taxable fuel, which includes diesel fuel and kerosene, from any terminal.

Section 48.4081-1(b) of the Manufacturers and Retailers Excise Tax Regulations (regulations) defines “removal” as any physical transfer of taxable fuel, and any use of taxable fuel other than as a material in the production of taxable fuel or special fuels. Taxable fuel is not removed when it evaporates or is otherwise lost or destroyed.

Section 4081(a)(1)(B)(i) provides an exemption from the tax imposed by § 4081(a)(1)(A) for removals of taxable fuel transferred in bulk by pipeline or vessel to registered terminals.

Section 48.4081-2 of the regulations provides the rules regarding tax on the removal of taxable fuel at the terminal rack. Under § 48.4081-2(a), the position holder with respect to the fuel removed at the terminal rack is generally liable for the tax.

Section 4081(a)(2)(A)(iii) prescribes a tax rate of 24.3 cents per gallon of diesel fuel or kerosene for the tax imposed by § 4081(a)(1)(A).

Section 4081(a)(2)(B) imposes a tax of 0.1 cent per gallon (referred to as the Leaking Underground Storage Tank Trust Fund tax or the LUST tax) in addition to the tax imposed by § 4081(a)(1)(A)(ii).

Section 4081(e) provides that, under regulations prescribed by the Secretary, if any person that paid the tax imposed by § 4081 with respect to any taxable fuel establishes to the satisfaction of the Secretary that a prior tax was paid (and not credited or refunded) with respect to such taxable fuel, then an amount equal to the tax paid by such person shall be allowed as a refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by § 4081.

Section 48.4081-7 sets forth the reporting requirements and other conditions for claiming a refund under § 4081(e).

Section 4082(a) provides that the tax imposed by § 4081 does not apply to diesel fuel and kerosene that is indelibly dyed in accordance with Treasury regulations, meets any marking requirements prescribed by Treasury regulations, and is destined for a nontaxable use.

Section 4082(b) prescribes the types of uses that are nontaxable for purposes of the exemption provided in § 4082(a).

Section 4082(f) provides that the exemption provided in § 4082(a) does not apply to the LUST tax. As a result, a person not liable for the tax on diesel fuel and kerosene because of the exemption provided in § 4082(a) is still liable for the LUST tax on the otherwise tax exempt diesel fuel and kerosene.

Sections 48.4082-1 and Notice 2005-80, 2005-2 C.B. 953, provide rules and conditions for the exemption provided by § 4082(a) to apply to the removal, entry, or sale of any diesel fuel or kerosene.

SECTION 3. RULES FOR TEMPORARY DYED FUEL RELIEF

.01 *Temporary Dyed Fuel Relief.* For the period beginning on October 31, 2017, and ending on May 3, 2018, if any person (that is, the position holder) that removes diesel fuel or kerosene that satisfies the requirements of § 4082 from a Green Bay terminal establishes to the satisfaction of the Secretary that a prior tax was paid with respect to the removal of such fuel from a Milwaukee terminal, then an amount equal to the prior tax paid shall be allowed as a refund (without interest) to the position holder in the same manner as if it were an overpayment of tax imposed by § 4081.

The relief described in this section 3.01 is not available with respect to any transaction for which one or more conditions set forth in section 3.02 of this notice are not satisfied or for any refund claim that fails to comply with the procedures set forth in sections 3.03 and 3.04 of this notice.

.02 *Conditions to Relief.* The relief described in section 3.01 of this notice is available only if all of the following conditions are satisfied:

(1) The segment of the West Shore Pipeline between Milwaukee and Green Bay remains permanently and completely shut down.

(2) All operators of terminals from which diesel fuel or kerosene is removed or entered pursuant to the relief described in section 3.01 of this notice must timely and accurately satisfy Excise Summary Terminal Activity Reporting System (ExSTARS) reporting obligations by filing Form 720-TO, *Terminal Operator Report*, as required by § 4101(d) and § 48.4101-1(h)(1)(iii). Form 720-TO filers are reminded of the information reporting requirements under § 4101(d) and the penalty provisions of § 6725 for any failure to report, and any failure to include, all of the information required to be shown on such report or the inclusion of incorrect information.

(3) All position holders with respect to diesel fuel or kerosene removed or entered pursuant to the relief described in section 3.01 of this notice must keep records pursuant to § 48.4101-1(h)(1)(ii) that sufficiently show tax liability under § 4081 and payments or deposits of such liability.

(4) The same person that removes undyed diesel fuel or kerosene from a Milwaukee terminal (that is, the position holder in the Milwaukee terminal) must enter the undyed diesel fuel or kerosene into a Green Bay terminal within 24 hours of its removal from the Milwaukee terminal.

(5) If a position holder at the Green Bay terminal commingles tax-paid diesel fuel or kerosene with untaxed diesel fuel or kerosene, the position holder must identify the undyed diesel fuel or kerosene destined for a nontaxable use by any reasonable method, including a first-in, first-out method applied either on a tank-by-tank basis or on an aggregate basis to all commingled undyed diesel or kerosene fuel held by the position holder at the Green Bay terminal.

(6) A position holder that removes undyed diesel fuel or kerosene from a Milwaukee terminal and enters the undyed diesel fuel or kerosene into a Green Bay terminal as described in section 3.02(4) of this notice must comply with the requirements of § 48.4081-7. Therefore, the position holder must prepare and file the report described in § 48.4081-7(c)(1) (the First Taxpayer's Report) in the manner

described in the regulations and the *Instructions for Form 720*. The position holder must provide a copy of the First Taxpayer's Report to the purchasing position holder.

(7) A position holder that removes undyed diesel fuel or kerosene from a Milwaukee terminal and enters the undyed diesel fuel or kerosene into a Green Bay terminal as described in section 3.02(4) of this notice and who is also the position holder of that fuel when it is removed as dyed fuel from the Green Bay terminal, must file Form 720, *Quarterly Federal Excise Tax Return*, and remit the § 4081 tax prior to submitting a claim for refund pursuant to this notice, for the quarter to which the claim relates.

(8) A position holder that removes undyed diesel fuel or kerosene from a Milwaukee terminal and enters the undyed diesel fuel or kerosene into a Green Bay terminal as described in section 3.02(4) of this notice must maintain detailed records that include matching bill of lading numbers for each removal of undyed diesel fuel or kerosene from a Milwaukee terminal to bill of lading receipts of undyed diesel fuel or kerosene received at a Green Bay terminal.

(9) A position holder that submits a claim for refund pursuant to this notice must follow all of the procedures set forth in sections 3.03 and 3.04 of this notice.

.03 How to Submit a Claim for Refund under this Notice. A position holder seeking the relief described in section 3.01 of this notice must follow the procedures listed in this section 3.03 in order to receive a refund of § 4081(a)(1) tax. Failing to follow the procedures listed in this section 3.03 will result in substantial delays in processing the claim and may result in the IRS denying the claim. If the conditions to relief described in section 3.02 of this notice are met, and the position holder follows the procedures in this section 3.03 to claim a refund, the IRS will treat the claim in a manner similar to a § 4081(e) claim where the claimant paid a second tax.

The relief described in section 3.01 of this notice is available only if all of the procedures listed below are followed:

(1) The position holder must submit refund claims on Form 8849, *Claim for Refund of Excise Taxes*. The position

holder must write "CLAIM PURSUANT TO NOTICE 2017-59" across the top of the first page of the form.

(2) The position holder must include Schedule 5 (Form 8849), *Section 4081(e) Claims*, with their refund claim. In column (d) of Part II on Schedule 5 (Form 8849), enter the date that the dyed diesel fuel or kerosene was removed from the rack at a Green Bay terminal. In column (f) of Part II on Schedule 5 (Form 8849) enter the amount of the first tax (including LUST tax, provided LUST tax was paid upon removal from the rack at a Green Bay terminal) imposed on the diesel fuel or kerosene when it was removed from a Milwaukee terminal.

(3) The position holder must follow the instructions to Form 8849 and Schedule 5 (Form 8849) when preparing a refund claim to the extent that those instructions do not conflict with this notice.

(4) The position holder must include with its refund claim copies of the First Taxpayer's Reports (and, if applicable, the statement described in § 48.4081-7(c)(4)(iii) (Statement of Subsequent Seller)) that were received from the person that removed the undyed diesel fuel or kerosene from a Milwaukee terminal (see section 3.02(6) of this notice) for the fuel to which the refund claim relates.

(5) The refund claim must not include any fuel other than undyed diesel fuel or kerosene removed from a Milwaukee terminal that was received at a terminal in Green Bay (within the 24 hour period described in section 3.02 of this notice), subsequently dyed in accordance with § 48.4082-1 and Notice 2005-80, and then removed from the terminal in Green Bay.

.04 Time for Filing Claim Made Under this Notice. Generally, a position holder may file a claim for refund under this notice any time after the removal at a Green Bay terminal rack of the dyed diesel fuel or kerosene to which the claim relates, and before the end of the period prescribed by § 6511 for filing a claim for refund. A position holder described in section 3.02(7) of this notice may not claim a refund under this notice prior to filing the Form 720 and remitting the § 4081 tax for the quarter to which the claim relates.

SECTION 4. EFFECTIVE DATE

The temporary dyed fuel relief described in section 3.01 of this notice applies to removals of dyed diesel fuel and kerosene from Green Bay terminals on or after October 31, 2017, and before May 4, 2018.

SECTION 5. WHOM TO CONTACT FOR ADDITIONAL INFORMATION

For questions regarding the conditions set forth in section 3.02 of this notice or the refund procedures provided in sections 3.03 and 3.04 of this notice, contact Michel Monconduit at (657) 247-3355 (not a toll-free call).

SECTION 6. DRAFTING INFORMATION

The principal author of this notice is Michael H. Beker of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Mr. Beker at (202) 317-6855 (not a toll-free number).

2018 Limitations Adjusted As Provided in Section 415(d), etc.

Notice 2017-64

Section 415 of the Internal Revenue Code (the Code) provides for dollar limitations on benefits and contributions under qualified retirement plans. Section 415(d) requires that the Secretary of the Treasury annually adjust these limits for cost-of-living increases. Other limitations applicable to deferred compensation plans are also affected by these adjustments under § 415. Under § 415(d), the adjustments are to be made under adjustment procedures similar to those used to adjust benefit amounts under § 215(i)(2)(A) of the Social Security Act.

Cost-of-Living Adjusted Limits for 2018

Effective January 1, 2018, the limitation on the annual benefit under a defined benefit plan under § 415(b)(1)(A) is increased from \$215,000 to \$220,000.

For a participant who separated from service before January 1, 2018, the participant's limitation under a defined benefit plan under § 415(b)(1)(B) is computed by multiplying the participant's compensation limitation, as adjusted through 2017, by 1.0197.

The limitation for defined contribution plans under § 415(c)(1)(A) is increased in 2018 from \$54,000 to \$55,000.

The Code provides that various other dollar amounts are to be adjusted at the same time and in the same manner as the dollar limitation of § 415(b)(1)(A). After taking into account the applicable rounding rules, the amounts for 2018 are as follows:

The limitation under § 402(g)(1) on the exclusion for elective deferrals described in § 402(g)(3) is increased from \$18,000 to \$18,500.

The annual compensation limit under §§ 401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii) is increased from \$270,000 to \$275,000.

The dollar limitation under § 416(i)(1)(A)(i) concerning the definition of "key employee" in a top-heavy plan remains unchanged at \$175,000.

The dollar amount under § 409(o)(1)(C)(ii) for determining the maximum account balance in an employee stock ownership plan subject to a 5-year distribution period is increased from \$1,080,000 to \$1,105,000, while the dollar amount used to determine the lengthening of the 5-year distribution period is increased from \$215,000 to \$220,000.

The limitation used in the definition of "highly compensated employee" under § 414(q)(1)(B) remains unchanged at \$120,000.

The dollar limitation under § 414(v)(2)(B)(i) for catch-up contributions to an applicable employer plan other than a plan described in § 401(k)(11) or § 408(p) for individuals aged 50 or over remains unchanged at \$6,000. The dollar limitation under § 414(v)(2)(B)(ii) for catch-up contributions to an applicable employer plan described in § 401(k)(11) or 408(p) for individuals aged 50 or over remains unchanged at \$3,000.

The annual compensation limitation under § 401(a)(17) for eligible partici-

pants in certain governmental plans that, under the plan as in effect on July 1, 1993, allowed cost-of-living adjustments to the compensation limitation under the plan under § 401(a)(17) to be taken into account, is increased from \$400,000 to \$405,000.

The compensation amount under § 408(k)(2)(C) regarding simplified employee pensions (SEPs) remains unchanged at \$600.

The limitation under § 408(p)(2)(E) regarding SIMPLE retirement accounts remains unchanged at \$12,500.

The limitation on deferrals under § 457(e)(15) concerning deferred compensation plans of state and local governments and tax-exempt organizations is increased from \$18,000 to \$18,500. The limitation under § 664(g)(7) concerning the qualified gratuitous transfer of qualified employer securities to an employee stock ownership plan is increased from \$45,000 to \$50,000.

The compensation amounts under § 1.61-21(f)(5)(i) of the Income Tax Regulations concerning the definition of "control employee" for fringe benefit valuation purposes is increased from \$105,000 to \$110,000. The compensation amount under § 1.61-21(f)(5)(iii) is increased from \$215,000 to \$220,000.

The dollar limitation on premiums paid with respect to a qualifying longevity annuity contract under § 1.401(a)(9)-6, A-17(b)(2)(i) of the Income Tax Regulations is increased from \$125,000 to \$130,000.

The Code provides that the \$1,000,000,000 threshold used to determine whether a multiemployer plan is a systemically important plan under § 432(e)(9)(H)(v)(III)(aa) is adjusted using the cost-of-living adjustment provided under § 432(e)(9)(H)(v)(III)(bb). After taking the applicable rounding rule into account, the threshold used to determine whether a multiemployer plan is a systemically important plan under § 432(e)(9)(H)(v)(III)(aa) is increased from \$1,012,000,000 to \$1,087,000,000.

The Code also provides that several retirement-related amounts are to be adjusted using the cost-of-living adjustment under § 1(f)(3). After taking the applicable rounding rules into account, the amounts for 2018 are as follows:

The adjusted gross income limitation under § 25B(b)(1)(A) for determining the retirement savings contributions credit for married taxpayers filing a joint return is increased from \$37,000 to \$38,000; the limitation under § 25B(b)(1)(B) is increased from \$40,000 to \$41,000; and the limitation under §§ 25B(b)(1)(C) and 25B(b)(1)(D) is increased from \$62,000 to \$63,000.

The adjusted gross income limitation under § 25B(b)(1)(A) for determining the retirement savings contributions credit for taxpayers filing as head of household is increased from \$27,750 to \$28,500; the limitation under § 25B(b)(1)(B) is increased from \$30,000 to \$30,750; and the limitation under §§ 25B(b)(1)(C) and 25B(b)(1)(D) is increased from \$46,500 to \$47,250.

The adjusted gross income limitation under § 25B(b)(1)(A) for determining the retirement savings contributions credit for all other taxpayers is increased from \$18,500 to \$19,000; the limitation under § 25B(b)(1)(B) is increased from \$20,000 to \$20,500; and the limitation under §§ 25B(b)(1)(C) and 25B(b)(1)(D) is increased from \$31,000 to \$31,500.

The deductible amount under § 219(b)(5)(A) for an individual making qualified retirement contributions remains unchanged at \$5,500.

The applicable dollar amount under § 219(g)(3)(B)(i) for determining the deductible amount of an IRA contribution for taxpayers who are active participants filing a joint return or as a qualifying widow(er) is increased from \$99,000 to \$101,000. The applicable dollar amount under § 219(g)(3)(B)(ii) for all other taxpayers who are active participants (other than married taxpayers filing separate returns) is increased from \$62,000 to \$63,000. If an individual or the individual's spouse is an active participant, the applicable dollar amount under § 219(g)(3)(B)(iii) for a married individual filing a separate return is not subject to an annual cost-of-living adjustment and remains \$0. The applicable dollar amount under § 219(g)(7)(A) for a taxpayer who is not an active participant but whose spouse is an active participant is increased from \$186,000 to \$189,000.

Accordingly, under § 219(g)(2)(A), the deduction for taxpayers making contributions to a traditional IRA is phased out for single individuals and heads of household who are active participants in a qualified plan (or another retirement plan specified in § 219(g)(5)) and have adjusted gross incomes (as defined in § 219(g)(3)(A)) between \$63,000 and \$73,000, increased from between \$62,000 and \$72,000. For married couples filing jointly, if the spouse who makes the IRA contribution is an active participant, the income phase-out range is between \$101,000 and \$121,000, increased from between \$99,000 and \$119,000. For an IRA contributor who is not an active participant and is married to someone who is an active participant, the deduction is phased out if the couple's income is between \$189,000 and \$199,000, increased from between \$186,000 and \$196,000. For a married individual filing a separate return who is an active participant, the phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

The adjusted gross income limitation under § 408A(c)(3)(B)(ii)(I) for determining the maximum Roth IRA contribution for married taxpayers filing a joint return or for taxpayers filing as a qualifying widow(er) is increased from \$186,000 to \$189,000. The adjusted gross income limitation under § 408A(c)(3)(B)(ii)(II) for all other taxpayers (other than married taxpayers filing separate returns) is increased from \$118,000 to \$120,000. The applicable dollar amount under § 408A(c)(3)(B)(ii)(III) for a married individual filing a separate return is not subject to an annual cost-of-living adjustment and remains \$0.

Accordingly, under § 408A(c)(3)(A), the adjusted gross income phase-out range for taxpayers making contributions to a Roth IRA is \$189,000 to \$199,000 for married couples filing jointly, increased from \$186,000 to \$196,000. For singles and heads of household, the income phase-out range is \$120,000 to \$135,000, increased from \$118,000 to \$133,000. For a married individual filing a separate return, the phase-out range is not subject to an

annual cost-of-living adjustment and remains \$0 to \$10,000.

Drafting Information

The principal author of this notice is Tom Morgan of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities). However, other personnel from the IRS participated in the development of this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-6700 or John Heil at 443-853-5519 (not toll-free numbers).

New Clean Renewable Energy Bonds

Notice 2017-66

SECTION 1. PURPOSE

The IRS has identified \$379,549,691.35 of volume cap to be available under this Notice for reallocation to public power providers (as defined in § 54C(d)(2) of the Internal Revenue Code) (the Code) for authority to issue new clean renewable energy bonds (New CREBs) under § 54C of the Code for projects to be owned by public power providers. Interested public power providers must submit an application ("Application") pursuant to the application requirements set forth in section 3 of this Notice, including the deadline for submitting the Application. **Only Applications from public power providers will be considered under this Notice.**

SECTION 2. BACKGROUND

Notice 2015-12, 2015-10 I.R.B. 700, solicited applications for allocations of the remaining available amount of volume cap for New CREBs. Applicants that received a volume cap allocation under Notice 2015-12 were required to issue the proposed bonds within 180 days from the date of the allocation letter. Allocations with respect to any portion of the proposed bonds not issued during that time were treated as forfeited and available for reallocation. Under section 3.01 of Notice 2015-12, the IRS is expected to reallocate volume cap designated for public power providers that has not been allocated, or that has been forfeited.

Under Notice 2015–12, \$516,565,691.35 of New CREBs volume cap was available for reallocation to public power providers. Public power providers have reported to the IRS the issuance of New CREBs in the amount of \$137,016,000. Based on these reports, the passage of the deadlines described above for issuing New CREBs by public power providers, and other information provided to the IRS, the IRS has identified \$379,549,691.35 of volume cap available for reallocation under this Notice for projects to be owned by public power providers. The available amount of volume cap includes forfeited amounts previously allocated under Notice 2015–12.

As provided in section 3.01 of Notice 2015–12, the IRS expects to reallocate volume cap allocated under this Notice that has been relinquished or has reverted to the IRS as part of an allocation process to be announced by the IRS in future guidance similar to this Notice that generally follows the process set forth in Notice 2015–12.

SECTION 3. GENERAL APPLICATION REQUIREMENTS

.01 *Notice 2015–12 Application requirements.* The provisions of Notice

2015–12 (as applicable to public power providers), including Application requirements and appendices (other than Appendix D, which does not apply under this Notice) apply to all Applications for available volume cap under this Notice. To be treated as submitted, the Application, and any additional information and supporting documents must: (1) satisfy all of the applicable requirements of Notice 2015–12 (as applicable to public power providers), including without limitation those described in section 3 of Notice 2015–12; (2) demonstrate by attaching supporting documents that the Applicant is a public power provider under § 54C(d)(2); and (3) be prepared in substantially the same format as the form (including exhibits thereto) attached to Notice 2015–12 as Appendix A.

.02 *Due date for Applications for New CREBs volume cap under this Notice.* Applicants for projects to be owned by public power providers must submit complete Applications for an allocation of volume cap under this Notice on or before June 19, 2018.

.03 *Address for Submissions.* The Application must be submitted by hard copy accompanied by a copy of the Application

in PDF format on a CD and sent (by U.S. Postal Service or designated private delivery service) to the Internal Revenue Service (IRS), Attention: Kenneth Stengel, 1122 Town & Country Commons, Chesterfield, MO 63017.

.04 *Compliance with Notice 2015–12.* By submitting an Application, the applicant agrees to comply with the requirements of Notice 2015–12 as they apply to public power providers. This Notice and Notice 2015–12 may be found electronically under the link “TEB Published Guidance” on the IRS web site at <http://www.irs.gov/Tax-Exempt-Bonds>.

SECTION 4. DRAFTING INFORMATION

The principal authors of this Notice are Steve Haycock of the IRS Office of Tax Exempt Bonds and Zoran Stojanovic of the Office of Associate Chief Counsel (Financial Institutions and Products). For further information regarding this Notice, contact Mr. Stojanovic at 202-317-6980 (not a toll-free call). For further information about submitted Applications, contact Kenneth Stengel at 636-255-1286 (not a toll-free number).

Rev. Proc. 2017–58

TABLE OF CONTENTS

SECTION 1. PURPOSE

SECTION 2. CHANGES

SECTION 3. 2018 ADJUSTED ITEMS

	<u>Code Section</u>
.01 Tax Rate Tables	1(a)–(e)
.02 Unearned Income of Minor Children Taxed as if Parent’s Income (“Kiddie Tax”).. . . .	1(g)
.03 Adoption Credit.	23
.04 Lifetime Learning Credit	25A
.05 Earned Income Credit	32
.06 Refundable Credit for Coverage under a Qualified Health Plan.	36B(f)(2)(B)
.07 Rehabilitation Expenditures Treated as Separate New Building.	42(e)
.08 Low-Income Housing Credit	42(h)
.09 Employee Health Insurance Expense of Small Employers	45R
.10 Exemption Amounts for Alternative Minimum Tax	55
.11 Alternative Minimum Tax Exemption for a Child Subject to the “Kiddie Tax”.	59(j)
.12 Certain Expenses of Elementary and Secondary School Teachers.	62(a)(2)(D)
.13 Transportation Mainline Pipeline Construction Industry Optional Expense Substantiation Rules for Payments to Employees under Accountable Plans	62(c)
.14 Standard Deduction.	63
.15 Overall Limitation on Itemized Deductions.	68
.16 Cafeteria Plans.	125
.17 Qualified Transportation Fringe Benefit.	132(f)
.18 Income from United States Savings Bonds for Taxpayers Who Pay Qualified Higher Education Expenses.	135
.19 Adoption Assistance Programs.	137
.20 Private Activity Bonds Volume Cap	146(d)
.21 Loan Limits on Agricultural Bonds	147(c)(2)
.22 General Arbitrage Rebate Rules.	148(f)
.23 Safe Harbor Rules for Broker Commissions on Guaranteed Investment Contracts or Invest- ments Purchased for a Yield Restricted Defeasance Escrow	148
.24 Personal Exemption.	151
.25 Election to Expense Certain Depreciable Assets.	179
.26 Eligible Long-Term Care Premiums	213(d)(10)
.27 Medical Savings Accounts	220
.28 Interest on Education Loans	221
.29 Treatment of Dues Paid to Agricultural or Horticultural Organizations	512(d)
.30 Insubstantial Benefit Limitations for Contributions Associated With Charitable Fund-Raising Campaigns	513(h)
.31 Tax on Insurance Companies Other than Life Insurance Companies.	831
.32 Expatriation to Avoid Tax	877
.33 Tax Responsibilities of Expatriation	877A

.34 Foreign Earned Income Exclusion	911
.35 Unified Credit Against Estate Tax	2010
.36 Valuation of Qualified Real Property in Decedent’s Gross Estate	2032A
.37 Annual Exclusion for Gifts	2503; 2523
.38 Tax on Arrow Shafts	4161
.39 Passenger Air Transportation Excise Tax	4261
.40 Requirement to Maintain Minimum Essential Coverage	5000A
.41 Reporting Exception for Certain Exempt Organizations with Nondeductible Lobbying Expenditures	6033(e)(3)
.42 Notice of Large Gifts Received from Foreign Persons	6039F
.43 Persons Against Whom a Federal Tax Lien Is Not Valid	6323
.44 Property Exempt from Levy	6334
.45 Interest on a Certain Portion of the Estate Tax Payable in Installments	6601(j)
.46 Failure to File Tax Return	6651
.47 Failure to File Certain Information Returns, Registration Statements, etc.	6652
.48 Other Assessable Penalties With Respect to the Preparation of Tax Returns for Other Persons	6695
.49 Failure to File Partnership Return	6698
.50 Failure to File S Corporation Return	6699
.51 Failure to File Correct Information Returns	6721
.52 Failure to Furnish Correct Payee Statements	6722
.53 Revocation or Denial of Passport in Case of Certain Tax Delinquencies	7345
.54 Attorney Fee Awards	7430
.55 Periodic Payments Received under Qualified Long-Term Care Insurance Contracts or under Certain Life Insurance Contracts	7702B(d)
.56 Qualified Small Employer Health Reimbursement Arrangement	9831

SECTION 4. EFFECTIVE DATE

SECTION 5. DRAFTING INFORMATION

SECTION 1. PURPOSE

This revenue procedure sets forth inflation-adjusted items for 2018 for various provisions of the Internal Revenue Code of 1986 (Code) as amended as of October 19, 2017. To the extent amendments to the Code are enacted for 2018 after October 19, 2017, taxpayers should consult additional guidance to determine whether these adjustments remain applicable for 2018.

SECTION 2. CHANGES

.01 Section 202 of the Disaster Tax Relief and Airport and Airways Extension

Act of 2017, Pub. L. 115–63, amended § 4261(k)(1)(A)(ii) of the Code (which governs the period of applicability of § 4261(b)(1), (c)(1), and (c)(3)). The effect of this amendment is to temporarily extend the passenger air transportation excise taxes of \$3.00 for domestic travel, \$12.00 for international travel, and \$6.00 for departures beginning or ending in Alaska or Hawaii. These excise taxes apply to transportation taken through March 31, 2018. After this date, the taxes and rates will expire unless Congress renews them.

.02 Section 18001 of the 21st Century Cures Act, Pub. L. 114–255, amended § 9831 of the Code to add § 9831(d),

Exception For Qualified Small Employer Health Reimbursement Arrangements. To qualify as a qualified small employer health reimbursement arrangement under § 9831(d), the arrangement must provide that the total amount of payments and reimbursements for any year cannot exceed \$4,950 (\$10,000 for family coverage). These amounts are adjusted for inflation for a calendar year beginning after 2016.

SECTION 3. 2018 ADJUSTED ITEMS

.01 *Tax Rate Tables*. For taxable years beginning in 2018, the tax rate tables under § 1 are as follows:

TABLE 1 — Section 1(a) — Married Individuals Filing Joint Returns and Surviving Spouses

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$19,050	10% of the taxable income
Over \$19,050 but not over \$77,400	\$1,905 plus 15% of the excess over \$19,050
Over \$77,400 but not over \$156,150	\$10,657.50 plus 25% of the excess over \$77,400
Over \$156,150 but not over \$237,950	\$30,345 plus 28% of the excess over \$156,150
Over \$237,950 but not over \$424,950	\$53,249 plus 33% of the excess over \$237,950
Over \$424,950 but not over \$480,050	\$114,959 plus 35% of the excess over \$424,950
Over \$480,050	\$134,244 plus 39.6% of the excess over \$480,050

TABLE 2 — Section 1(b) — Heads of Households

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$13,600	10% of the taxable income
Over \$13,600 but not over \$51,850	\$1,360 plus 15% of the excess over \$13,600
Over \$51,850 but not over \$133,850	\$7,097.50 plus 25% of the excess over \$51,850
Over \$133,850 but not over \$216,700	\$27,597.50 plus 28% of the excess over \$133,850
Over \$216,700 but not over \$424,950	\$50,795.50 plus 33% of the excess over \$216,700
Over \$424,950 not over \$453,350	\$119,518 plus 35% of the excess over \$424,950
Over \$453,350	\$129,458 plus 39.6% of the excess over \$453,350

TABLE 3 — Section 1(c) — Unmarried Individuals (other than Surviving Spouses and Heads of Households)

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$9,525	10% of the taxable income
Over \$9,525 but not over \$38,700	\$952.50 plus 15% of the excess over \$9,525
Over \$38,700 but not over \$93,700	\$5,328.75 plus 25% of the excess over \$38,700
Over \$93,700 but not over \$195,450	\$19,078.75 plus 28% of the excess over \$93,700
Over \$195,450 but not over \$424,950	\$47,568.75 plus 33% of the excess over \$195,450
Over \$424,950 not over \$426,700	\$123,303.75 plus 35% of the excess over \$424,950
Over \$426,700	\$123,916.25 plus 39.6% of the excess over \$426,700

TABLE 4 — Section 1(d) — Married Individuals Filing Separate Returns

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$9,525	10% of the taxable income
Over \$9,525 but not over \$38,700	\$952.50 plus 15% of the excess over \$9,525
Over \$38,700 but not over \$78,075	\$5,328.75 plus 25% of the excess over \$38,700
Over \$78,075 but not over \$118,975	\$15,172.50 plus 28% of the excess over \$78,075
Over \$118,975 but not over \$212,475	\$26,624.50 plus 33% of the excess over \$118,975
Over \$212,475 not over \$240,025	\$57,479.50 plus 35% of the excess over \$212,475
Over \$240,025	\$67,122 plus 39.6% of the excess over \$240,025

TABLE 5 — Section 1(e) — Estates and Trusts

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$2,600	15% of the taxable income
Over \$2,600 but not over \$6,100	\$390 plus 25% of the excess over \$2,600
Over \$6,100 but not over \$9,300	\$1,265 plus 28% of the excess over \$6,100
Over \$9,300 but not over \$12,700	\$2,161 plus 33% of the excess over \$9,300
Over \$12,700	\$3,283 plus 39.6% of the excess over \$12,700

.02 Unearned Income of Minor Children Taxed as if Parent's Income (the "Kiddie Tax"). For taxable years beginning in 2018, the amount in § 1(g)(4)(A)(ii)(I), which is used to reduce the net unearned income reported on the child's return that is subject to the "kiddie tax," is \$1,050. This \$1,050 amount is the same as the amount provided in § 63(c)(5)(A), as adjusted for inflation. The same \$1,050 amount is used for purposes of § 1(g)(7) (that is, to determine whether a parent may elect to include a child's gross income in the parent's gross income and to calculate the "kiddie tax"). For example, one of the requirements for the parental election is that a child's gross income is more than the amount referenced in § 1(g)(4)(A)(ii)(I) but less than 10 times that amount; thus, a child's gross income for 2018 must be more than \$1,050 but less than \$10,500.

.03 Adoption Credit. For taxable years beginning in 2018, under § 23(a)(3) the

credit allowed for an adoption of a child with special needs is \$13,840. For taxable years beginning in 2018, under § 23(b)(1) the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to \$13,840. The available adoption credit begins to phase out under § 23(b)(2)(A) for taxpayers with modified adjusted gross income in excess of \$207,580 and is completely phased out for taxpayers with modified adjusted gross income of \$247,580 or more. (See section 3.19 of this revenue procedure for the adjusted items relating to adoption assistance programs.)

.04 Lifetime Learning Credit. For taxable years beginning in 2018, a taxpayer's modified adjusted gross income in excess of \$57,000 (\$114,000 for a joint return) is used to determine the reduction under § 25A(d)(2) in the amount of the Lifetime Learning Credit otherwise allowable under § 25A(a)(2).

.05 Earned Income Credit.

(1) *In general.* For taxable years beginning in 2018, the following amounts are used to determine the earned income credit under § 32(b). The "earned income amount" is the amount of earned income at or above which the maximum amount of the earned income credit is allowed. The "threshold phaseout amount" is the amount of adjusted gross income (or, if greater, earned income) above which the maximum amount of the credit begins to phase out. The "completed phaseout amount" is the amount of adjusted gross income (or, if greater, earned income) at or above which no credit is allowed. The threshold phaseout amounts and the completed phaseout amounts shown in the table below for married taxpayers filing a joint return include the increase provided in § 32(b)(3)(B)(i), as adjusted for inflation for taxable years beginning in 2018.

Item	Number of Qualifying Children			
	One	Two	Three or More	None
Earned Income Amount	\$10,200	\$14,320	\$14,320	\$6,800
Maximum Amount of Credit	\$3,468	\$5,728	\$6,444	\$520
Threshold Phaseout Amount (Single, Surviving Spouse, or Head of Household)	\$18,700	\$18,700	\$18,700	\$8,510
Completed Phaseout Amount (Single, Surviving Spouse, or Head of Household)	\$40,402	\$45,898	\$49,298	\$15,310
Threshold Phaseout Amount (Married Filing Jointly)	\$24,400	\$24,400	\$24,400	\$14,200
Completed Phaseout Amount (Married Filing Jointly)	\$46,102	\$51,598	\$54,998	\$21,000

The instructions for the Form 1040 series provide tables showing the amount of the earned income credit for each type of taxpayer.

(2) *Excessive Investment Income.* For taxable years beginning in 2018, the

earned income tax credit is not allowed under § 32(i)(1) if the aggregate amount of certain investment income exceeds \$3,500.

.06 Refundable Credit for Coverage under a Qualified Health Plan. For taxable

years beginning in 2018, the limitation on tax imposed under § 36B(f)(2)(B) for excess advance credit payments is determined using the following table:

If the household income (expressed as a percent of poverty line) is:	The limitation amount for unmarried individuals (other than surviving spouses and heads of household) is:	The limitation amount for all other taxpayers is:
Less than 200%	\$300	\$600
At least 200% but less than 300%	\$775	\$1,550
At least 300% but less than 400%	\$1,300	\$2,600

.07 Rehabilitation Expenditures Treated as Separate New Building. For calendar year 2018, the per low-income unit qualified

basis amount under § 42(e)(3)(A)(ii)(II) is \$6,800.

.08 Low-Income Housing Credit. For calendar year 2018, the amount used under § 42(h)(3)(C)(ii) to calculate the State

housing credit ceiling for the low-income housing credit is the greater of (1) \$2.40 multiplied by the State population, or (2) \$2,765,000.

.09 *Employee Health Insurance Expense of Small Employers.* For taxable years beginning in 2018, the dollar amount in effect

under § 45R(d)(3)(B) is \$26,700. This amount is used under § 45R(c) for limiting the small employer health insurance credit and under § 45R(d)(1)(B) for determining who is an eligible small employer for purposes of the credit.

.10 *Exemption Amounts for Alternative Minimum Tax.* For taxable years beginning in 2018, the exemption amounts under § 55(d)(1) are:

Joint Returns or Surviving Spouses	\$86,200
Unmarried Individuals (other than Surviving Spouses)	\$55,400
Married Individuals Filing Separate Returns	\$43,100
Estates and Trusts	\$24,600

For taxable years beginning in 2018, under § 55(b)(1), the excess taxable income above which the 28 percent tax rate applies is:

Married Individuals Filing Separate Returns	\$95,750
Joint Returns, Unmarried Individuals (other than surviving spouses), and Estates and Trusts	\$191,500

For taxable years beginning in 2018, the amounts used under § 55(d)(3) to determine the phaseout of the exemption amounts are:

Joint Returns or Surviving Spouses	\$164,100
Unmarried Individuals (other than Surviving Spouses)	\$123,100
Married Individuals Filing Separate Returns and Estates and Trusts	\$82,050

.11 *Alternative Minimum Tax Exemption for a Child Subject to the "Kiddie Tax."* For taxable years beginning in 2018, for a child to whom the § 1(g) "kiddie tax" applies, the exemption amount under §§ 55 and 59(j) for purposes of the alternative minimum tax under § 55 may not exceed the sum of (1) the child's earned income for the taxable year, plus (2) \$7,650.

.12 *Certain Expenses of Elementary and Secondary School Teachers.* For taxable years beginning in 2018, under § 62(a)(2)(D) the amount of the deduction allowed under § 162 which consists of

expenses paid or incurred by an eligible educator in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom is \$250.

.13 *Transportation Mainline Pipeline Construction Industry Optional Expense Substantiation Rules for Payments to Employees under Accountable Plans.* For calendar year 2018, an eligible employer

may pay certain welders and heavy equipment mechanics an amount of up to \$18 per hour for rig-related expenses that are deemed substantiated under an accountable plan if paid in accordance with Rev. Proc. 2002-41, 2002-1 C.B. 1098. If the employer provides fuel or otherwise reimburses fuel expenses, up to \$11 per hour is deemed substantiated if paid under Rev. Proc. 2002-41.

.14 *Standard Deduction.*

(1) *In general.* For taxable years beginning in 2018, the standard deduction amounts under § 63(c)(2) are as follows:

<i>Filing Status</i>	<i>Standard Deduction</i>
Married Individuals Filing Joint Returns and Surviving Spouses (§ 1(a))	\$13,000
Heads of Households (§ 1(b))	\$9,550
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c))	\$6,500
Married Individuals Filing Separate Returns (§ 1(d))	\$6,500

(2) *Dependent.* For taxable years beginning in 2018, the standard deduction amount under § 63(c)(5) for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of (1) \$1,050, or (2) the sum of \$350 and the individual's earned income.

(3) *Aged or blind.* For taxable years beginning in 2018, the additional standard deduction amount under § 63(f) for the aged or the blind is \$1,300. The additional standard deduction amount is increased to \$1,600 if the individual is also unmarried and not a surviving spouse.

.15 *Overall Limitation on Itemized Deductions.* For taxable years beginning in 2018, the applicable amounts under § 68(b) are \$320,000 in the case of a joint return or a surviving spouse, \$293,350 in the case of a head of household, \$266,700 in the case of an individual who is not married and who is not a surviving spouse or head of household, and \$160,000 in the case of a married individual filing a separate return.

.16 *Cafeteria Plans.* For the taxable years beginning in 2018, the dollar limitation under § 125(i) on voluntary employee salary reductions for contributions to health flexible spending arrangements is \$2,650.

.17 *Qualified Transportation Fringe Benefit.* For taxable years beginning in 2018, the monthly limitation under § 132(f)(2)(A) regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass is \$260. The monthly limitation under § 132(f)(2)(B) regarding the fringe benefit exclusion amount for qualified parking is \$260.

.18 *Income from United States Savings Bonds for Taxpayers Who Pay Qualified*

Higher Education Expenses. For taxable years beginning in 2018, the exclusion under § 135, regarding income from United States savings bonds for taxpayers who pay qualified higher education expenses, begins to phase out for modified adjusted gross income above \$119,550 for joint returns and \$79,700 for all other returns. The exclusion is completely phased out for modified adjusted gross income of \$149,550 or more for joint returns and \$94,700 or more for all other returns.

.19 *Adoption Assistance Programs.* For taxable years beginning in 2018, under § 137(a)(2), the amount that can be excluded from an employee's gross income for the adoption of a child with special needs is \$13,840. For taxable years beginning in 2018, under § 137(b)(1) the maximum amount that can be excluded from an employee's gross income for the amounts paid or expenses incurred by an employer for qualified adoption expenses furnished pursuant to an adoption assistance program for other adoptions by the employee is \$13,840. The amount excludable from an employee's gross income begins to phase out under § 137(b)(2)(A) for taxpayers with modified adjusted gross income in excess of \$207,580 and is completely phased out for taxpayers with modified adjusted gross income of \$247,580 or more. (See section 3.03 of this revenue procedure for the adjusted items relating to the adoption credit.)

.20 *Private Activity Bonds Volume Cap.* For calendar year 2018, the amounts used under § 146(d) to calculate the State ceiling for the volume cap for private activity bonds is the greater of (1) \$105 multiplied by the State population, or (2) \$311,375,000.

.21 *Loan Limits on Agricultural Bonds.* For calendar year 2018, the loan limit amount on agricultural bonds under § 147(c)(2)(A) for first-time farmers is \$534,600.

.22 *General Arbitrage Rebate Rules.* For bond years ending in 2018, the amount of the computation credit determined under the permission to rely on § 1.148-3(d)(4) of the proposed Income Tax Regulations is \$1,700.

.23 *Safe Harbor Rules for Broker Commissions on Guaranteed Investment Contracts or Investments Purchased for a Yield Restricted Defeasance Escrow.* For calendar year 2018, under § 1.148-5(e)(2)(iii)(B)(1), a broker's commission or similar fee for the acquisition of a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow is reasonable if (1) the amount of the fee that the issuer treats as a qualified administrative cost does not exceed the lesser of (A) \$40,000, and (B) 0.2 percent of the computational base (as defined in § 1.148-5(e)(2)(iii)(B)(2)) or, if more, \$4,000; and (2) the issuer does not treat more than \$113,000 in brokers' commissions or similar fees as qualified administrative costs for all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with gross proceeds of the issue.

.24 *Personal Exemption.*

(1) For taxable years beginning in 2018, the personal exemption amount under § 151(d) is \$4,150.

(2) *Phaseout.* For taxable years beginning in 2018, the personal exemption phases out for taxpayers with the following adjusted gross income amounts:

<i>Filing Status</i>	<i>AGI – Beginning of Phaseout</i>	<i>AGI – Completed Phaseout</i>
Married Individuals Filing Joint Returns and Surviving Spouses (§ 1(a))	\$320,000	\$442,500
Heads of Households (§ 1(b))	\$293,350	\$415,850
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c))	\$266,700	\$389,200
Married Individuals Filing Separate Returns (§ 1(d))	\$160,000	\$221,250

.25 Election to Expense Certain Depreciable Assets. For taxable years beginning in 2018, under § 179(b)(1), the aggregate cost of any § 179 property that a taxpayer elects to treat as an expense cannot exceed \$520,000. Under § 179(b)(2), the \$520,000

limitation is reduced (but not below zero) by the amount the cost of § 179 property placed in service during the 2018 taxable year exceeds \$2,070,000.

.26 Eligible Long-Term Care Premiums. For taxable years beginning in 2018,

the limitations under § 213(d)(10), regarding eligible long-term care premiums includible in the term “medical care,” are as follows:

<i>Attained Age Before the Close of the Taxable Year</i>	<i>Limitation on Premiums</i>
40 or less	\$420
More than 40 but not more than 50	\$780
More than 50 but not more than 60	\$1,560
More than 60 but not more than 70	\$4,160
More than 70	\$5,200

.27 Medical Savings Accounts.

(1) *Self-only coverage.* For taxable years beginning in 2018, the term “high deductible health plan” as defined in § 220(c)(2)(A) means, for self-only coverage, a health plan that has an annual deductible that is not less than \$2,300 and not more than \$3,450, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed \$4,600.

(2) *Family coverage.* For taxable years beginning in 2018, the term “high deductible health plan” means, for family coverage, a health plan that has an annual deductible that is not less than \$4,600 and not more than \$6,850, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed \$8,400.

.28 Interest on Education Loans. For taxable years beginning in 2018, the \$2,500 maximum deduction for interest paid on qualified education loans under § 221 begins to phase out under § 221(b)(2)(B) for taxpayers with modified adjusted gross income in excess of \$65,000 (\$135,000 for joint returns), and is completely phased out for taxpayers with modified adjusted gross income of \$80,000 or more (\$165,000 or more for joint returns).

.29 Treatment of Dues Paid to Agricultural or Horticultural Organizations. For taxable years beginning in 2018, the limitation under § 512(d)(1), regarding the exemption of annual dues required to be paid by a member to an agricultural or horticultural organization, is \$166.

.30 Insubstantial Benefit Limitations for Contributions Associated with Charitable Fund-Raising Campaigns.

(1) *Low cost article.* For taxable years beginning in 2018, for purposes of defining the term “unrelated trade or business” for certain exempt organizations under § 513(h)(2), “low cost articles” are articles costing \$10.90 or less.

(2) *Other insubstantial benefits.* For taxable years beginning in 2018, under § 170, the \$5, \$25, and \$50 guidelines in section 3 of Rev. Proc. 90-12, 1990-1 C.B. 471 (as amplified by Rev. Proc. 92-49, 1992-1 C.B. 987, and modified by Rev. Proc. 92-102, 1992-2 C.B. 579), for the value of insubstantial benefits that may be received by a donor in return for a contribution, without causing the contribution to fail to be fully deductible, are \$10.90, \$54.50, and \$109, respectively.

.31 Tax on Insurance Companies Other than Life Insurance Companies. For taxable years beginning in 2018, under § 831(b)(2)(A)(i) the amount of the limit on net written premiums or direct written premiums (whichever is greater) is \$2,300,000 to elect the alternative tax for certain small companies under § 831(b)(1) to be taxed only on taxable investment income.

.32 Expatriation to Avoid Tax. For calendar year 2018, under § 877A(g)(1)(A), unless an exception under § 877A(g)(1)(B) applies, an individual is a covered expatriate if the individual’s “average annual net income tax” under § 877(a)(2)(A) for the five taxable years ending before the expatriation date is more than \$165,000.

.33 Tax Responsibilities of Expatriation. For taxable years beginning in 2018, the amount that would be includible in the gross income of a covered expatriate by reason of § 877A(a)(1) is reduced (but not below zero) by \$713,000.

.34 Foreign Earned Income Exclusion. For taxable years beginning in 2018, the foreign earned income exclusion amount under § 911(b)(2)(D)(i) is \$104,100.

.35 Unified Credit Against Estate Tax. For an estate of any decedent dying in calendar year 2018, the basic exclusion amount is \$5,600,000 for determining the amount of the unified credit against estate tax under § 2010.

.36 Valuation of Qualified Real Property in Decedent’s Gross Estate. For an estate of a decedent dying in calendar year 2018, if the executor elects to use the special use valuation method under § 2032A for qualified real property, the aggregate decrease in the value of qualified real property resulting from electing to use § 2032A for purposes of the estate tax cannot exceed \$1,140,000.

.37 Annual Exclusion for Gifts.

(1) For calendar year 2018, the first \$15,000 of gifts to any person (other than gifts of future interests in property) are not included in the total amount of taxable gifts under § 2503 made during that year.

(2) For calendar year 2018, the first \$152,000 of gifts to a spouse who is not a citizen of the United States (other than gifts of future interests in property) are not included in the total amount of taxable gifts under §§ 2503 and 2523(i)(2) made during that year.

.38 *Tax on Arrow Shafts.* For calendar year 2018, the tax imposed under § 4161(b)(2)(A) on the first sale by the manufacturer, producer, or importer of any shaft of a type used in the manufacture of certain arrows is \$0.51 per shaft.

.39 *Passenger Air Transportation Excise Tax.* For calendar year 2018, the tax under § 4261(b)(1) on the amount paid for each domestic segment of taxable air transportation is \$4.20. For calendar year 2018, the tax under § 4261(c)(1) on any amount paid (whether within or without the United States) for any international air transportation, if the transportation begins or ends in the United States, generally is \$18.30. Under § 4261(c)(3), however, a lower amount applies under § 4261(c)(1) to a domestic segment beginning or ending in Alaska or Hawaii, and the tax applies only to departures. For calendar year 2018, the rate is \$9.20.

.40 *Requirement to Maintain Minimum Essential Coverage.* For calendar year 2018, the applicable dollar amount used to determine the penalty under § 5000A(c) for failure to maintain minimum essential coverage is \$695.

.41 *Reporting Exception for Certain Exempt Organizations with Nondeductible Lobbying Expenditures.* For taxable years beginning in 2018, the annual per

person, family, or entity dues limitation to qualify for the reporting exception under § 6033(e)(3) (and section 5.05 of Rev. Proc. 98-19, 1998-1 C.B. 547), regarding certain exempt organizations with nondeductible lobbying expenditures, is \$115 or less.

.42 *Notice of Large Gifts Received from Foreign Persons.* For taxable years beginning in 2018, § 6039F authorizes the Treasury Department and the Internal Revenue Service to require recipients of gifts from certain foreign persons to report these gifts if the aggregate value of gifts received in the taxable year exceeds \$16,111.

.43 *Persons Against Whom a Federal Tax Lien Is Not Valid.* For calendar year 2018, a federal tax lien is not valid against (1) certain purchasers under § 6323(b)(4) who purchased personal property in a casual sale for less than \$1,570, or (2) a mechanic's lienor under § 6323(b)(7) who repaired or improved certain residential property if the contract price with the owner is not more than \$7,840.

.44 *Property Exempt from Levy.* For calendar year 2018, the value of property exempt from levy under § 6334(a)(2) (fuel, provisions, furniture, and other household personal effects, as well as arms for personal use, livestock, and poultry) can-

not exceed \$9,380. The value of property exempt from levy under § 6334(a)(3) (books and tools necessary for the trade, business, or profession of the taxpayer) cannot exceed \$4,690.

.45 *Interest on a Certain Portion of the Estate Tax Payable in Installments.* For an estate of a decedent dying in calendar year 2018, the dollar amount used to determine the "2-percent portion" (for purposes of calculating interest under § 6601(j)) of the estate tax extended as provided in § 6166 is \$1,520,000.

.46 *Failure to File Tax Return.* In the case of any return required to be filed in 2019, the amount of the addition to tax under § 6651(a) for failure to file a tax return within 60 days of the due date of such return (determined with regard to any extensions of time for filing) shall not be less than the lesser of \$215 or 100 percent of the amount required to be shown as tax on such returns.

.47 *Failure to File Certain Information Returns, Registration Statements, etc.* For returns required to be filed in 2019, the penalty amounts under § 6652(c) are:

(1) for failure to file a return required under § 6033(a)(1) (relating to returns by exempt organization) or § 6012(a)(6) (relating to returns by political organizations):

Scenario	Daily Penalty	Maximum Penalty
Organization (§ 6652(c)(1)(A))	\$20	Lessor of \$10,000 or 5% of gross receipts of the organization for the year.
Organization with gross receipts exceeding \$1,049,000 (§ 6652(c)(1)(A))	\$100	\$52,000
Managers (§ 6652(c)(1)(B))	\$10	\$5,000
Public inspection of annual returns and reports (§ 6652(c)(1)(C))	\$20	\$10,000
Public inspection of applications for exemption and notice of status (§ 6652(c)(1)(D))	\$20	No Limits

(2) for failure to file a return required under § 6034 (relating to returns by cer-

tain trust) or § 6043(b) (relating to terminations, etc., of exempt organizations):

Scenario	Daily Penalty	Maximum Penalty
Organization or trust (§ 6652(c)(2)(A))	\$10	\$5,000
Managers (§ 6652(c)(2)(B))	\$10	\$5,000
Split-Interest Trust (§ 6652(c)(2)(C)(ii))	\$20	\$10,000
Any trust with gross receipts exceeding \$262,000 (§ 6652(c)(2)(C)(ii))	\$100	\$52,000

(3) for failure to file a disclosure required under § 6033(a)(2):

Scenario	Daily Penalty	Maximum Penalty
Tax-exempt entity (§ 6652(c)(3)(A))	\$100	\$52,000
Failure to comply with written demand (§ 6652(c)(3)(B)(ii))	\$100	\$10,000

.48 *Other Assessable Penalties With Respect to the Preparation of Tax Returns for Other Persons.* In the case of any refund filed in 2019, the penalty amounts under § 6695 are:

Scenario	Per Return or Claim for Refund	Maximum Penalty
Failure to furnish copy to taxpayer (§ 6695(a))	\$50	\$26,000
Failure to sign return (§ 6695(b))	\$50	\$26,000
Failure to furnish identifying number (§ 6695(c))	\$50	\$26,000
Failure to retain copy or list (§ 6695(d))	\$50	\$26,000
Failure to file correct information returns (§ 6695(e))	\$50 per return and item in return	\$26,000
Negotiation of check (§ 6695(f))	\$520 per check	No limit
Failure to be diligent in determining eligibility for child tax credit, American opportunity tax credit, and earned income credit (§ 6695(g))	\$520 per return	No limit

.49 *Failure to File Partnership Return.* In the case of any return required to be filed in 2019, the dollar amount used to determine amount of the penalty under § 6698(b)(1) is \$200.

.50 *Failure to File S Corporation Return.* In the case of any return required to

be filed in 2019, the dollar amount used to determine amount of the penalty under § 6699(b)(1) is \$200.

.51 *Failure to File Correct Information Returns.* In the case of any failure relating to a return required to be filed in 2019, the penalty amounts under § 6721 are:

(1) for persons with average annual gross receipts for the most recent three taxable years of more than \$5,000,000, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6721(a)(1))	\$270	\$3,282,500
Corrected on or before 30 days after required filing date (§ 6721(b)(1))	\$50	\$547,000
Corrected after 30 th day but on or before August 1 (§ 6721(b)(2))	\$100	\$1,641,000

(2) for persons with average annual gross receipts for the most recent three taxable years of \$5,000,000 or less, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6721(d)(1)(A))	\$270	\$1,094,000
Corrected on or before 30 days after required filing date (§ 6721(d)(1)(B))	\$50	\$191,000
Corrected after 30 th day but on or before August 1 (§ 6721(d)(1)(C))	\$100	\$547,000

(3) for failure to file correct information returns due to intentional disregard of the filing requirement (or the correct information reporting requirement) are:

Scenario	Penalty Per Return	Calendar Year Maximum
Return other than a return required to be filed under §§ 6045(a), 6041A(b), 6050H, 6050I, 6050J, 6050K, or 6050L (§ 6721(e)(2)(A))	Greater of (i) \$540, or (ii) 10% of aggregate amount of items required to be reported correctly	No limit
Return required to be filed under §§ 6045(a), 6050K, or 6050L (§ 6721(e)(2)(B))	Greater of (i) \$540, or (ii) 5% of aggregate amount of items required to be reported correctly	No limit
Return required to be filed under § 6050I(a) (§ 6721(e)(2)(C))	Greater of (i) \$27,350, or (ii) amount of cash received up to \$109,000	No limit
Return required to be filed under § 6050V (§ 6721(e)(2)(D))	Greater of (i) \$540, or (ii) 10% of the value of the benefit of any contract with respect to which information is required to be included on the return	No limit

.52 Failure to Furnish Correct Payee Statements. In the case of any failure relating to a statement required to be furnished in 2019, the penalty amounts under § 6722 are: (1) for persons with average annual gross receipts for the most recent three taxable years of more than \$5,000,000, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6722(a)(1))	\$270	\$3,282,500
Corrected on or before 30 days after required filing date (§ 6722(b)(1))	\$50	\$547,000
Corrected after 30 th day but on or before August 1 (§ 6722(b)(2))	\$100	\$1,641,000

(2) for persons with average annual gross receipts for the most recent 3 taxable years of \$5,000,000 or less, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6722(d)(1)(A))	\$270	\$1,094,000
Corrected on or before 30 days after required filing date (§ 6722(d)(1)(B))	\$50	\$191,000
Corrected after 30 th day but on or before August 1 (§ 6722(d)(1)(C))	\$100	\$547,000

(3) for failure to file correct payee statements due to intentional disregard of the requirement to furnish a payee statement (or the correct information reporting requirement) are:

Scenario	Penalty Per Return	Calendar Year Maximum
Statement other than a statement required under §§ 6045(b), 6041A(e) (in respect of a return required under § 6041A(b)), 6050H(d), 6050J(e), 6050K(b), or 6050L(c) (§ 6722(e)(2)(A))	Greater of (i) \$540, or (ii) 10% of aggregate amount of items required to be reported correctly	No limit
Payee statement required under §§ 6045(b), 6050K(b), or 6050L(c) (§ 6722(e)(2)(B))	Greater of (i) \$540, or (ii) 5% of aggregate amount of items required to be reported correctly	No limit

.53 *Revocation or Denial of Passport in Case of Certain Tax Delinquencies.* For calendar year 2018, the amount of a serious delinquent tax debt under § 7345 is \$51,000.

.54 *Attorney Fee Awards.* For fees incurred in calendar year 2018, the attorney fee award limitation under § 7430(c)(1)(B)(iii) is \$200 per hour.

.55 *Periodic Payments Received under Qualified Long-Term Care Insurance Contracts or under Certain Life Insurance Contracts.* For calendar year 2018, the stated dollar amount of the per diem limitation under § 7702B(d)(4), regarding periodic payments received under a qualified long-term care insurance contract or periodic payments received under a life insurance contract that are treated as paid by reason of the death of a chronically ill individual, is \$360.

.56 *Qualified Small Employer Health Reimbursement Arrangement.* For tax years beginning in 2018, to qualify as a qualified small employer health reimbursement arrangement under § 9831(d), the arrangement must provide that the to-

tal amount of payments and reimbursements for any year cannot exceed \$5,050 (\$10,250 for family coverage).

SECTION 4. EFFECTIVE DATE

.01 *General Rule.* Except as provided in section 4.02, this revenue procedure applies to taxable years beginning in 2018.

.02 *Calendar Year Rule.* This revenue procedure applies to transactions or events occurring in calendar year 2018 for purposes of sections 3.07 (rehabilitation expenditures treated as separate new building), 3.08 (low-income housing credit), 3.13 (transportation mainline pipeline construction industry optional expense substantiation rules for payments to employees under accountable plans), 3.20 (private activity bonds volume cap), 3.21 (loan limits on agricultural bonds), 3.22 (general arbitrage rebate rules), 3.23 (safe harbor rules for broker commissions on guaranteed investment contracts or investments purchased for a yield restricted defeasance escrow), 3.32 (expatriation to avoid taxes), 3.35 (unified credit against

estate tax), 3.36 (valuation of qualified real property in decedent's gross estate), 3.37 (annual exclusion for gifts), 3.38 (tax on arrow shafts), 3.39 (passenger air transportation excise tax), 3.40 (requirement to maintain minimum essential coverage), 3.43 (persons against whom a federal tax lien is not valid), 3.44 (property exempt from levy), 3.45 (interest on a certain portion of the estate tax payable in installments), 3.53 (revocation or denial of passport in case of certain tax delinquencies), 3.54 (attorney fee awards), and 3.55 (periodic payments received under qualified long-term care insurance contracts or under certain life insurance contracts).

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is William Ruane of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure, contact Mr. Ruane at (202) 317-4718 (not a toll-free number).

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as “rulings”) that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A

and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws 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 a 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 sub-

stance 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 Contributions 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.—Statement 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.

Numerical Finding List¹

Bulletin 2017–27 through 2017–45

Action on Decision:

2017-5, 2017-27 I.R.B. 1
2017-6, 2017-33 I.R.B. 194
2017-7, 2017-42 I.R.B. 311

Announcements:

2017-05, 2017-27 I.R.B. 5
2017-08, 2017-28 I.R.B. 9
2017-09, 2017-35 I.R.B. 219
2017-10, 2017-33 I.R.B. 210
2017-11, 2017-39 I.R.B. 255
2017-12, 2017-38 I.R.B. 238
2017-13, 2017-40 I.R.B. 271

Notices:

2017-36, 2017-33 I.R.B. 208
2017-37, 2017-29 I.R.B. 89
2017-38, 2017-30 I.R.B. 147
2017-39, 2017-31 I.R.B. 150
2017-40, 2017-32 I.R.B. 190
2017-41, 2017-34 I.R.B. 211
2017-42, 2017-34 I.R.B. 212
2017-43, 2017-36 I.R.B. 224
2017-44, 2017-36 I.R.B. 226
2017-45, 2017-38 I.R.B. 232
2017-46, 2017-41 I.R.B. 275
2017-47, 2017-38 I.R.B. 232
2017-48, 2017-39 I.R.B. 254
2017-49, 2017-40 I.R.B. 258
2017-50, 2017-41 I.R.B. 280
2017-51, 2017-40 I.R.B. 260
2017-52, 2017-40 I.R.B. 262
2017-53, 2017-42 I.R.B. 318
2017-54, 2017-42 I.R.B. 321
2017-55, 2017-42 I.R.B. 324
2017-56, 2017-43 I.R.B. 365
2017-57, 2017-42 I.R.B. 324
2017-58, 2017-42 I.R.B. 326
2017-59, 2017-45 I.R.B. 484
2017-60, 2017-43 I.R.B. 365
2017-61, 2017-43 I.R.B. 371
2017-62, 2017-44 I.R.B. 460
2017-63, 2017-44 I.R.B. 460
2017-64, 2017-45 I.R.B. 486
2017-66, 2017-45 I.R.B. 487

Proposed Regulations:

REG-128841-07, 2017-42 I.R.B. 327
REG-139633-08, 2017-31 I.R.B. 175
REG-128483-15, 2017-32 I.R.B. 191
REG-136118-15, 2017-28 I.R.B. 9
REG-105004-16, 2017-41 I.R.B. 295
REG-125374-16, 2017-41 I.R.B. 300

Proposed Regulations:—Continued

REG-115615-17, 2017-44 I.R.B. 463
REG-129631-17, 2017-44 I.R.B. 464

Revenue Procedures:

2017-41, 2017-29 I.R.B. 92
2017-42, 2017-29 I.R.B. 124
2017-43, 2017-31 I.R.B. 153
2017-44, 2017-35 I.R.B. 216
2017-45, 2017-35 I.R.B. 216
2017-46, 2017-43 I.R.B. 372
2017-47, 2017-38 I.R.B. 233
2017-48, 2017-36 I.R.B. 229
2017-50, 2017-37 I.R.B. 230
2017-52, 2017-41 I.R.B. 283
2017-53, 2017-40 I.R.B. 263
2017-54, 2017-42 I.R.B. 336
2017-55, 2017-43 I.R.B. 373
2017-56, 2017-44 I.R.B. 465
2017-57, 2017-44 I.R.B. 474
2017-58, 2017-45 I.R.B. 489

Revenue Rulings:

2017-14, 2017-27 I.R.B. 2
2017-15, 2017-32 I.R.B. 176
2017-16, 2017-35 I.R.B. 215
2017-17, 2017-36 I.R.B. 222
2017-18, 2017-39 I.R.B. 239
2017-19, 2017-40 I.R.B. 257
2017-20, 2017-41 I.R.B. 273
2017-21, 2017-45 I.R.B. 482

Treasury Decisions:

9819, 2017-29 I.R.B. 85
9820, 2017-32 I.R.B. 178
9821, 2017-32 I.R.B. 181
9822, 2017-33 I.R.B. 195
9823, 2017-33 I.R.B. 206
9824, 2017-42 I.R.B. 312
9827, 2017-44 I.R.B. 382
9828, 2017-44 I.R.B. 431

¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2017–01 through 2017–26 is in Internal Revenue Bulletin 2017–26, dated June 27, 2017.

Finding List of Current Actions on Previously Published Items¹

Bulletin 2017–27 through 2017–45

Notices:

2015-77

Amplified by

Notice 2017-40, 2017-32 I.R.B. 190

2017-10

Modified by

Notice 2017-58, 2017-42 I.R.B. 326

2017-29

Modified by

Notice 2017-58, 2017-42 I.R.B. 326

Revenue Procedures:

2016-27

Modified by

Rev. Proc. 2017-43, 2017-31 I.R.B. 153

2016-27

Superseded by

Rev. Proc. 2017-43, 2017-31 I.R.B. 153

2016-48

Superseded by

Rev. Proc. 2017-48, 2017-36 I.R.B. 232

¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2017–01 through 2017–26 is in Internal Revenue Bulletin 2017–26, dated June 27, 2017.

Internal Revenue Service

Washington, DC 20224

Official Business
Penalty for Private Use, \$300

INTERNAL REVENUE BULLETIN

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/*.

We Welcome Comments About the Internal Revenue Bulletin

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can email us your suggestions or comments through the IRS Internet Home Page (*www.irs.gov*) or write to the Internal Revenue Service, Publishing Division, IRB Publishing Program Desk, 1111 Constitution Ave. NW, IR-6230 Washington, DC 20224.