Internal Revenue
bulletin

Bulletin No. 2008-10
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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. 2008–11, page 541.

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for March 2008.

Rev. Rul. 2008–12, page 520.

Application of section 163(d) to limited partners in a trader partnership. This ruling explains how section 163(d) of the Code applies to a noncorporate limited partner's distributive share of the interest expense allocable to the partnership's trade or business of trading securities, if the limited partner does not materially participate.

Rev. Rul. 2008–13, page 518.

Performance-based compensation. This ruling holds that compensation paid to an executive is not qualified performance-based compensation for purposes of section 162(m) of the Code, even if the compensation is paid upon the attainment of the performance goal, if the plan agreement or contract provides for payment of compensation to an executive upon the attainment of a performance goal or for (1) termination without "cause" or for "good reason" or (2) voluntary retirement.

T.D. 9374, page 521.
REG–147290–05, page 576.

Final, temporary, and proposed regulations under section 468A of the Code provide guidance regarding contributions to qualified nuclear decommissioning trusts, including changes made to that section by the Energy Policy Act of 2005.

Notice 2008–27, page 543.

This notice provides interim guidance to issuers of state and local bonds to clarify when certain tax-exempt bonds are treated as reissued or retired for purposes of section 103 and sections 141–150 of the Code. The notice modifies certain special reissuance standards for qualified tender bonds under Notice 88–130, 1988–2 C.B. 543, and sets forth conditions under which certain changes to the bonds will not result in the bonds being reissued. The notice also clarifies the application of regulations section 1.1001–3 to certain changes to the bond terms, provides temporary relief for certain waivers of interest rate caps, and provides limited guidance for certain modifications of qualified hedges for purposes of section 148 of the Code.

Notice 2008–28, page 546.

This notice informs certain individuals not otherwise required to file an income tax return how to request the economic stimulus payment authorized by H.R. 5140, the Economic Stimulus Act of 2008.

Rev. Proc. 2008–16, page 547.

Like-kind exchanges of rental property that is used for personal purposes. This procedure provides a safe harbor under which the Service will not challenge whether a property that is rented to others but also occasionally used by the owners for personal purposes qualifies as property that may be exchanged in a like-kind exchange under section 1031 of the Code.

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Finding Lists begin on page ii.

Department of the Treasury
Internal Revenue Service

EMPLOYEE PLANS

Rev. Rul. 2008–13, page 518.

Performance-based compensation. This ruling holds that compensation paid to an executive is not qualified performance-based compensation for purposes of section 162(m) of the Code, even if the compensation is paid upon the attainment of the performance goal, if the plan agreement or contract provides for payment of compensation to an executive upon the attainment of a performance goal or for (1) termination without "cause" or for "good reason" or (2) voluntary retirement.

ADMINISTRATIVE

Rev. Proc. 2008–16, page 547.

Like-kind exchanges of rental property that is used for personal purposes. This procedure provides a safe harbor under which the Service will not challenge whether a property that is rented to others but also occasionally used by the owners for personal purposes qualifies as property that may be exchanged in a like-kind exchange under section 1031 of the Code.

Rev. Proc. 2008–17, page 549.

This procedure provides issuers of qualified mortgage bonds (QMBs) and qualified mortgage credit certificates (MCCs) with average area purchase price safe harbors for statistical areas in the United States and with a nationwide average purchase price for residences in the United States for purposes of the QMB rules under section 143 of the Code and the MCC rules under section 25. Rev. Proc. 2007–26 obsoleted in part.

Rev. Proc. 2008–18, page 573.

The Small Business and Work Opportunity Act of 2007 added section 1361(g) of the Code, which provides that, in the case of a bank which changes from the reserve method of accounting for bad debts described in section 585 for its first taxable year for which an election under section 1362(a) is in effect, the bank may elect to take into account any adjustments under section 481 by reason of such change for the taxable year immediately preceding such first taxable year. This procedure explains how a bank may make the election under section 1361(g). Generally, the procedure is effective for taxable years beginning after December 31, 2006. Rev. Proc. 2002–9 modified.

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

Introduction

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

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

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

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

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

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

Section 25.—Interest on Certain Home Mortgages

A revenue procedure provides issuers of qualified mortgage bonds, as defined in section 143(a) of the Internal Revenue Code, and issuers of mortgage credit certificates, as defined in section 25(c), with (1) the nationwide average purchase price for residences located in the United States, and (2) average area purchase price safe harbors for residences located in statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam. See Rev. Proc. 2008-17, page 549.

Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

Section 143.—Mortgage Revenue Bonds: Qualified Mortgage Bond and Qualified Veterans' Mortgage Bond

A revenue procedure provides issuers of qualified mortgage bonds, as defined in section 143(a) of the Internal Revenue Code, and issuers of mortgage credit certificates, as defined in section 25(c), with (1) the nationwide average purchase price for residences located in the United States, and (2) average area purchase price safe harbors for residences located in statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam. See Rev. Proc. 2008-17, page 549.

Section 162.—Trade or Business Expenses

26 CFR 1.162–27(e): Certain employee remuneration in excess of $1,000,000.

Performance-based compensation. This ruling holds that compensation paid to an executive is not qualified performance-based compensation for purposes of section 162(m) of the Code, even if the compensation is paid upon the attainment of the performance goal, if the plan agreement or contract provides for payment of compensation to an executive upon the attainment of a performance goal or for (1) termination without "cause" or for "good reason" or (2) voluntary retirement.

Rev. Rul. 2008–13

ISSUE

Is compensation payable by a publicly held corporation to a covered employee (within the meaning of § 162(m)(3) of the Internal Revenue Code) considered "remuneration payable solely on account of attainment of one or more performance goals" under § 162(m)(4)(C) if the plan or agreement under which the covered employee is paid provides that the compensation will be paid upon attainment of a performance goal and also provides that the compensation will be paid without regard to whether the performance goal is attained in either of the following situations: (i) the covered employee's employment is involuntarily terminated by the corporation without cause or the covered employee terminates his or her employment for good reason, or (ii) the covered employee retires.

FACTS

Company X is a publicly held corporation within the meaning of § 162(m)(2). X maintains a bonus plan (Plan) that pays a cash award (Award) to covered employee E if X's earnings per share do not decrease during the calendar year, determined on December 31, 2009 (Performance Goal). In accordance with § 1.162–27(e)(2) of the Income Tax Regulations, X's compensation committee established the Performance Goal in writing within 90 days after the commencement of the period of service to which the Performance Goal relates, and the Performance Goal satisfies § 1.162–27(e)(2)(ii) and (iii). In 2009, X's earnings per share increase by seven percent.

Situation 1.

The Plan provides that the Award will be paid to covered employee E if the Performance Goal is attained. The Plan also provides that, even if the Performance Goal is not attained, the Award will be paid if covered employee E dies or becomes disabled, or if X experiences a change of ownership or control. In addition, the Plan provides that the Award will be paid even if the Performance Goal is not attained if covered employee E is terminated by X without "cause" or if covered employee E voluntarily terminates his or her employment with X for "good reason."

The definition of "cause" in the Plan is (i) an act of willful misrepresentation, fraud or willful dishonesty intended to result in substantial personal enrichment at the expense of X, (ii) willful misconduct with regard to X that was intended to have a material adverse impact on X, (iii) willful or reckless behavior that has a material adverse impact on X, (iv) willful failure to perform duties or follow written direction of the board of directors, or (v) conviction of, or pleading *nolo contendre* or guilty to a felony. The definition of "cause" does not include poor performance that does not involve one of the events described in the preceding sentence.

The definition of "good reason" under the Plan is the occurrence of any of the following, without the executive's express written consent: (i) assignment of duties materially inconsistent with the executive's current authorities, duties, responsibilities, and status, any reduction in the executive's title, position, or reporting lines, or any material reduction in the executive's status, authorities, duties, or responsibilities, (ii) relocation of the executive from the principal office of X or relocation of the principal office of X, (iii) reduction in the executive's base salary, (iv) reduction in the executive's overall level of participation in X incentive, benefit, or retirement plans, (v) failure of X to obtain assumption of the executive's employment agreement from a successor of X, or (vi) any other material breach of the executive's employment by X.

Situation 2.

The Plan provides that the Award will be paid to covered employee E if the Performance Goal is attained. The Plan also provides that the Award will be paid to

covered employee E, even if the Performance Goal is not attained, if covered employee E dies or becomes disabled or if X experiences a change of ownership or control. In addition, the Plan provides that the Award will be paid to covered employee E even if the Performance Goal is not attained if covered employee E voluntarily retires during the calendar year.

LAW

Section 162(a)(1) allows as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered.

Section 162(m)(1) provides that in the case of any publicly held corporation, no deduction is allowed for applicable employee remuneration with respect to any covered employee to the extent that the amount of the remuneration for the taxable year exceeds $1,000,000.

Section 162(m)(3) provides that the term "covered employee" means any employee of the taxpayer if (i) as of the close of the taxable year, such employee is the chief executive officer of the taxpayer or is an individual acting in such a capacity, or (ii) the total compensation of such employee for the taxable year is required to be reported to shareholders under the Securities Exchange Act of 1934 by reason of such employee being among the 4 highest compensated officers for the taxable year (other than the chief executive officer).

Section 162(m)(4)(A) defines "applicable employee remuneration," with respect to any covered employee for any taxable year, generally as the aggregate amount allowable as a deduction for the taxable year (determined without regard to § 162(m)) for remuneration for services performed by the employee (whether or not during the taxable year).

Section 162(m)(4)(C) provides that applicable employee remuneration does not include any remuneration payable solely on account of the attainment of one or more performance goals, but only if (i) the performance goals are determined by a compensation committee of the board of directors of the taxpayer which is comprised solely of 2 or more outside directors, (ii) the material terms under which the remuneration is to be paid, including the performance goals, are disclosed to shareholders and approved by a majority of the vote in a separate shareholder vote before payment of such remuneration, and (iii) before any payment of such remuneration, the compensation committee referred to in clause (i) certifies that the performance goals and other material terms were in fact satisfied.

Section 1.162–27(b) provides that § 162(m) precludes a deduction under chapter 1 of the Internal Revenue Code by any publicly held corporation for compensation paid to any covered employee to the extent that the compensation for the taxable year exceeds $1,000,000. Section 1.162–27(e)(1) provides that the deduction limit in § 1.162–27(b) does not apply to qualified performance-based compensation. Section 1.162–27(e)(1) further provides that qualified performance-based compensation is compensation that meets all of the requirements of § 1.162–27(e)(2) through (5).

Section 1.162–27(e)(2)(i) provides, in part, that qualified performance-based compensation must be paid solely on account of the attainment of one or more preestablished, objective performance goals.

Section 1.162–27(e)(2)(v) provides that compensation does not satisfy the requirements of § 1.162–27(e)(2) if the facts and circumstances indicate that the employee would receive all or part of the compensation regardless of whether the performance goal is attained and that, if the payment of compensation under a grant or award is only nominally or partially contingent on attaining a performance goal, none of the compensation payable under the grant or award will be considered performance-based. Section 1.162–27(e)(2)(v) further provides that compensation does not fail to be qualified performance-based compensation merely because the plan allows the compensation to be payable upon death, disability, or change of ownership or control, although compensation actually paid on account of those events prior to the attainment of the performance goal would not satisfy the requirements of § 1.162–27(e)(2).

The IRS and Treasury have not previously issued any guidance on which taxpayers are entitled to rely that explicitly addresses the situations described in this revenue ruling.

ANALYSIS

Under § 162(m)(4)(C) and § 1.162–27(e), compensation is not considered applicable employee remuneration, and thus is not subject to the $1,000,000 limit in § 162(m)(1), if it satisfies the requirements for "qualified performance-based compensation." Among these requirements is that the compensation is payable "solely" on account of the attainment of one or more performance goals. Under § 1.162–27(e)(2)(v), compensation is not performance-based if the facts and circumstances indicate that the employee would receive all or part of the compensation regardless of whether the performance goal is attained. Section 1.162–27(e)(2)(v) provides further that compensation does not fail to be qualified performance-based compensation merely because the plan allows the compensation to be payable upon death, disability, or change of ownership or control.

Situation 1.

A covered employee's termination without "cause" or for "good reason" is not listed as a permissible payment event under § 1.162–27(e)(2)(v). As defined in the Plan, involuntary termination without "cause" may occur or a "good reason" (*e.g.*, a reduction in title or base salary) may arise as a result of covered employee E's poor performance and failure to meet the Performance Goal. Therefore, under the facts and circumstances analysis, the compensation is not "remuneration payable solely on account of the attainment of one or more performance goals," as required by § 162(m)(4)(C).

Situation 2.

Voluntary retirement is not listed as a permissible payment event under § 1.162–27(e)(2)(v). Because retirement generally is a voluntary action within the control of the covered employee, the compensation is not "remuneration payable solely on account of the attainment of one or more performance goals," as required by § 162(m)(4)(C).

HOLDINGS

Situation 1.

The Award is not qualified performance-based compensation under § 162(m)(4)(C) and § 1.162–27(e)(2).

Situation 2.

The Award is not qualified performance-based compensation under § 162(m)(4)(C) and § 1.162–27(e)(2).

APPLICATION

Pursuant to § 7805(b)(8), the holdings in this revenue ruling will not be applied to disallow a deduction for any compensation that otherwise satisfies the requirements for qualified performance-based compensation under § 162(m)(4)(C) and § 1.162–27(e) and that is paid under a plan, agreement, or contract that has payment terms similar to the terms described in this revenue ruling if either (i) the performance period for such compensation begins on or before January 1, 2009 or (ii) the compensation is paid pursuant to the terms of an employment contract as in effect (without respect to future renewals or extensions, including renewals or extensions that occur automatically absent further action of one or more of the parties to the contract) on February 21, 2008. For purposes of the preceding sentence, the performance period for such compensation is the period of service to which the performance goal applicable to such compensation relates. The relief under this paragraph does not extend to other issues under § 162(m) or to any other provision of the Code.

DRAFTING INFORMATION

This revenue ruling was prepared by Ken Griffin of the Office of the Division Counsel/Associate Chief Counsel (Tax Exempt & Government Entities). For further information regarding this revenue ruling, contact Mr. Griffin at (202) 622–6030 (not a toll-free call).

Section 163.—Interest

(Also: Sections 469, 702, 703.)

Application of section 163(d) to limited partners in a trader partnership. This ruling explains how section 163(d) of the Code applies to a noncorporate limited partner's distributive share of the interest expense allocable to the partnership's trade or business of trading securities, if the limited partner does not materially participate.

Rev. Rul. 2008–12

ISSUE

Is a noncorporate limited partner's distributive share of partnership interest expense incurred in the trade or business of trading securities by the partnership subject to the limitation on the deduction of investment interest in § 163(d) of the Internal Revenue Code?

FACTS

PRS is a partnership that is engaged solely in the trade or business of trading securities for its own account and not for customers. LP is a taxpayer other than a corporation (a noncorporate taxpayer) that owns an interest in PRS as a limited partner. LP does not materially participate (as that term is used in § 469) in the activity in which PRS is engaged.

PRS incurs indebtedness in its trade or business of trading securities. LP's distributive share of the income, gain, loss, deduction, or credit of PRS includes interest expense incurred on this indebtedness.

LAW AND ANALYSIS

Section 703 provides that the taxable income of a partnership is computed in the same manner as an individual, except that items described in § 702 must be separately stated and certain deductions are not allowed to the partnership.

Section 702(a)(7) provides that each partner in determining its income tax is required to take into account separately its distributive share of the partnership items of income, gain, loss, deductions, and credits to the extent provided by regulations.

Under § 1.702–1(a)(8)(ii) of the Income Tax Regulations, each partner must take into account separately its distributive share of any partnership item that, if separately taken into account by any partner, would result in an income tax liability for that partner, or for any other person, different from that which would result if that partner did not take the item into account separately.

Section 1.702–1(b) provides that the character in the hands of a partner of any item of income, gain, loss, deduction or credit is determined as if such item were realized directly from the source from which realized by the partnership or incurred in the same manner as incurred by the partnership.

Section 163(a) provides that, in general, a deduction is allowed for all interest paid or accrued within the taxable year on indebtedness. Section 163(h)(1) provides that a noncorporate taxpayer is not entitled to a deduction for personal interest paid or accrued during the taxable year. Section 163(h)(2) provides that personal interest does not include interest paid or accrued on indebtedness properly allocable to a trade or business (other than the trade or business of performing services as an employee) or investment interest, as defined in § 163(d).

Section 163(d)(1) provides that the amount allowed as a deduction for investment interest for any taxable year by a noncorporate taxpayer shall not exceed the amount of the taxpayer's net investment income for the taxable year. Section 163(d)(3)(A) provides that the term "investment interest" means any interest allowable as a deduction that is paid or accrued on indebtedness properly allocable to property held for investment.

Section 163(d)(5)(A)(ii) provides that the term "property held for investment" shall include any interest held by a taxpayer in an activity involving the conduct of a trade or business that is not a passive activity and with respect to which the taxpayer does not materially participate. Under § 163(d)(5)(C), the terms "activity", "passive activity", and "materially participate" have the meanings given such terms by § 469.

Section 1.469–1T(e)(6) provides that an activity of trading personal property for the account of owners of interests in the activity is not a passive activity (without regard to whether such activity is a trade or business activity). The term "personal property" has the meaning provided for such term in § 1092(d) without regard to paragraph (3) thereof.

Section 1.469–4(a) provides that a taxpayer's activity includes an activity conducted through a partnership. Also, un-

der § 1.469–2T(c), an interest in an activity includes both an interest in property used in an activity and an interest in an activity held through a partnership.

The trading business of PRS involves the conduct of a trade or business which is not a passive activity. Because LP does not materially participate in the trading business of PRS, LP's interest in the trading business of PRS is an interest in an activity that is property held for investment within the meaning of § 163(d)(5)(A)(ii).

Accordingly, because LP's distributive share of the interest paid or accrued on the indebtedness of PRS is allocable to the trading activity of PRS, it is investment interest described in § 163(d)(3) and subject to the investment interest limitation in § 163(d)(1).

Because the degree of participation by each noncorporate partner of PRS could limit the deductibility of the interest expense allocable to its trading business, PRS must separately state this expense.

HOLDING

A noncorporate limited partner's distributive share of the interest expense on indebtedness allocable to the partnership's trade or business of trading securities is investment interest described in § 163(d)(3) and subject to the limitation on the deduction of investment interest in § 163(d)(1), if the limited partner does not materially participate in the trading activity.

DRAFTING INFORMATION

The principal author of this revenue ruling is Faith P. Colson of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this revenue ruling, contact Faith P. Colson at (202) 622–3060 (not a toll-free call).

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

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 March 2008. See Rev. Rul. 2008-11, page 541.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

Section 468A.—Special Rules for Nuclear Decommissioning Costs

26 CFR 1.468A–1T: Nuclear decommissioning costs; general rules (temporary).

T.D. 9374

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Parts 1 and 602

Nuclear Decommissioning Funds

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and Temporary regulation.

SUMMARY: This document contains final and temporary regulations under section 468A of the Internal Revenue Code relating to deductions for contributions to trusts maintained for decommissioning nuclear power plants. The temporary regulations affect most taxpayers that own an interest in a nuclear power plant and reflect recent statutory changes. The text of these temporary regulations also serves as the text of the proposed regulations (REG–147290–05) set forth in the notice of proposed rulemaking on this subject in this issue of the Bulletin.

DATES: *Effective Date:* These regulations are effective on December 31, 2007.

Applicability Dates: For dates of applicability, see §1.468A–9T.

FOR FURTHER INFORMATION CONTACT: Patrick S. Kirwan, (202) 622–3110 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

These temporary regulations are being issued without prior notice and public procedure pursuant to the Administrative Procedure Act (5 U.S.C. 553). For this reason, the collections of information contained in these regulations have been approved by the Office of Management and Budget on a temporary basis under control number 1545–2091 and pending receipt and review of comments, may be approved for a period of three years. Responses to these collections of information are required to obtain a tax benefit.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

For further information concerning this collection of information, and where to submit comments on the collection of information and the accuracy of the estimated burden, and suggestions for reducing this burden, please refer to the preamble of the cross-referencing notice of proposed rulemaking published in this issue of the Bulletin.

Books or records relating to a collection of information must be retained as long as their contents may become material in

the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Background

This document contains amendments to 26 CFR part 1 providing temporary regulations under section 468A of the Internal Revenue Code of 1986 (Code). Section 468A was amended by section 1310 of the Energy Policy Act of 2005 (the Energy Policy Act), Public Law 109–58 (119 Stat. 594).

Explanation of Provisions

Section 468A provides a deduction for amounts contributed to a qualified nuclear decommissioning reserve fund. Under prior law, the deduction was limited to the lesser of the amount included in the utility's cost of service for ratemaking purposes or the ruling amount. As a result, only regulated utilities could take advantage of section 468A. The Energy Policy Act amendment of section 468A eliminated the cost-of-service limitation. Accordingly, decommissioning costs of an unregulated nuclear power plant may now be funded by deductible contributions to a qualified nuclear decommissioning fund.

Under prior law, deductible contributions were also limited to the amount necessary to fund the plant's post–1983 nuclear decommissioning costs (determined as if decommissioning costs accrued ratably over the estimated useful life of the plant). The Energy Policy Act amendment of section 468A also eliminated this limitation. Accordingly, taxpayers may now fund the entire cost of decommissioning a plant through a qualified nuclear decommissioning fund.

A plant's pre-1984 nuclear decommissioning costs can be funded by increasing the annual deductible contributions over the remaining useful life of the plant. In addition, however, the Energy Policy Act amendments to section 468A permit more rapid funding of the pre-1984 costs. A taxpayer may contribute, in a single taxable year, all or any portion of the amount needed to fund pre-1984 nuclear decommissioning costs that have not been previously funded (a "special transfer"). A special transfer is not deductible in full in the year the contribution is made. Instead, the deduction is allowed ratably over the remaining useful life of the nuclear plant. Gain or loss is not recognized on any special transfer, and the transferred assets have a carryover basis.

Section 468A allows a deduction only if the Internal Revenue Service has given the taxpayer a schedule of ruling amounts (that is, a schedule specifying the maximum deductible contribution that can be made in each taxable year). The Energy Policy Act amendments provide that the taxpayer must obtain a new schedule of ruling amounts when the Nuclear Regulatory Commission (NRC) extends the operating license of the plant.

Useful Life

The schedule of ruling amounts may not provide for more rapid than level funding over the estimated useful life of the nuclear power plant. Also, as noted above, deductions for special transfers are allowed ratably over the plant's remaining useful life. Under the current regulations, the useful life of the plant begins on the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations, and ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes. The proposed and temporary regulations retain this general framework for plants that were regulated by a public utility commission (PUC) before January 1, 2006, and permit the use of any reasonable method to determine the end of the estimated useful life for all other plants. The current regulations require adjustments to the estimated useful life to reflect changes in PUC assumptions regarding useful life. The proposed and temporary regulations eliminate this requirement. Taxpayers will, however, be permitted to establish that a change in the plant's useful life is appropriate and may use the assumptions used in the most recent ratemaking proceeding as support for such a change.

Previously Excluded Amount

Section 468A(f) provides that the amount of the special transfer with respect to a nuclear power plant may not exceed "the present value of the portion of the total nuclear decommissioning costs with respect to such nuclear power plant previously excluded for such nuclear power plant under section 468A(d)(2)(A) as in effect immediately before the date of the enactment of [the Energy Policy Act]." The legislative history (footnote 15 of H. Rep. 109–45) provides the following explanation of this rule:

> For example, if $100 is the present value of the total decommissioning costs of a nuclear powerplant, and if under present law the qualified fund is only permitted to accumulate $75 of decommissioning costs over such plant's estimated life (because the qualified fund was not in existence during 25 percent of the useful life of the nuclear powerplant), a taxpayer could contribute $25 to the qualified fund under this component of the provision.

The proposed and temporary regulations permit taxpayers to compute the maximum special transfer amount by (i) calculating the present value of the future decommissioning liability and (ii) reducing that present value by the amount of decommissioning costs that, under the law in effect before the enactment of the Energy Policy Act, could have been funded through a qualified fund. For this purpose, the amount of decommissioning costs that could have been funded through a qualified fund is determined by multiplying the present value of the future decommissioning liability by the qualifying percentage that, under the law in effect before the enactment of the Energy Policy Act, was used to determine the amount of decommissioning costs that could be funded through a qualified fund.

Special Transfers of Property

Taxpayers may make special transfers of property other than cash. The legislative history (footnote 16 of H. Rep. 109–45) includes the following discussion relating to such transfers:

> A taxpayer recognizes no gain or loss on the contribution of property to a qualified fund under this special rule. The qualified fund will take a transferred (carryover) basis in such property. Correspondingly, a taxpayer's deduction (over the estimated life of the powerplant) is to be based on the

adjusted tax basis of the property contributed rather than the fair market value of such property.

Although the deduction for contributed property is limited to the adjusted basis of the property, the regulations provide that the limitation on the amount of the special transfer is applied using the fair market value of the contributed property rather than its basis. This rule is necessary to prevent overfunding of the qualified fund.

Transfers to Related Persons

Although deductions for special transfers are generally allowed ratably over the plant's remaining useful life, a special rule applies if the fund is transferred before the end of the remaining useful life. In that case, the entire remaining deduction for the special transfer is allowed in the year the fund is transferred. This acceleration allows the taxpayer to close its books on the asset. We have been asked to provide guidance on whether this acceleration would apply in the case of a transaction that qualifies for nonrecognition treatment (for example, under section 351). The IRS and Treasury believe that the acceleration applies but provides an inappropriate benefit to a taxpayer that directly or indirectly retains an interest in the plant. Consequently, in the case of a transfer of a qualified nuclear decommissioning fund to a related person, the regulations provide that the transferee's ruling amounts will be adjusted to the extent necessary to offset the inappropriate benefit provided by the acceleration of deductions.

Special Transfers in Multiple Taxable Years

It may be necessary (for example, if assets are held in funds with penalties for early withdrawal) for taxpayers to spread the special transfer across more than one taxable year. The regulations provide that contributions in multiple years are permissible and include an example describing a special transfer spread across multiple years.

New Schedules of Ruling Amounts

Under prior law, only regulated utilities could take advantage of section 468A and the IRS could rely upon the PUC with regulatory jurisdiction over the taxpayer to ensure that accurate and reasonable assumptions were used in calculating decommissioning cost of service for purposes of rate orders. Accordingly, the existing regulations require the taxpayer to use the PUC's assumptions in calculating the taxpayer's schedule of ruling amounts and to submit as part of the request for a schedule of ruling amounts "a description of the assumptions, estimates, and other factors that were used" by "each public utility commission that has determined the amount of decommissioning costs to be included in the taxpayer's cost of service for ratemaking purposes."

Under current law, any taxpayer with an interest in a nuclear power plant may maintain a qualified nuclear decommissioning fund with respect to that interest, without regard to whether the taxpayer is, or ever has been, regulated by a PUC. The temporary and proposed regulations provide that, in the case of a plant that is currently subject to PUC regulation, the assumptions used by the PUC in determining decommissioning costs for the plant must be provided in the submission of the proposed schedule of ruling amounts. The taxpayer submitting the proposed schedule is not required to use the PUC's assumptions in calculating the proposed schedule, but is required to base the schedule upon reasonable assumptions.

Under the temporary and proposed regulations, the electing taxpayer bears the burden of demonstrating that the requested schedule is based upon reasonable assumptions and is consistent with the principles and provisions of the applicable regulatory provisions. A taxpayer that remains subject to the ratemaking jurisdiction of a PUC and that calculates its schedule of ruling amounts using the assumptions described by the PUC in its most recent rate order will generally satisfy this burden of proof. In addition, a taxpayer that owns an interest in a deregulated nuclear plant may submit assumptions used by a PUC that formerly had regulatory jurisdiction over the plant as support for the assumptions used in calculating the taxpayer's proposed schedule of ruling amounts, with the understanding that the PUC assumptions may be given less weight if they are out of date or were developed in a proceeding for a different taxpayer. The use of other industry standards, such as the assumptions underlying the taxpayer's most recent financial assurance filing with the NRC, is an alternative means of demonstrating that the taxpayer has calculated its proposed schedule of ruling amounts on a reasonable basis. On the other hand, consistency with financial accounting statements is not sufficient, in the absence of other supporting evidence, to meet the taxpayer's burden of proof.

Additional Provisions and Changes

The regulations follow the statute in requiring taxpayers to request a new schedule of ruling amounts in any taxable year that the NRC extends the operating license for the plant. In addition, the regulations provide that a separate schedule of ruling amounts (a "schedule of deduction amounts") must be obtained from the Secretary before deductions may be claimed with respect to a special transfer.

Finally, many conforming amendments have been made to the existing regulations reflecting the elimination of the cost-of-service limitation and the post–1983 decommissioning cost limitation, and to eliminate obsolete provisions.

Effective/Applicability Date

The temporary regulations are applicable on December 31, 2007, and apply with respect to taxable years ending on or after such date. During the period between January 1, 2006, and December 31, 2007, a taxpayer may use any reasonable method consistent with the principles and provisions of section 468A to determine the schedule of ruling amounts or the schedule of deduction amounts. A taxpayer may apply the provisions of §§1.468A–1T through 1.468A–8T to taxable years ending on or after January 1, 2006, and before December 31, 2007, provided that the taxpayer applies all provisions in §§1.468A–1T through 1.468A–8T to the taxable year.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) and (d) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations. For

applicability of the Regulatory Flexibility Act (5 U.S.C. chapter 6), please refer to the Special Analyses section of the preamble to the cross-reference notice of proposed rulemaking published in this issue of the Bulletin. Pursuant to section 7805(f) of the Code, these regulations have been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

Drafting Information

The principal author of these regulations is Patrick S. Kirwan, Office of Associate Chief Counsel (Passthroughs and Special Industries). However, other personnel from the IRS and Treasury Department participated in their development.

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Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 602 are amended as follows:

PART 1—INCOME TAXES

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

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

Section 1.468A–5T also issued under 26 U.S.C. 468A(e)(5). * * *

§§1.468A–0 through 1.468A–8 **[Removed]**

Par. 2. Sections 1.468A–0 through 1.468A–8 are removed.

Par. 3. Sections 1.468A–0T through 1.468A–9T are added to read as follows:

§1.468A–0T Nuclear decommissioning costs; table of contents.

This section lists the paragraphs contained in §§1.468A–1T through 1.468A–9T.

§1.468A–1T Nuclear decommissioning costs; general rules (temporary).

(a) Introduction.
(b) Definitions.
(c) Special rules applicable to certain experimental nuclear facilities.

§1.468A–2T Treatment of electing taxpayer (temporary).

(a) In general.
(b) Limitation on payments to a nuclear decommissioning fund.
(1) In general.
(2) Excess contributions not deductible.
(c) Deemed payment rules.
(d) Treatment of distributions.
(1) In general.
(2) Exceptions to inclusion in gross income.
(i) Payment of administrative costs and incidental expenses.
(ii) Withdrawals of excess contributions.
(iii) Actual distributions of amounts included in gross income as deemed distributions.
(e) Deduction when economic performance occurs.

§1.468A–3T Ruling amount (temporary).

(a) In general.
(b) Level funding limitation.
(c) Funding period.
(d) Decommissioning costs allocable to a fund.
(1) General rule.
(2) Total estimated cost of decommissioning.
(3) Taxpayer's share.
(e) Manner of requesting schedule of ruling amounts.
(1) In general.
(2) Information required.
(3) Administrative procedures.
(f) Review and revision of schedule of ruling amounts.
(1) Mandatory review.
(2) Elective review.
(3) Determination of revised schedule of ruling amounts.
(g) Special rule permitting payments to a nuclear decommissioning fund before receipt of an initial or revised ruling amount applicable to a taxable year.

§1.468A–4T Treatment of nuclear decommissioning fund (temporary).

(a) In general.
(b) Modified gross income.
(c) Special rules.
(1) Period for computation of modified gross income.
(2) Gain or loss upon distribution of property by a fund.
(3) Denial of credits against tax.
(4) Other corporate taxes inapplicable.
(d) Treatment as corporation for purposes of subtitle F.

§1.468A–5T Nuclear decommissioning fund—miscellaneous provisions (temporary).

(a) Qualification requirements.
(1) In general.
(2) Limitation on contributions.
(3) Limitation on use of fund.
(i) In general.
(ii) Definition of administrative costs and expenses.
(4) Trust provisions.
(b) Prohibitions against self-dealing.
(1) In general.
(2) Self-dealing defined.
(3) Disqualified person defined.
(c) Disqualification of nuclear decommissioning fund.
(1) In general.
(2) Exception to disqualification.
(i) In general.
(ii) Excess contribution defined.
(iii) Taxation of income attributable to an excess contribution.
(3) Effect of disqualification.
(4) Further effects of disqualification.
(d) Termination of nuclear decommissioning fund upon substantial completion of decommissioning.
(1) In general.
(2) Additional rules.
(3) Substantial completion of decommissioning defined.

§1.468A–6T Disposition of an interest in a nuclear power plant (temporary).

(a) In general.
(b) Requirements.
(c) Tax consequences.
(1) The transferor and its Fund.
(2) The transferee and its Fund.
(3) Basis.
(d) Determination of proportionate amount.
(e) Calculation of schedule of ruling amounts and schedule of deduction amounts for dispositions described in this section.
(1) Transferor.
(i) Taxable year of disposition.

(ii) Taxable years after the disposition.
(2) Transferee.
(i) Taxable year of disposition.
(ii) Taxable years after the disposition.
(3) Example.
(f) Anti-abuse provision.

§1.468A–7T Manner of and time for making election (temporary).

(a) In general.
(b) Required information.

§1.468A–8T Special transfers to qualified funds pursuant to section 468A(f) (temporary).

(a) General rule.
(1) In general.
(2) Previously excluded amount.
(3) Transfers in multiple years.
(4) Contributions of property.
(b) Deduction for amounts transferred.
(1) In general.
(2) Denial of deduction for previously deducted amounts.
(3) Transfers of qualified nuclear decommissioning funds.
(4) Special rules.
(i) Gain or loss not recognized on transfers to fund.
(ii) Transfers of appreciated property to fund.
(c) New ruling amount required.
(1) In general.
(2) Transfers in multiple taxable years.
(d) Manner of requesting schedule of deduction amounts.
(1) In general.
(2) Information required.
(3) Statement required.
(4) Administrative procedures.

§1.468A–9T Effective/applicability date and transitional rules (temporary).

(a) Effective date.
(b) Transitional rules.
(1) Schedules of ruling amounts based on prior regulations.
(2) Nuclear decommissioning fund qualification requirements.
(3) Use of formula method.

§1.468A–1T Nuclear decommissioning costs; general rules (temporary).

(a) *Introduction*. Section 468A provides an elective method for taking into account nuclear decommissioning costs for Federal income tax purposes. In general, an eligible taxpayer that elects the application of section 468A pursuant to the rules contained in §1.468A–7T is allowed a deduction (as determined under §1.468A–2T) for the taxable year in which the taxpayer makes a cash payment to a nuclear decommissioning fund. Taxpayers using an accrual method of accounting that do not elect the application of section 468A are not allowed a deduction for nuclear decommissioning costs prior to the taxable year in which economic performance occurs with respect to such costs (see section 461(h)).

(b) *Definitions*. The following terms are defined for purposes of section 468A and the regulations:

(1) The term *eligible taxpayer* means any taxpayer that possesses a qualifying interest in a nuclear power plant (including a nuclear power plant that is under construction).

(2) The term *qualifying interest* means—

(i) A direct ownership interest; and

(ii) A leasehold interest in any portion of a nuclear power plant if—

(A) The holder of the leasehold interest is primarily liable under Federal or State law for decommissioning such portion of the nuclear power plant; and

(B) No other person establishes a nuclear decommissioning fund with respect to such portion of the nuclear power plant.

(3) A *direct ownership interest* includes an interest held as a tenant in common or joint tenant, but does not include stock in a corporation that owns a nuclear power plant or an interest in a partnership that owns a nuclear power plant. Thus, in the case of a partnership that owns a nuclear power plant, the election under section 468A must be made by the partnership and not by the partners. In the case of an unincorporated organization described in §1.761–2(a)(3) that elects under section 761(a) to be excluded from the application of subchapter K, each taxpayer that is a co-owner of the nuclear power plant is eligible to make a separate election under section 468A.

(4) The terms *nuclear decommissioning fund* and *qualified nuclear decommissioning fund* mean a fund that satisfies the requirements of §1.468A–5T. The term *nonqualified fund* means a fund that does not satisfy those requirements.

(5) The term *nuclear power plant* means any nuclear power reactor that is used predominantly in the trade or business of the furnishing or sale of electric energy. Each unit (that is, nuclear reactor) located on a multi-unit site is a separate nuclear power plant. The term *nuclear power plant* also includes the portion of the common facilities of a multi-unit site allocable to a unit on that site.

(6) The term *nuclear decommissioning costs* or *decommissioning costs* means all otherwise deductible expenses to be incurred in connection with the entombment, decontamination, dismantlement, removal and disposal of the structures, systems and components of a nuclear power plant that has permanently ceased the production of electric energy. Such term includes all otherwise deductible expenses to be incurred in connection with the preparation for decommissioning, such as engineering and other planning expenses, and all otherwise deductible expenses to be incurred with respect to the plant after the actual decommissioning occurs, such as physical security and radiation monitoring expenses. Such term does not include otherwise deductible expenses to be incurred in connection with the disposal of spent nuclear fuel under the Nuclear Waste Policy Act of 1982 (Public Law 97–425). An expense is otherwise deductible for purposes of this paragraph (b)(6) if it would be deductible under chapter 1 of the Internal Revenue Code without regard to section 280B.

(7) The term *public utility commission* means any State or political subdivision thereof, any agency, instrumentality or judicial body of the United States, or any judicial body, commission or other similar body of the District of Columbia or of any State or any political subdivision thereof that establishes or approves rates for the furnishing or sale of electric energy.

(8) The term *ratemaking proceeding* means any proceeding before a public utility commission in which rates for the furnishing or sale of electric energy are established or approved. Such term includes a generic proceeding that applies to two or more taxpayers that are subject to the jurisdiction of a single public utility commission.

(9) The term *special transfer* means any transfer of funds to a qualified nuclear decommissioning fund pursuant to §1.468A–8T.

(c) *Special rules applicable to certain experimental nuclear facilities*. (1) The owner of a qualifying interest in an experimental nuclear facility possesses a qualifying interest in a nuclear power plant for purposes of paragraph (b) of this section if such person is engaged in the trade or business of the furnishing or sale of electric energy.

(2) An owner of stock in a corporation that owns an experimental nuclear facility possesses a qualifying interest in a nuclear power plant for purposes of paragraph (b)(1) of this section if—

(i) Such stockholder satisfies the conditions of paragraph (c)(1) of this section; and

(ii) The corporation that directly owns the facility is not engaged in the trade or business of the furnishing or sale of electric energy.

(3) For purposes of this paragraph (c), an experimental nuclear facility is a nuclear power reactor that is used predominantly for the purpose of conducting experimentation and research.

§1.468A–2T Treatment of electing taxpayer (temporary).

(a) *In general*. An eligible taxpayer that elects the application of section 468A pursuant to the rules contained in §1.468A–7T (an electing taxpayer) is allowed a deduction for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment as provided in paragraph (c) of this section) to a nuclear decommissioning fund and for any taxable year in which a deduction is allowed for a special transfer described in §1.468A–8T. The amount of the deduction for any taxable year equals the total amount of cash payments made (or deemed made) by the electing taxpayer to a nuclear decommissioning fund (or nuclear decommissioning funds) during such taxable year under this section, plus any amount allowable as a deduction in that taxable year for a special transfer described in §1.468A–8T. The amount of a special transfer permitted under §1.468A–8T is not treated as a cash payment for purposes of this paragraph (a), and a taxpayer making a special transfer is allowed a ratable deduction in each taxable year during the remaining useful life of the nuclear power plant for the special transfer. A payment may not be made (or deemed made) to a nuclear decommissioning fund before the first taxable year in which all of the following conditions are satisfied:

(1) The construction of the nuclear power plant to which the nuclear decommissioning fund relates has commenced.

(2) A ruling amount is applicable to the nuclear decommissioning fund (see §1.468A–3T).

(b) *Limitation on payments to a nuclear decommissioning fund*—(1) *In general*. For purposes of paragraph (a) of this section, the maximum amount of cash payments made (or deemed made) to a nuclear decommissioning fund under paragraph (a) of this section during any taxable year shall not exceed the ruling amount applicable to the nuclear decommissioning fund for such taxable year (as determined under §1.468A–3T).

(2) *Excess contributions not deductible*. If the amount of cash payments made (or deemed made) to a nuclear decommissioning fund during any taxable year exceeds the limitation of paragraph (b)(1) of this section, the excess is not deductible by the electing taxpayer. In addition, see §1.468A–5T(c) for rules which provide that the Internal Revenue Service may disqualify a nuclear decommissioning fund if the amount of cash payments made (or deemed made) to a nuclear decommissioning fund during any taxable year exceeds the limitation of paragraph (b)(1) of this section.

(3) *Special transfer disregarded*. The amount of a special transfer permitted under §1.468A–8T is not treated as a cash payment for purposes of this paragraph (b).

(c) *Deemed payment rules*. (1) The amount of any cash payment made by an electing taxpayer to a nuclear decommissioning fund on or before the 15th day of the third calendar month after the close of any taxable year (the deemed payment deadline date) shall be deemed made during such taxable year if the electing taxpayer irrevocably designates the amount as relating to such taxable year on its timely filed Federal income tax return for such taxable year (see §1.468A–7T(b)(4)(iv) for rules relating to such designation).

(2) The amount of any cash payment made by a customer of an electing taxpayer to a nuclear decommissioning fund of such electing taxpayer shall be deemed made by the electing taxpayer if the amount is included in the gross income of the electing taxpayer in the manner prescribed by section 88 and §1.88–1.

(d) *Treatment of distributions*—(1) *In general*. Except as otherwise provided in paragraph (d)(2) of this section, the amount of any actual or deemed distribution from a nuclear decommissioning fund shall be included in the gross income of the electing taxpayer for the taxable year in which the distribution occurs. The amount of any distribution of property equals the fair market value of the property on the date of the distribution. See §1.468A–5T(c) and (d) for rules relating to the deemed distribution of the assets of a nuclear decommissioning fund in the case of a disqualification or termination of the fund. A distribution from a nuclear decommissioning fund shall include an expenditure from the fund or the use of the fund's assets—

(i) To satisfy, in whole or in part, the liability of the electing taxpayer for decommissioning costs of the nuclear power plant to which the fund relates; and

(ii) To pay administrative costs and other incidental expenses of the fund.

(2) *Exceptions to inclusion in gross income*—(i) *Payment of administrative costs and incidental expenses*. The amount of any payment by a nuclear decommissioning fund for administrative costs or other incidental expenses of such fund (as defined in §1.468A–5T(a)(3)(ii)) shall not be included in the gross income of the electing taxpayer unless such amount is paid to the electing taxpayer (in which case the amount of the payment is included in the gross income of the electing taxpayer under section 61).

(ii) *Withdrawals of excess contributions*. The amount of a withdrawal of an excess contribution (as defined in §1.468A–5T(c)(2)(ii)) by an electing taxpayer pursuant to the rules of §1.468A–5T(c)(2) shall not be included in the gross income of the electing taxpayer. See paragraph (b)(2) of this section, which provides that the payment of such amount to the nuclear decommissioning fund is not deductible by the electing taxpayer.

(iii) *Actual distributions of amounts included in gross income as deemed distributions*. If the amount of a deemed distribution is included in the gross income of the electing taxpayer for the taxable year in which the deemed distribution occurs, no further amount is required to be included

in gross income when the amount of the deemed distribution is actually distributed by the nuclear decommissioning fund. The amount of a deemed distribution is actually distributed by a nuclear decommissioning fund as the first actual distributions are made by the nuclear decommissioning fund on or after the date of the deemed distribution.

(e) *Deduction when economic performance occurs*. An electing taxpayer using an accrual method of accounting is allowed a deduction for nuclear decommissioning costs no earlier than the taxable year in which economic performance occurs with respect to such costs (see section 461(h)(2)). The amount of nuclear decommissioning costs that is deductible under this paragraph (e) is determined without regard to section 280B (see §1.468A–1T(b)(6)). A deduction is allowed under this paragraph (e) whether or not a deduction was allowed with respect to such costs under section 468A(a) and paragraph (a) of this section for an earlier taxable year.

§1.468A–3T Ruling amount (temporary).

(a) *In general*. (1) Except as otherwise provided in paragraph (g) of this section or in §1.468A–8T (relating to deductions for special transfers into a nuclear decommissioning fund), an electing taxpayer is allowed a deduction under section 468A(a) for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment) to a nuclear decommissioning fund only if the taxpayer has received a schedule of ruling amounts for the nuclear decommissioning fund that includes a ruling amount for such taxable year. Except as provided in paragraph (a)(4) or (5) of this section, a schedule of ruling amounts for a nuclear decommissioning fund (*schedule of ruling amounts*) is a ruling (within the meaning of §601.201(a)(2) of this chapter) specifying the annual payments (ruling amounts) that, over the taxable years remaining in the funding period as of the date the schedule first applies, will result in a projected balance of the nuclear decommissioning fund as of the last day of the funding period equal to (and in no event greater than) the amount of decommissioning costs allocable to the fund. The projected balance of a nuclear decommissioning fund as of the last day of the funding period shall be calculated by taking into account the fair market value of the assets of the fund as of the first day of the first taxable year to which the schedule of ruling amounts applies and the estimated rate of return to be earned by the assets of the fund after payment of the estimated administrative costs and incidental expenses to be incurred by the fund (as defined in §1.468A–5T(a)(3)(ii)), including all Federal, State and local income taxes to be incurred by the fund (the after-tax rate of return). See paragraph (c) of this section for a definition of funding period and paragraph (d) of this section for guidance with respect to the amount of decommissioning costs allocable to a fund.

(2) Each schedule of ruling amounts must be consistent with the principles and provisions of this section and must be based on reasonable assumptions concerning—

(i) The after-tax rate of return to be earned by the amounts collected for decommissioning;

(ii) The total estimated cost of decommissioning the nuclear power plant (see paragraph (d)(2) of this section); and

(iii) The frequency of contributions to a nuclear decommissioning fund for a taxable year (for example, monthly, quarterly, semi-annual or annual contributions).

(3) The Internal Revenue Service (IRS) shall provide a schedule of ruling amounts that is identical to the schedule of ruling amounts proposed by the taxpayer in connection with the taxpayer's request for a schedule of ruling amounts (see paragraph (e)(2)(viii) of this section), but no schedule of ruling amounts shall be provided unless the taxpayer's proposed schedule of ruling amounts is consistent with the principles and provisions of this section and is based on reasonable assumptions. If a proposed schedule of ruling amounts is not consistent with the principles and provisions of this section or is not based on reasonable assumptions, the taxpayer may propose an amended schedule of ruling amounts that is consistent with such principles and provisions and is based on reasonable assumptions.

(4) The taxpayer bears the burden of demonstrating that the proposed schedule of ruling amounts is consistent with the principles and provisions of this section and is based on reasonable assumptions. If a public utility commission established or approved the currently applicable rates for the furnishing or sale by the taxpayer of electricity from the plant, the taxpayer can generally satisfy this burden of proof by demonstrating that the schedule of ruling amounts is calculated using the assumptions used by the public utility commission in its most recent order. In addition, a taxpayer that owns an interest in a deregulated nuclear plant may submit assumptions used by a public utility commission that formerly had regulatory jurisdiction over the plant as support for the assumptions used in calculating the taxpayer's proposed schedule of ruling amounts, with the understanding that the assumptions used by the public utility commission may be given less weight if they are out of date or were developed in a proceeding for a different taxpayer. The use of other industry standards, such as the assumptions underlying the taxpayer's most recent financial assurance filing with the NRC, are an alternative means of demonstrating that the taxpayer has calculated its proposed schedule of ruling amounts on a reasonable basis. Consistency with financial accounting statements is not sufficient, in the absence of other supporting evidence, to meet the taxpayer's burden of proof under this paragraph (a)(4).

(5) The IRS will approve, at the request of the taxpayer, a formula or method for determining a schedule of ruling amounts (rather than providing a schedule specifying a dollar amount for each taxable year) if the formula or method is consistent with the principles and provisions of this section and is based on reasonable assumptions. See paragraph (f)(1)(ii) of this section for a special rule relating to the mandatory review of ruling amounts that are determined pursuant to a formula or method.

(6) The IRS may, in its discretion, provide a schedule of ruling amounts that is determined on a basis other than the rules of paragraphs (a) through (d) of this section if—

(i) In connection with its request for a schedule of ruling amounts, the taxpayer explains the need for special treatment and sets forth an alternative basis for determining the schedule of ruling amounts; and

(ii) The IRS determines that special treatment is consistent with the purpose of section 468A.

(b) *Level funding limitation*. (1) Except as otherwise provided in paragraph (b)(3) of this section, the ruling amount specified in a schedule of ruling amounts for any taxable year in the funding period (as defined in paragraph (c) of this section) shall not be less than the ruling amount specified in such schedule for any earlier taxable year.

(2) The ruling amount specified in a schedule of ruling amounts for a taxable year after the end of the funding period may be less than the ruling amount specified in such schedule for an earlier taxable year.

(3) The ruling amount specified in a schedule of ruling amounts for the last taxable year in the funding period may be less than the ruling amount specified in such schedule for an earlier taxable year if, when annualized, the amount specified for the last taxable year is not less than the amount specified for such earlier taxable year. The amount specified for the last taxable year is annualized by—

(i) Determining the number of days between the beginning of the taxable year and the end of the plant's estimated useful life;

(ii) Dividing the amount specified for the last taxable year by such number of days; and

(iii) Multiplying the result by the number of days in the last taxable year (generally 365).

(c) *Funding period*—(1) *In general*. For purposes of this section, the funding period for a nuclear decommissioning fund is the period that—

(i) Begins on the first day of the first taxable year for which a deductible payment is made (or deemed made) to such nuclear decommissioning fund (see §1.468A–2T(a) for rules relating to the first taxable year for which a payment may be made (or deemed made) to a nuclear decommissioning fund); and

(ii) Ends on the last day of the taxable year that includes the last day of the estimated useful life of the nuclear power plant to which the nuclear decommissioning fund relates.

(2) *Estimated useful life*. The last day of the estimated useful life of a nuclear power plant is determined under the following rules:

(i) Except as provided in paragraph (c)(2)(ii) of this section—

(A) The last day of the estimated useful life of a nuclear power plant that has been included in rate base for ratemaking purposes in any ratemaking proceeding that established rates for a period before January 1, 2006, is the date used in the first such ratemaking proceeding as the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes;

(B) The last day of the estimated useful life of a nuclear power plant that is not described in paragraph (c)(2)(i)(A) of this section is the last day of the estimated useful life of the plant determined as of the date it is placed in service;

(C) A taxpayer with an interest in the plant that is not described in paragraph (c)(2)(i)(A) of this section may use any reasonable method for determining the last day of such estimated useful life; and

(D) A reasonable method for purposes of paragraph (c)(2)(i)(C) of this section may include use of the period for which a public utility commission has included a comparable nuclear power plant in rate base for ratemaking purposes.

(ii) If it can be established that the estimated useful life of the nuclear power plant will end on a date other than the date determined under paragraph (c)(2)(i) of this section, the taxpayer may use such other date as the last day of the estimated useful life but is not required to do so. If the last day of the estimated useful life was determined under paragraph (c)(2)(i)(A) of this section and the most recent ratemaking proceeding used an alternative date as the estimated date on which the nuclear power plant will no longer be included rate base, the most recent ratemaking proceeding will generally be treated as establishing such alternative date as the last day of the estimated useful life.

(d) *Decommissioning costs allocable to a fund*. The amount of decommissioning costs allocable to a nuclear decommissioning fund is determined for purposes of this section by applying the following rules and definitions:

(1) *General rule*. The amount of decommissioning costs allocable to a nuclear decommissioning fund is the taxpayer's share of the total estimated cost of decommissioning the nuclear power plant to which the fund relates.

(2) *Total estimated cost of decommissioning*. Under paragraph (a)(2) of this section, the taxpayer must demonstrate the reasonableness of the assumptions concerning the total estimated cost of decommissioning the nuclear power plant.

(3) *Taxpayer's share*. The taxpayer's share of the total estimated cost of decommissioning a nuclear power plant equals the total estimated cost of decommissioning such nuclear power plant multiplied by the percentage of such nuclear power plant that the qualifying interest of the taxpayer represents (see §1.468A–1T(b)(2) for circumstances in which a taxpayer possesses a qualifying interest in a nuclear power plant).

(e) *Manner of requesting schedule of ruling amounts*—(1) *In general*. (i) In order to receive a ruling amount for any taxable year, a taxpayer must file a request for a schedule of ruling amounts that complies with the requirements of this paragraph (e), the applicable procedural rules set forth in §601.201(e) of this chapter (Statement of Procedural Rules) and the requirements of any applicable revenue procedure that is in effect on the date the request is filed.

(ii) A separate request for a schedule of ruling amounts is required for each nuclear decommissioning fund established by a taxpayer (see paragraph (a) of §1.468A–5T for rules relating to the number of nuclear decommissioning funds that a taxpayer can establish).

(iii) Except as provided by §§1.468A–5T(a)(1)(iv) (relating to certain unincorporated organizations that may be taxable as corporations) and 1.468A–8T (relating to a special transfer under section 468A(f)(1)), a request for a schedule of ruling amounts must not contain a request for a ruling on any other issue, whether the issue involves section 468A or another section of the Internal Revenue Code.

(iv) In the case of an affiliated group of corporations that join in the filing of a consolidated return, the common parent of the group may request a schedule of ruling amounts for each member of the group that possesses a qualifying interest in the same nuclear power plant by filing a single submission with the IRS.

(v) The IRS shall not provide or revise a ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date (as

defined in §1.468A–2T(c)(1)) for such taxable year. In determining the date when a request is filed, the principles of sections 7502 and 7503 shall apply.

(vi) Except as provided in paragraph (e)(1)(vii) of this section, a request for a schedule of ruling amounts shall be considered filed only if such request complies substantially with the requirements of this paragraph (e).

(vii) If a request does not comply substantially with the requirements of this paragraph (e), the IRS will notify the taxpayer of that fact. If the information or materials necessary to comply substantially with the requirements of this paragraph (e) are provided to the IRS within 30 days after this notification, the request will be considered filed on the date of the original submission. In addition, the request will be considered filed on the date of the original submission in a case in which the information and materials are provided more than 30 days after the notification if the IRS determines that the electing taxpayer made a good faith effort to provide the applicable information or materials within 30 days after notification and also determines that treating the request as filed on the date of the original submission is consistent with the purposes of section 468A. In any other case in which the information or materials necessary to comply substantially with the requirements of this paragraph (e) are not provided within 30 days after the notification, the request will be considered filed on the date that all information or materials necessary to comply with the requirements of this paragraph (e) are provided.

(2) *Information required.* A request for a schedule of ruling amounts must contain the following information:

(i) The taxpayer's name, address, and taxpayer identification number.

(ii) Whether the request is for an initial schedule of ruling amounts, a mandatory review of the schedule of ruling amounts (see paragraph (f)(1) of this section), or an elective review of the schedule of ruling amounts (see paragraph (f)(2) of this section).

(iii) The name and location of the nuclear power plant with respect to which a schedule of ruling amounts is requested.

(iv) A description of the taxpayer's qualifying interest in the nuclear power plant and the percentage of such nuclear power plant that the qualifying interest of the taxpayer represents.

(v) Where applicable, an identification of each public utility commission that establishes or approves rates for the furnishing or sale by the taxpayer of electric energy generated by the nuclear power plant, and, for each public utility commission identified—

(A) Whether the public utility commission has determined the amount of decommissioning costs to be included in the taxpayer's cost of service for ratemaking purposes;

(B) The amount of decommissioning costs that are to be included in the taxpayer's cost of service for each taxable year under the current determination and amounts that otherwise are required to be included in the taxpayer's income under section 88 and the regulations;

(C) A description of the assumptions, estimates and other factors used by the public utility commission to determine the amount of decommissioning costs;

(D) A copy of such portions of any order or opinion of the public utility commission as pertain to the public utility commission's most recent determination of the amount of decommissioning costs to be included in cost of service; and

(E) A copy of each engineering or cost study that was relied on or used by the public utility commission in determining the amount of decommissioning costs to be included in the taxpayer's cost of service under the current determination.

(vi) A description of the assumptions, estimates and other factors that were used by the taxpayer to determine the amount of decommissioning costs, including each of the following if applicable:

(A) A description of the proposed method of decommissioning the nuclear power plant (for example, prompt removal/dismantlement, safe storage entombment with delayed dismantlement, or safe storage mothballing with delayed dismantlement).

(B) The estimated year in which substantial decommissioning costs will first be incurred.

(C) The estimated year in which the decommissioning of the nuclear power plant will be substantially complete (see §1.468A–5T(d)(3) for a definition of substantial completion of decommissioning).

(D) The total estimated cost of decommissioning expressed in current dollars (that is, based on price levels in effect at the time of the current determination).

(E) The total estimated cost of decommissioning expressed in future dollars (that is, based on anticipated price levels when expenses are expected to be paid).

(F) For each taxable year in the period that begins with the year specified in paragraph (e)(2)(vi)(B) of this section (the estimated year in which substantial decommissioning costs will first be incurred) and ends with the year specified in paragraph (e)(2)(vi)(C) of this section (the estimated year in which the estimated year in which the decommissioning of the nuclear power plant will be substantially complete), the estimated cost of decommissioning expressed in future dollars.

(G) A description of the methodology used in converting the estimated cost of decommissioning expressed in current dollars to the estimated cost of decommissioning expressed in future dollars.

(H) The assumed after-tax rate of return to be earned by the amounts collected for decommissioning.

(I) A copy of each engineering or cost study that was relied on or used by the taxpayer in determining the amount of decommissioning costs.

(vii) A proposed schedule of ruling amounts for each taxable year remaining in the funding period as of the date the schedule of ruling amounts will first apply.

(viii) A description of the assumptions, estimates and other factors that were used in determining the proposed schedule of ruling amounts, including each of the following if applicable—

(A) The funding period (as such term is defined in paragraph (c) of this section);

(B) The assumed after-tax rate of return to be earned by the assets of the nuclear decommissioning fund;

(C) The fair market value of the assets (if any) of the nuclear decommissioning fund as of the first day of the first taxable year to which the schedule of ruling amounts will apply;

(D) The amount expected to be earned by the assets of the nuclear decommissioning fund (based on the after-tax rate of return applicable to the fund) over the period that begins on the first day of the first taxable year to which the schedule of ruling

amounts will apply and ends on the last day of the funding period;

(E) The amount of decommissioning costs allocable to the nuclear decommissioning fund (as determined under paragraph (d) of this section);

(F) The total estimated cost of decommissioning (as determined under paragraph (d)(2) of this section); and

(G) The taxpayer's share of the total estimated cost of decommissioning (as such term is defined in paragraph (d)(3) of this section).

(ix) If the request is for a revised schedule of ruling amounts, the after-tax rate of return earned by the assets of the nuclear decommissioning fund for each taxable year in the period that begins with the date of the initial contribution to the fund and ends with the first day of the first taxable year to which the revised schedule of ruling amounts applies.

(x) If applicable, an explanation of the need for a schedule of ruling amounts determined on a basis other than the rules of paragraphs (a) through (d) of this section and a description of an alternative basis for determining a schedule of ruling amounts (see paragraph (a)(5) of this section).

(xi) A chart or table, based upon the assumed after-tax rate of return to be earned by the assets of the nuclear decommissioning fund, setting forth the years the fund will be in existence, the annual contribution to the fund, the estimated annual earnings of the fund and the cumulative total balance in the fund.

(xii) If the request is for a revised schedule of ruling amounts, a copy of the schedule of ruling amounts that the revised schedule would replace.

(xiii) If the request for a schedule of ruling amounts contains a request, pursuant to §1.468A–5T(a)(1)(iv), that the IRS rule whether an unincorporated organization through which the assets of the fund are invested is an association taxable as a corporation for Federal tax purposes, a copy of the legal documents establishing or otherwise governing the organization.

(xiv) Any other information required by the IRS that may be necessary or useful in determining the schedule of ruling amounts.

(3) *Administrative procedures*. The IRS may prescribe administrative procedures that supplement the provisions of paragraph (e)(1) and (2) of this section. In addition, the IRS may, in its discretion, waive the requirements of paragraph (e)(1) and (2) of this section under appropriate circumstances.

(f) *Review and revision of schedule of ruling amounts*—(1) *Mandatory review*. (i) Any taxpayer that has obtained a schedule of ruling amounts pursuant to paragraph (e) of this section must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline date for the 10th taxable year that begins after the taxable year in which the most recent schedule of ruling amounts was received. If the taxpayer calculated its most recent schedule of ruling amounts on any basis other than an order issued by a public utility commission, the taxpayer must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline date for the 5th taxable year that begins after the taxable year in which the most recent schedule of ruling amounts was received.

(ii)(A) Any taxpayer that has obtained a formula or method for determining a schedule of ruling amounts for any taxable year under paragraph (a)(4) of this section must file a request for a revised schedule on or before the earlier of the deemed payment deadline for the 5th taxable year that begins after its taxable year in which the most recent formula or method was approved or the deemed payment deadline for the first taxable year that begins after a taxable year in which there is a substantial variation in the ruling amount determined under the most recent formula or method. There is a substantial variation in the ruling amount determined under the formula or method in effect for a taxable year if the ruling amount for the year and the ruling amount for any earlier year since the most recent formula or method was approved differ by more than 50 percent of the smaller amount.

(B) Any taxpayer that has determined its ruling amount for any taxable year under a formula prescribed by §1.468A–6T (which prescribes ruling amounts for the taxable year in which there is a disposition of a qualifying interest in a nuclear power plant) must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline for its first taxable year that begins after the disposition.

(iii) A taxpayer requesting a schedule of deduction amounts for a nuclear decommissioning fund under §1.468A–8T must also request a revised schedule of ruling amounts for the fund. The revised schedule of ruling amounts must apply beginning with the first taxable year for which a deduction is allowed under the schedule of deduction amounts.

(iv) If the operating license of the nuclear power plant to which a nuclear decommissioning fund relates is renewed, the taxpayer maintaining the fund must request a revised schedule of ruling amounts. The request for the revised schedule must be submitted on or before the deemed payment deadline for the taxable year that includes the date on which the operating license is renewed.

(v) A request for a schedule of ruling amounts required by this paragraph (f)(1) must be made in accordance with the rules of paragraph (e) of this section. If a taxpayer does not properly file a request for a revised schedule of ruling amounts by the date provided in paragraph (f)(1) (i), (ii) or (iv) of this section (whichever is applicable), the taxpayer's ruling amount for the first taxable year to which the revised schedule of ruling amounts would have applied and for all succeeding taxable years until a new schedule is obtained shall be zero dollars, unless, in its discretion, the IRS provides otherwise in such new schedule of ruling amounts. Thus, if a taxpayer is required to request a revised schedule of ruling amounts under any provision of this section, and each ruling amount in the revised schedule would equal zero dollars, the taxpayer may, instead of requesting a new schedule of ruling amounts, begin treating the ruling amounts under its most recent schedule as equal to zero dollars.

(2) *Elective review*. Any taxpayer that has obtained a schedule of ruling amounts pursuant to paragraph (e) of this section can request a revised schedule of ruling amounts. Such a request must be made in accordance with the rules of paragraph (e) of this section; thus, the IRS will not provide a revised ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date for such taxable year (see paragraph (e)(1)(vi) of this section).

(3) *Determination of revised schedule of ruling amounts*. A revised schedule

of ruling amounts for a nuclear decommissioning fund shall be determined under this section without regard to any schedule of ruling amounts for such nuclear decommissioning fund that was issued prior to such revised schedule. Thus, a ruling amount specified in a revised schedule of ruling amounts for any taxable year in the funding period can be less than one or more ruling amounts specified in a prior schedule of ruling amounts for a prior taxable year.

(g) *Special rule permitting payments to a nuclear decommissioning fund before receipt of an initial or revised ruling amount applicable to a taxable year*. (1) If an electing taxpayer has filed a timely request for an initial or revised ruling amount for a taxable year beginning on or after January 1, 2006, and does not receive the ruling amount on or before the deemed payment deadline date for such taxable year, the taxpayer may make a payment to a nuclear decommissioning fund on the basis of the ruling amount proposed in the taxpayer's request. Thus, under the preceding sentence, an electing taxpayer may make a payment to a nuclear decommissioning fund for such taxable year that does not exceed the ruling amount proposed by the taxpayer for such taxable year in a timely filed request for a schedule of ruling amounts.

(2) If an electing taxpayer makes a payment to a nuclear decommissioning fund for any taxable year pursuant to paragraph (g)(1) of this section and the ruling amount that is provided by the IRS is greater than the ruling amount proposed by the taxpayer for such taxable year, the taxpayer is not allowed to make an additional payment to the fund for such taxable year after the deemed payment deadline date for such taxable year.

(3) If the payment that an electing taxpayer makes to a nuclear decommissioning fund for any taxable year pursuant to paragraph (g)(1) of this section exceeds the ruling amount that is provided by the IRS for such taxable year, the following rules apply:

(i) The amount of the excess is an excess contribution (as defined in §1.468A–5T(c)(2)(ii)) for such taxable year.

(ii) The amount of the excess contribution is not deductible (see §1.468A–2T(b)(2)) and must be withdrawn by the taxpayer pursuant to the rules of §1.468A–5T(c)(2)(i).

(iii) The taxpayer must withdraw the after-tax earnings on the excess contribution.

(iv) If the taxpayer claimed a deduction for the excess contribution, the taxpayer should file an amended return for the taxable year.

§1.468A–4T Treatment of nuclear decommissioning fund (temporary).

(a) *In general*. A nuclear decommissioning fund is subject to tax on all of its modified gross income (as defined in paragraph (b) of this section). The rate of tax is 20 percent for taxable years beginning after December 31, 1995. This tax is in lieu of any other tax that may be imposed under subtitle A of the Internal Revenue Code (Code) on the income earned by the assets of the nuclear decommissioning fund.

(b) *Modified gross income*. For purposes of this section, the term *modified gross income* means gross income as defined under section 61 computed with the following modifications:

(1) The amount of any payment or special transfer to the nuclear decommissioning fund with respect to which a deduction is allowed under section 468A(a) or section 468A(f) is excluded from gross income.

(2) A deduction is allowed for the amount of administrative costs and other incidental expenses of the nuclear decommissioning fund (including taxes, legal expenses, accounting expenses, actuarial expenses and trustee expenses, but not including decommissioning costs) that are otherwise deductible and that are paid by the nuclear decommissioning fund to any person other than the electing taxpayer. An expense is otherwise deductible for purposes of this paragraph (b)(2) if it would be deductible under chapter 1 of the Code in determining the taxable income of a corporation. For example, because Federal income taxes are not deductible under chapter 1 of the Code in determining the taxable income of a corporation, the tax imposed by section 468A(e)(2) and paragraph (a) of this section is not deductible in determining the modified gross income of a nuclear decommissioning fund. Similarly, because certain expenses allocable to tax-exempt interest income are not deductible under section 265 in determining the taxable income of a corporation, such expenses are not deductible in determining the modified gross income of a nuclear decommissioning fund.

(3) A deduction is allowed for the amount of an otherwise deductible loss that is sustained by the nuclear decommissioning fund in connection with the sale, exchange or worthlessness of any investment. A loss is otherwise deductible for purposes of this paragraph (b)(3) if such loss would be deductible by a corporation under section 165(f) or (g) and sections 1211(a) and 1212(a).

(4) A deduction is allowed for the amount of an otherwise deductible net operating loss of the nuclear decommissioning fund. For purposes of this paragraph (b), the net operating loss of a nuclear decommissioning fund for a taxable year is the amount by which the deductions allowable under paragraph (b)(2) and (3) of this section exceed the gross income of the nuclear decommissioning fund computed with the modification described in paragraph (b)(1) of this section. A net operating loss is otherwise deductible for purposes of this paragraph (b)(4) if such a net operating loss would be deductible by a corporation under section 172(a).

(c) *Special rules*—(1) *Period for computation of modified gross income*. The modified gross income of a nuclear decommissioning fund must be computed on the basis of the taxable year of the electing taxpayer. If an electing taxpayer changes its taxable year, each nuclear decommissioning fund of the electing taxpayer must change to the new taxable year. See section 442 and §1.442–1 for rules relating to the change to a new taxable year.

(2) *Gain or loss upon distribution of property by a fund*. A distribution of property by a nuclear decommissioning fund (whether an actual distribution or a deemed distribution) shall be considered a disposition of property by the nuclear decommissioning fund for purposes of section 1001. In determining the amount of gain or loss from such disposition, the amount realized by the nuclear decommissioning fund shall be the fair market value of the property on the date of disposition.

(3) *Denial of credits against tax*. The tax imposed on the modified gross income of a nuclear decommissioning fund under paragraph (a) of this section is not to be reduced or offset by any credits against

tax provided by part IV of subchapter A of chapter 1 of the Code other than the credit provided by section 31(c) for amounts withheld under section 3406 (back-up withholding).

(4) *Other corporate taxes inapplicable*. Although the modified gross income of a nuclear decommissioning fund is subject to tax at the rate specified by section 468A(e)(2) and paragraph (a) of this section, a nuclear decommissioning fund is not subject to the other taxes imposed on corporations under subtitle A of the Code. For example, a nuclear decommissioning fund is not subject to the alternative minimum tax imposed by section 55, the accumulated earnings tax imposed by section 531, the personal holding company tax imposed by section 541, and the alternative tax imposed on a corporation under section 1201(a).

(d) *Treatment as corporation for purposes of subtitle F*. For purposes of subtitle F of the Code and the regulations, a nuclear decommissioning fund is to be treated as if it were a corporation and the tax imposed by section 468A(e)(2) and paragraph (a) of this section is to be treated as a tax imposed by section 11. Thus, for example, the following rules apply:

(1) A nuclear decommissioning fund must file a return with respect to the tax imposed by section 468A(e)(2) and paragraph (a) of this section for each taxable year (or portion thereof) that the fund is in existence even though no amount is included in the gross income of the fund for such taxable year. The return is to be made on Form 1120–ND in accordance with the instructions relating to such form. For purposes of this paragraph (d)(1), a nuclear decommissioning fund is in existence for the period that—

(i) Begins on the date that the first deductible payment is actually made to such nuclear decommissioning fund; and

(ii) Ends on the date of termination (see §1.468A–5T(d)), the date that the entire fund is disqualified (see §1.468A–5T(c)), or the date that the electing taxpayer disposes of its entire qualifying interest in the nuclear power plant to which the nuclear decommissioning fund relates (other than in connection with the transfer of the entire fund to the person acquiring such interest), whichever is applicable.

(2) For each taxable year of the nuclear decommissioning fund, the return described in paragraph (d)(1) of this section must be filed on or before the 15th day of the third month following the close of such taxable year unless the nuclear decommissioning fund is granted an extension of time for filing under section 6081. If such an extension is granted for any taxable year, the return for such taxable year must be filed on or before the extended due date for such taxable year.

(3) A nuclear decommissioning fund must provide its employer identification number on returns, statements and other documents as required by the forms and instructions relating thereto. The employer identification number is obtained by filing a Form SS–4, *Application for Employer Identification Number*, in accordance with the instructions relating thereto.

(4) A nuclear decommissioning fund must deposit all payments of tax imposed by section 468A(e)(2) and paragraph (a) of this section (including any payments of estimated tax) with an authorized government depositary in accordance with §1.6302–1.

(5) A nuclear decommissioning fund is subject to the addition to tax imposed by section 6655 in case of a failure to pay estimated income tax. For purposes of section 6655 and this section—

(i) The tax with respect to which the amount of the underpayment is computed in the case of a nuclear decommissioning fund is the tax imposed by section 468A(e)(2) and paragraph (a) of this section; and

(ii) The taxable income with respect to which the nuclear decommissioning fund's status as a large corporation is measured is modified gross income (as defined by paragraph (b) of this section).

§1.468A–5T Nuclear decommissioning fund qualification requirements; prohibitions against self-dealing; disqualification of nuclear decommissioning fund; termination of fund upon substantial completion of decommissioning (temporary).

(a) *Qualification requirements*—(1) *In general*. (i) A nuclear decommissioning fund must be established and maintained at all times in the United States pursuant to an arrangement that qualifies as a trust under State law. Such trust must be established for the exclusive purpose of providing funds for the decommissioning of one or more nuclear power plants, but a single trust agreement may establish multiple funds for such purpose. Thus—

(A) Two or more nuclear decommissioning funds can be established and maintained pursuant to a single trust agreement; and

(B) One or more funds that are to be used for the decommissioning of a nuclear power plant and that do not qualify as nuclear decommissioning funds under this paragraph (a) can be established and maintained pursuant to a trust agreement that governs one or more nuclear decommissioning funds.

(ii) A separate nuclear decommissioning fund is required for each electing taxpayer and for each nuclear power plant with respect to which an electing taxpayer possesses a qualifying interest. The Internal Revenue Service (IRS) will issue a separate schedule of ruling amounts with respect to each nuclear decommissioning fund and each nuclear decommissioning fund must file a separate income tax return even if other nuclear decommissioning funds or nonqualified funds are established and maintained pursuant to the trust agreement governing such fund or the assets of other nuclear decommissioning funds or nonqualified funds are pooled with the assets of such fund.

(iii) An electing taxpayer can maintain only one nuclear decommissioning fund for each nuclear power plant with respect to which the taxpayer elects the application of section 468A. If a nuclear power plant is subject to the ratemaking jurisdiction of two or more public utility commissions and any such public utility commission requires a separate fund to be maintained for the benefit of ratepayers whose rates are established or approved by the public utility commission, the separate funds maintained for such plant (whether or not established and maintained pursuant to a single trust agreement) shall be considered a single nuclear decommissioning fund for purposes of section 468A and §§1.468A–1T through 1.468A–4T, this section and §§1.468A–7T through 1.468A–9T. Thus, for example, the IRS will issue one schedule of ruling amounts with respect to such nuclear power plant, the nuclear decommissioning fund must file a single income tax return (see §1.468A–4T(d)(1)), and, if the IRS

disqualifies the nuclear decommissioning fund, the assets of each separate fund are treated as distributed on the date of disqualification (see paragraph (c)(3) of this section).

(iv) If assets of a nuclear decommissioning fund are (or will be) invested through an unincorporated organization, within the meaning of §301.7701–2 of this chapter, the IRS will rule, if requested, whether the organization is an association taxable as a corporation for Federal tax purposes. A request for this ruling may be made by the electing taxpayer as part of its request for a schedule of ruling amounts or as part of a request under §1.468A–8T for a schedule of deduction amounts.

(2) *Limitation on contributions*. Except as otherwise provided in §1.468A–8T (relating to special transfers under section 468A(f)), a nuclear decommissioning fund is not permitted to accept any contributions in cash or property other than cash payments with respect to which a deduction is allowed under section 468A(a) and §1.468A–2T(a). Thus, for example, except in the case of a special transfer pursuant to §1.468A–8T, securities may not be contributed to a nuclear decommissioning fund even if the taxpayer or a fund established by the taxpayer previously held such securities for the purpose of providing funds for the decommissioning of a nuclear power plant.

(3) *Limitation on use of fund*—(i) *In general*. The assets of a nuclear decommissioning fund are to be used exclusively—

(A) To satisfy, in whole or in part, the liability of the electing taxpayer for decommissioning costs of the nuclear power plant to which the nuclear decommissioning fund relates;

(B) To pay administrative costs and other incidental expenses of the nuclear decommissioning fund; and

(C) To the extent that the assets of the nuclear decommissioning fund are not currently required for the purposes described in paragraph (a)(3)(i)(A) or (B) of this section, to make investments.

(ii) *Definition of administrative costs and expenses*. For purposes of paragraph (a)(3)(i) of this section, the term *administrative costs and other incidental expenses of a nuclear decommissioning fund* means all ordinary and necessary expenses incurred in connection with the operation of the nuclear decommissioning fund. Such term includes the tax imposed by section 468A(e)(2) and §1.468A–4T(a), any State or local tax imposed on the income or the assets of the fund, legal expenses, accounting expenses, actuarial expenses and trustee expenses. Such term does not include decommissioning costs or the payment of insurance premiums on a policy to pay for the nuclear decommissioning costs of a nuclear power plant. Such term also does not include the excise tax imposed on the trustee or other disqualified person under section 4951 or the reimbursement of any expenses incurred in connection with the assertion of such tax unless such expenses are considered reasonable and necessary under section 4951(d)(2)(C) and it is determined that the trustee or other disqualified person is not liable for the excise tax.

(4) *Trust provisions*. Each qualified nuclear decommissioning fund trust agreement must provide that assets in the fund must be used as authorized by section 468A and the regulations and that the agreement may not be amended so as to violate section 468A or the regulations.

(b) *Prohibitions against self-dealing*—(1) *In general*. Except as otherwise provided in this paragraph (b), the excise taxes imposed by section 4951 shall apply to each act of self-dealing between a disqualified person and a nuclear decommissioning fund.

(2) *Self-dealing defined*. For purposes of this paragraph (b), the term "self-dealing" means any act described in section 4951(d), except—

(i) A payment by a nuclear decommissioning fund for the purpose of satisfying, in whole or in part, the liability of the electing taxpayer for decommissioning costs of the nuclear power plant to which the nuclear decommissioning fund relates;

(ii) A withdrawal of an excess contribution by the electing taxpayer pursuant to the rules of paragraph (c)(2) of this section;

(iii) A withdrawal by the electing taxpayer of amounts that have been treated as distributed under paragraph (c)(3) of this section;

(iv) A payment of amounts remaining in a nuclear decommissioning fund to the electing taxpayer after the termination of such fund (as determined under paragraph (d) of this section);

(v) Any act described in section 4951(d)(2)(B) or (C);

(vi) Any act that is described in §53.4951–1(c) of this chapter and is undertaken to facilitate the temporary investment of assets or the payment of reasonable administrative expenses of the nuclear decommissioning fund; or

(vii) A payment by a nuclear decommissioning fund for the performance of trust functions and certain general banking services by a bank or trust company that is a disqualified person if the banking services are reasonable and necessary to carry out the purposes of the fund and the compensation paid to the bank or trust company for such services, taking into account the fair interest rate for the use of the funds by the bank or trust company, is not excessive.

(3) *Disqualified person defined*. For purposes of this paragraph (b), the term "disqualified person" includes each person described in section 4951(e)(4) and §53.4951–1(d).

(4) *General banking services*. The general banking services allowed by paragraph (b)(2)(vii) of this section are—

(i) Checking accounts, as long as the bank does not charge interest on any overwithdrawals;

(ii) Savings accounts, as long as the fund may withdraw its funds on no more than 30 days' notice without subjecting itself to a loss of interest on its money for the time during which the money was on deposit; and

(iii) Safekeeping activities (see §53.4941(d)–3(c)(2), *Example 3,* of this chapter).

(c) *Disqualification of nuclear decommissioning fund*—(1) *In general*—(i) *Disqualification events*. Except as otherwise provided in paragraph (c)(2) of this section, the IRS may, in its discretion, disqualify all or any portion of a nuclear decommissioning fund if at any time during a taxable year of the fund—

(A) The fund does not satisfy the requirements of paragraph (a) of this section; or

(B) The fund and a disqualified person engage in an act of self-dealing (as defined in paragraph (b)(2) of this section).

(ii) *Date of disqualification*. (A) Except as otherwise provided in this paragraph (c)(1)(ii), the date on which a disqualification under this paragraph (c) will

take effect (date of disqualification) is the date that the fund does not satisfy the requirements of paragraph (a) of this section or the date on which the act of self-dealing occurs, whichever is applicable.

(B) If the IRS determines, in its discretion, that the disqualification should take effect on a date subsequent to the date specified in paragraph (C)(1)(ii)(A) of this section, the date of disqualification is such subsequent date.

(iii) *Notice of disqualification*. The IRS will notify the electing taxpayer of the disqualification of a nuclear decommissioning fund and the date of disqualification by registered or certified mail to the last known address of the electing taxpayer (the notice of disqualification). For further guidance regarding the definition of last known address, see §301.6212–2 of this chapter.

(2) *Exception to disqualification*—(i) *In general*. A nuclear decommissioning fund will not be disqualified under paragraph (c)(1) of this section by reason of an excess contribution or the withdrawal of such excess contribution by an electing taxpayer if the amount of the excess contribution is withdrawn by the electing taxpayer on or before the date prescribed by law (including extensions) for filing the return of the nuclear decommissioning fund for the taxable year to which the excess contribution relates. In the case of an excess contribution that is the result of a payment made pursuant to §1.468A–3T(g)(1), a nuclear decommissioning fund will not be disqualified under paragraph (c)(1) of this section if the amount of the excess contribution is withdrawn by the electing taxpayer on or before the later of—

(A) The date prescribed by law (including extensions) for filing the return of the nuclear decommissioning fund for the taxable year to which the excess contribution relates; or

(B) The date that is 30 days after the date that the taxpayer receives the ruling amount for such taxable year.

(ii) *Excess contribution defined.* For purposes of this section, an excess contribution is the amount by which cash payments made (or deemed made) to a nuclear decommissioning fund during any taxable year exceed the payment limitation contained in section 468A(b) and §1.468A–2T(b). The amount of a special transfer permitted under §1.468A–8T is not treated as a cash payment for this purpose.

(iii) *Taxation of income attributable to an excess contribution*. The income of a nuclear decommissioning fund attributable to an excess contribution is required to be included in the gross income of the nuclear decommissioning fund under §1.468A–4T(b).

(3) *Disqualification treated as distribution*. If all or any portion of a nuclear decommissioning fund is disqualified under paragraph (c)(1) of this section, the portion of the nuclear decommissioning fund that is disqualified is treated as distributed to the electing taxpayer on the date of disqualification. Such a distribution shall be treated for purposes of section 1001 as a disposition of property held by the nuclear decommissioning fund (see §1.468A–4T(c)(2)). In addition, the electing taxpayer must include in gross income for the taxable year that includes the date of disqualification an amount equal to the fair market value of the distributable assets of the nuclear decommissioning fund multiplied by the fraction of the nuclear decommissioning fund that was disqualified under paragraph (c)(1) of this section. For this purpose, the fair market value of the distributable assets of the nuclear decommissioning fund is equal to the fair market value of the assets of the fund determined as of the date of disqualification, reduced by—

(i) The amount of any excess contribution that was not withdrawn before the date of disqualification if no deduction was allowed with respect to such excess contribution;

(ii) The amount of any deemed distribution that was not actually distributed before the date of disqualification (as determined under §1.468A–2T(d)(2)(iii)) if the amount of the deemed distribution was included in the gross income of the electing taxpayer for the taxable year in which the deemed distribution occurred; and

(iii) The amount of any tax that—

(A) Is imposed on the income of the fund;

(B) Is attributable to income taken into account before the date of disqualification or as a result of the disqualification; and

(C) Has not been paid as of the date of disqualification.

(4) *Further effects of disqualification*. Contributions made to a disqualified fund after the date of disqualification are not deductible under section 468A(a) and §1.468A–2T(a), or, if the fund is disqualified only in part, are deductible only to the extent provided in the notice of disqualification. In addition, if any assets of the fund that are deemed distributed under paragraph (c)(3) of this section are held by the fund after the date of disqualification (or if additional assets are acquired with nondeductible contributions made to the fund after the date of disqualification), the income earned by such assets after the date of disqualification must be included in the gross income of the electing taxpayer (see section 671) to the extent that such income is otherwise includible under chapter 1 of the Internal Revenue Code (Code). An electing taxpayer can establish a nuclear decommissioning fund to replace a fund that has been disqualified in its entirety only if the IRS specifically consents to the establishment of a replacement fund in connection with the issuance of an initial schedule of ruling amounts for such replacement fund.

(d) *Termination of nuclear decommissioning fund upon substantial completion of decommissioning*—(1) *In general*. Upon substantial completion of the decommissioning of a nuclear power plant to which a nuclear decommissioning fund relates, such nuclear decommissioning fund shall be considered terminated and treated as having distributed all of its assets on the date the termination occurs (the termination date). Such a distribution shall be treated for purposes of section 1001 as a disposition of property held by the nuclear decommissioning fund (see §1.468A–4T(c)(2)). In addition, the electing taxpayer shall include in gross income for the taxable year in which the termination occurs an amount equal to the fair market value of the assets of the fund determined as of the termination date, reduced by—

(i) The amount of any deemed distribution that was not actually distributed before the termination date if the amount of the deemed distribution was included in the gross income of the electing taxpayer for the taxable year in which the deemed distribution occurred; and

(ii) The amount of any tax that—

(A) Is imposed on the income of the fund;

(B) Is attributable to income taken into account before the termination date or as a result of the termination; and

(C) Has not been paid as of the termination date.

(2) *Additional rules*. Contributions made to a nuclear decommissioning fund after the termination date are not deductible under section 468A(a) and §1.468A–2T(a). In addition, if any assets are held by the fund after the termination date, the income earned by such assets after the termination date must be included in the gross income of the electing taxpayer (see section 671) to the extent that such income is otherwise includible under chapter 1 of the Code. Finally, an electing taxpayer using an accrual method of accounting is allowed a deduction for nuclear decommissioning costs that are incurred during any taxable year (see §1.468A–2T(e)) even if such costs are incurred after substantial completion of decommissioning (for example, expenses incurred to monitor or safeguard the plant site).

(3) *Substantial completion of decommissioning and termination date*. (i) The substantial completion of the decommissioning of a nuclear power plant occurs on the date that the maximum acceptable radioactivity levels mandated by the Nuclear Regulatory Commission with respect to a decommissioned nuclear power plant are satisfied (the substantial completion date). Except as otherwise provided in paragraph (d)(3)(ii) of this section, the substantial completion date is also the termination date.

(ii) If a significant portion of the total estimated decommissioning costs with respect to a nuclear power plant are not incurred on or before the substantial completion date, an electing taxpayer may request, and the IRS will issue, a ruling that designates a date subsequent to the substantial completion date as the termination date. The termination date designated in the ruling will not be later than the last day of the third taxable year after the taxable year that includes the substantial completion date. The request for a ruling under this paragraph (d)(3)(ii) must be filed during the taxable year that includes the substantial completion date and must comply with the procedural rules in effect at the time of the request.

§1.468A–6T Disposition of an interest in a nuclear power plant (temporary).

(a) *In general*. This section describes the Federal income tax consequences of a transfer of the assets of a nuclear decommissioning fund (Fund) within the meaning of §1.468A–1T(b)(4) in connection with a sale, exchange, or other disposition by a taxpayer (transferor) of all or a portion of its qualifying interest in a nuclear power plant to another taxpayer (transferee). This section also explains how a schedule of ruling amounts will be determined for the transferor and transferee. For purposes of this section, a nuclear power plant includes a plant that previously qualified as a nuclear power plant and that has permanently ceased to produce electricity.

(b) *Requirements*. This section applies if—

(1) Immediately before the disposition, the transferor maintained a Fund with respect to the interest disposed of; and

(2) Immediately after the disposition—

(i) The transferee maintains a Fund with respect to the interest acquired;

(ii) The interest acquired is a qualifying interest of the transferee in the nuclear power plant;

(3) In connection with the disposition, either—

(i) The transferee acquires part or all of the transferor's qualifying interest in the plant and a proportionate amount of the assets of the transferor's Fund (all such assets if the transferee acquires the transferor's entire qualifying interest in the plant) is transferred to a Fund of the transferee; or

(ii) The transferee acquires the transferor's entire qualifying interest in the plant and the transferor's entire Fund is transferred to the transferee; and

(4) The transferee continues to satisfy the requirements of §1.468A–5T(a)(1)(iii), which permits an electing taxpayer to maintain only one Fund for each plant.

(c) *Tax consequences*. A disposition that satisfies the requirements of paragraph (b) of this section will have the following tax consequences at the time it occurs:

(1) *The transferor and its Fund*. (i) Except as provided in paragraph (c)(1)(ii) of this section, neither the transferor nor the transferor's Fund will recognize gain or loss or otherwise take any income or deduction into account by reason of the transfer of a proportionate amount of the assets of the transferor's Fund to the transferee's Fund (or by reason of the transfer of the transferor's entire Fund to the transferee). For purposes of the regulations under section 468A, this transfer (or the transfer of the transferor's Fund) will not be considered a distribution of assets by the transferor's Fund.

(ii) Notwithstanding paragraph (c)(1)(i) of this section, if the transferor has made a special transfer under §1.468A–8T prior to the transfer of the Fund or Fund assets, any deduction with respect to that special transfer allowable under section 468A(f)(2) for a taxable year ending after the date of the transfer of the Fund or Fund assets (the *unamortized special transfer deduction*) is allowed under section 468A(f)(2)(C) for the taxable year that includes the date of the transfer of the Fund or Fund assets. If the taxpayer transfers only a portion of its interest in a nuclear power plant, only the corresponding portion of the unamortized special transfer deduction qualifies for the acceleration under section 468A(f)(2)(C).

(2) *The transferee and its Fund*. Neither the transferee nor the transferee's Fund will recognize gain or loss or otherwise take any income or deduction into account by reason of the transfer of a proportionate amount of the assets of the transferor's Fund to the transferee's Fund (or by reason of the transfer of the transferor's Fund to the transferee). For purposes of the regulations under section 468A, this transfer (or the transfer of the transferor's Fund) will not constitute a payment or a contribution of assets by the transferee to its Fund.

(3) *Basis*. Transfers of assets of a Fund to which this section applies do not affect basis. Thus, the transferee's Fund will have a basis in the assets received from the transferor's Fund that is the same as the basis of those assets in the transferor's Fund immediately before the disposition.

(d) *Determination of proportionate amount*. For purposes of this section, a transferor of a qualifying interest in a nuclear power plant is considered to transfer a proportionate amount of the assets of its Fund to a Fund of a transferee of the interest if, on the date of the transfer of the interest, the percentage of the fair market value of the Fund's assets attributable to the assets transferred equals the percent-

age of the transferor's qualifying interest that is transferred.

(e) *Calculation of schedule of ruling amounts and schedule of deduction amounts for dispositions described in this section*—(1) *Transferor*. If a transferor disposes of all or a portion of its qualifying interest in a nuclear power plant in a transaction to which this section applies, the transferor's schedule of ruling amounts with respect to the interests disposed of and retained (if any) and, if applicable, the amount allowable as a deduction for a special transfer under §1.468A–8T will be determined under the following rules:

(i) *Taxable year of disposition; ruling amount*. If the transferor does not file a request for a revised schedule of ruling amounts on or before the deemed payment deadline for the taxable year of the transferor in which the disposition of its interest in the nuclear power plant occurs (that is, the date that is two and one-half months after the close of that year), the transferor's ruling amount with respect to that plant for that year will equal the sum of—

(A) The ruling amount contained in the transferor's current schedule of ruling amounts with respect to that plant for that taxable year multiplied by the portion of the qualifying interest that is retained (if any); and

(B) The ruling amount contained in the transferor's current schedule of ruling amounts with respect to that plant for that taxable year multiplied by the product of—

(*1*) The portion of the transferor's qualifying interest that is disposed of; and

(*2*) A fraction, the numerator of which is the number of days in that taxable year that precede the date of disposition, and the denominator of which is the number of days in that taxable year.

(ii) *Taxable year of disposition; deduction under §1.468A–8T*. If the transferor has elected to make a special transfer under section 468A(f), the amount allowable as a deduction under §1.468A–8T for the taxable year in which it transfers a portion of its interest in the nuclear plant is equal to the deduction amount for that taxable year from its existing schedule of deduction amounts multiplied by the percentage of its interest that it retains. This deduction is in addition to the deduction described in paragraph (c)(1)(ii) of this section.

(iii) *Taxable years after the year of disposition*. A transferor that retains a qualifying interest in a nuclear power plant must file a request for a revised schedule of ruling amounts (and, if applicable, a revised schedule of deduction amounts) with respect to that interest on or before the deemed payment deadline for the first taxable year of the transferor beginning after the disposition. See §1.468A–3T(f)(1)(ii)(B) and §1.468A–8T(c)(3). If the transferor does not timely file such a request, the transferor's ruling amount and the transferor's deduction amount under §1.468A–8T with respect to that interest for the affected year or years will be zero, unless the Internal Revenue Service (IRS) waives the application of this paragraph (e)(1)(iii) upon a showing of good cause for the delay.

(2) *Transferee*. If a transferee acquires all or a portion of a transferor's qualifying interest in a nuclear power plant in a transaction to which this section applies, the transferee's schedule of ruling amounts with respect to the interest acquired will be determined under the following rules:

(i) *Taxable year of disposition*. If the transferee does not file a request for a schedule of ruling amounts on or before the deemed payment deadline for the taxable year of the transferee in which the disposition occurs (that is, the date that is two and one-half months after the close of that year), the transferee's ruling amount with respect to the interest acquired in the nuclear power plant for that year is equal to the amount contained in the transferor's current schedule of ruling amounts for that plant for the taxable year of the transferor in which the disposition occurred, multiplied by the product of—

(A) The portion of the transferor's qualifying interest that is transferred; and

(B) A fraction, the numerator of which is the number of days in the taxable year of the transferor including and following the date of disposition, and the denominator of which is the number of days in that taxable year.

(ii) *Taxable years after the year of disposition*. A transferee of a qualifying interest in a nuclear power plant must file a request for a revised schedule of ruling amounts with respect to that interest on or before the deemed payment deadline for the first taxable year of the transferee beginning after the disposition. See §1.468A–3T(f)(1)(ii)(B). If the transferee does not timely file such a request, the transferee's ruling amount with respect to that interest for the affected year or years will be zero, unless the IRS waives the application of this paragraph (e)(2)(ii) upon a showing of good cause for the delay.

(3) *Examples*. The following examples illustrate the provisions of this paragraph (e):

Example 1. (i) X Corporation is a calendar year taxpayer engaged in the sale of electric energy generated by a nuclear power plant. The plant is owned entirely by X. On May 27, 2007, X transfers a 60-percent qualifying interest in the plant to Y Corporation, a calendar year taxpayer. Before the transfer, X had received a schedule of ruling amounts containing an annual ruling amount of $10 million for the taxable years 2005 through 2025. For 2007, neither X nor Y files a request for a revised schedule of ruling amounts.

(ii) Under paragraph (e)(1)(i) of this section, X's ruling amount for 2007 is calculated as follows: ($10,000,000 x .40) + ($10,000,000 x .60 x 146/365)=$6,400,000. Under paragraph (e)(2)(i) of this section, Y's ruling amount for 2007 is calculated as follows: $10,000,000 x .60 x 219/365=$3,600,000. Under paragraphs (e)(1)(iii) and (e)(2)(ii) of this section, X and Y must file requests for revised schedules of ruling amounts by March 15, 2009.

Example 2. Y Corporation, the sole owner of a nuclear power plant, is a calendar year taxpayer. In year 1, Y elects to make a special transfer under section 468A(f)(1) to the nuclear decommissioning fund Y maintains with respect to the plant. The amount of the special transfer is $100x, and the remaining useful life of Plant is 20 years. Y obtains a schedule of deduction amounts under §1.468A–8T(c) permitting a $5x deduction each year over the 20-year remaining useful life, and deducts $5x of the special transfer amount in year 1, year 2, year 3, and year 4. On the first day of year 5, Y transfers a 25% interest in Plant to an unrelated party. Under paragraph (c)(1)(ii) of this section, Y may deduct in year 5 the unamortized special transfer deduction corresponding to the portion of the plant transferred (25 percent of $80x or $20x). In addition, under paragraph (e)(1)(ii) of this section, Y may deduct the portion of the deduction amount for year 5 from the schedule of deduction amounts corresponding to its retained interest in the plant (75 percent of $5x or $3.75x). Pursuant to paragraph (e)(1)(iii) of this section, Y must file a request for a revised schedule of ruling amounts by March 15 of year 6.

(f) *Anti-abuse provision*. The IRS may treat a disposition as satisfying the requirements of this section if the IRS determines that this treatment is necessary or appropriate to carry out the purposes of section 468A and the regulations.

§1.468A–7T Manner of and time for making election (temporary).

(a) *In general.* An eligible taxpayer is allowed a deduction for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment) to a nuclear decommissioning fund only if the taxpayer elects the application of section 468A. A separate election is required for each nuclear decommissioning fund and for each taxable year with respect to which payments are to be deducted under section 468A. In the case of an affiliated group of corporations that join in the filing of a consolidated return for a taxable year, the common parent must make a separate election on behalf of each member whose payments to a nuclear decommissioning fund during such taxable year are to be deducted under section 468A. The election under section 468A for any taxable year is irrevocable and must be made by attaching a statement (Election Statement) and a copy of the schedule of ruling amounts provided pursuant to the rules of §1.468A–3T to the taxpayer's Federal income tax return (or, in the case of an affiliated group of corporations that join in the filing of a consolidated return, the consolidated return) for such taxable year. The return to which the Election Statement and a copy of the schedule of ruling amounts is attached must be filed on or before the time prescribed by law (including extensions) for filing the return for the taxable year with respect to which payments are to be deducted under section 468A.

(b) *Required information.* The Election Statement must include the following information:

(1) The legend "Election Under Section 468A" typed or legibly printed at the top of the first page.

(2) The electing taxpayer's name, address and taxpayer identification number (or, in the case of an affiliated group of corporations that join in the filing of a consolidated return, the name, address and taxpayer identification number of each electing taxpayer).

(3) The taxable year for which the election is made.

(4) For each nuclear decommissioning fund for which an election is made—

(i) The name and location of the nuclear power plant to which the fund relates;

(ii) The name and employer identification number of the nuclear decommissioning fund;

(iii) The total amount of actual cash payments made to the nuclear decommissioning fund during the taxable year that were not treated as deemed cash payments under §1.468A–2T(c)(1) for a prior taxable year;

(iv) The total amount of cash payments deemed made to the nuclear decommissioning fund under §1.468A–2T(c)(1) for the taxable year; and

(v) The total amount of any special transfers made under §1.468A–8T during the taxable year.

§1.468A–8T Special transfers to qualified funds pursuant to section 468A(f) (temporary).

(a) *General rule*—(1) *In general.* Under section 468A(f), a taxpayer maintaining a qualified nuclear decommissioning fund with respect to a nuclear power plant may transfer cash or property into the fund (a special transfer). The special transfer is not subject to the ruling amount limitation in section 468A(b) and is not treated as a cash payment for purposes of that limitation. Thus, a taxpayer may, in the same taxable year, pay the ruling amount and make a special transfer into the fund. A special transfer may be made in cash, property, or both cash and property. The amount of a special transfer (that is, the amount of cash and the fair market value of property transferred) may not exceed the present value of the pre-2005 nonqualifying amount of nuclear decommissioning costs with respect to the nuclear power plant. The taxpayer is entitled to a deduction against income for a special transfer, as described in paragraph (b) of this section. A special transfer may not be made to a nuclear decommissioning fund before the first taxable year in which a deduction amount is applicable to the nuclear decommissioning fund (see paragraph (c) of this section).

(2) *Pre–2005 nonqualifying amount.* The present value of the pre-2005 nonqualifying amount of nuclear decommissioning costs with respect to a nuclear power plant is the amount equal to the pre-2005 nonqualifying percentage of the present value of the estimated future decommissioning costs (as defined in §1.468A–1T(b)(6)) with respect to the nuclear power plant as of the first day of the taxable year of the taxpayer in which the special transfer is made. For this purpose, the pre-2005 nonqualifying percentage for the plant is 100 percent reduced by the sum of—

(i) The qualifying percentage (within the meaning of §1.468A–3(d)(4) as in effect on December 31, 2005) used in determining the taxpayer's last schedule of ruling amounts for the nuclear decommissioning fund under the law in effect before the enactment of the Energy Policy Act of 2005 (that is, the percentage of the plant's total nuclear decommissioning costs that were permitted to be funded through the fund under the law in effect before the enactment of the Energy Policy Act of 2005); and

(ii) The percentage of decommissioning costs transferred in any previous special transfer (that is, the amount transferred as a percentage of the present value of the estimated future costs of decommissioning as of the first day of the taxable year in which such previous transfer was made).

(3) *Transfers in multiple years.* A taxpayer making a special transfer is not required to transfer the entire eligible amount in a single year. The requirements of paragraph (c) of this section apply separately to each year in which a special transfer is made. In calculating the amount of any subsequent transfer, the taxpayer must reduce the pre-2005 nonqualifying percentage under paragraph (a)(2) of this section to take into account all previous transfers. For example, if a taxpayer has a pre-2005 nonqualifying percentage of 40 percent, and transfers half of the eligible amount in a special transfer, any subsequent transfer must be calculated on the basis of a pre-2005 nonqualifying percentage of 20 percent.

(b) *Deduction for amounts transferred*—(1) *In general.* (i) Except as provided in this paragraph (b), the deduction for any special transfer is allowed ratably over the remaining useful life of the nuclear power plant.

(ii) For purposes of this paragraph (b), the remaining useful life of the nuclear power plant is the period beginning on the first day of the taxable year during which the transfer is made and ending on the last day of the taxable year that includes the last day of the estimated useful life of the

nuclear power plant. The last day of the estimated useful life of the nuclear power plant is determined for this purpose under the rules of §1.468A–3T(c)(2).

(iii) The deduction for property contributed in a special transfer is limited to the lesser of the fair market value of the property contributed or the taxpayer's basis in that property.

(2) *Denial of deduction for previously deducted amounts*. If a deduction (other than a deduction under section 468A) has been allowed to the taxpayer (or a predecessor) on account of expected decommissioning costs for a nuclear power plant (a nonconforming deduction) or an amount otherwise includible in income has been excluded from the gross income of the taxpayer (or a predecessor) on account of such expected decommissioning costs (a nonconforming exclusion), the deduction allowed for a special transfer to the nuclear decommissioning fund maintained with respect to the plant is reduced. In the case of a single special transfer of the full eligible amount, the reduction is equal to the aggregate amount of all nonconforming deductions and nonconforming exclusions. In the case of a transfer of less than the full eligible amount, the reduction is a ratable portion of such aggregate amount.

(3) *Transfers of qualified nuclear decommissioning funds.* (i) If a special transfer is made to any qualified nuclear decommissioning fund, there is a subsequent transfer of the fund or the assets of the fund (a fund transfer), and §1.468–6T applies to the fund transfer, any amount of the deduction under paragraph (b) of this section allocable to taxable years ending after the date of the fund transfer will be allowed as a current deduction to the transferor for the taxable year that includes the date of the fund transfer. See §468A–6T(c) for additional rules concerning transfers of decommissioning funds, including the transfer of a portion of the taxpayer's interest in a nuclear power plant. If a taxpayer transfers only part of the fund or the fund's assets, the rules in this paragraph (b)(3) apply only to the corresponding portion of the deduction under paragraph (b) of this section.

(ii) If a deduction is allowed to the transferor under paragraph (b)(3)(i) of this section and the transferee is related to the transferor, the Internal Revenue Service (IRS) will not approve the transferee's schedule of ruling amounts for taxable years beginning after the date of the transfer unless the ruling amounts are deferred in a manner that results in recapture of the acceleration amount. For this purpose—

(A) The acceleration amount is the difference between the deduction allowed under this paragraph (b)(3) and the present value as of the beginning of the acceleration period of the deductions that, but for the transfer, would have been allowed under this paragraph (b) for taxable years during the acceleration period;

(B) The acceleration amount is recaptured if the aggregate present value of the ruling amounts at the beginning of the acceleration period is equal to the amount by which the aggregate present value of the ruling amounts that would have been approved but for this paragraph (b)(3)(ii) exceeds the acceleration amount;

(C) The acceleration period is the period from the first day of the transferor's first taxable year beginning after the date of the transfer until the end of the plant's remaining useful life;

(D) Present values will be determined using the assumptions that are used in determining the transferee's first schedule of ruling amounts; and

(E) A transferor and a transferee are related if their relationship is specified in section 267(b) or section 707(b)(1) or they are treated as a single taxpayer under section 41(f)(1)(A) or (B).

(4) *Special rules*—(i) *Gain or loss not recognized on transfers to fund*. No gain or loss will be recognized on any special transfer.

(ii) *Taxpayer basis in fund*. Notwithstanding any other provision of the Internal Revenue Code (Code) and regulations, the taxpayer's basis in the fund is not increased by reason of the special transfer.

(iii) *Fund basis in transferred property*. The fund's basis in any property transferred in a special transfer is the same as the transferor's basis in the property immediately before the transfer.

(c) *Schedule of deductions required*—(1) *In general*. A taxpayer may not make a special transfer to a qualified nuclear decommissioning fund unless the taxpayer requests from the IRS a schedule of deduction amounts in connection with such transfer. A schedule of deduction amounts for a nuclear decommissioning fund (schedule of deduction amounts) is a ruling (within the meaning of §601.201(a)(2) of this chapter) specifying the annual deductions (deduction amounts) that, over the taxable years in the remaining useful life of the nuclear power plant, will result in the deduction of the entire amount of the special transfer. Such a request may be combined with a request for a schedule of ruling amounts under §1.468A–3T(a). In the case of a combined request, the schedule of deduction amounts requested under this paragraph (c)(1) must be stated separately from the schedule of ruling amounts requested under §1.468A–3T(a) and approval of the schedule of deduction amounts under this section will constitute a separate ruling. A request for a schedule of deduction amounts must comply with all provisions of paragraph (d) of this section.

(2) *Transfers in multiple taxable years*. A taxpayer making a special transfer in more than one taxable year pursuant to paragraph (a)(3) of this section must request a new schedule of deduction amounts in connection with each special transfer.

(3) *Transfer of partial interest in fund*. If a taxpayer transfers part of a fund or a fund's assets and is allowed a deduction under paragraph (b)(3) of this section, the taxpayer must request a new schedule of deduction amounts in connection with the transfer.

(d) *Manner of requesting schedule of deduction amounts*—(1) *In general*. (i) In order to receive a deduction amount for any taxable year, a taxpayer must file a request for a schedule of deduction amounts that complies with the requirements of this paragraph (d), the applicable procedural rules set forth in §601.201(e) of this chapter (Statement of Procedural Rules) and the requirements of any applicable revenue procedure that is in effect on the date the request is filed.

(ii) A separate request for a schedule of deduction amounts is required for each nuclear decommissioning fund established by a taxpayer (see §1.468A–5T(a) for rules relating to the number of nuclear decommissioning funds that a taxpayer can establish).

(iii) Except as provided by §1.468A–5T(a)(1)(iv) (relating to certain unincorporated organizations that may be taxable as corporations) and §1.468A–3T

(relating to a request for a schedule of ruling amounts), a request for a schedule of deduction amounts must not contain a request for a ruling on any other issue, whether the issue involves section 468A or another section of the Code.

(iv) In the case of an affiliated group of corporations that join in the filing of a consolidated return, the common parent of the group may request a schedule of deduction amounts for each member of the group that possesses a qualifying interest in the same nuclear power plant by filing a single submission with the IRS.

(v) The IRS shall not provide or revise a deduction amount applicable to a taxable year in response to a request for a schedule of deduction amounts that is filed after the deemed payment deadline date (as defined in §1.468A–2T(c)(1)) for such taxable year. In determining the date when a request is filed, the principles of sections 7502 and 7503 shall apply.

(vi) Except as provided in paragraph (d)(1)(vii) of this section, a request for a schedule of deduction amounts shall be considered filed only if such request complies substantially with the requirements of this paragraph (d).

(vii) If a request does not comply substantially with the requirements of this paragraph (d), the IRS will notify the taxpayer of that fact. If the information or materials necessary to comply substantially with the requirements of this paragraph (d) are provided to the IRS within 30 days after this notification, the request will be considered filed on the date of the original submission. In addition, the request will be considered filed on the date of the original submission in a case in which the information and materials are provided more than 30 days after the notification if the IRS determines that the electing taxpayer made a good faith effort to provide the applicable information or materials within 30 days after notification and also determines that treating the request as filed on the date of the original submission is consistent with the purposes of section 468A. In any other case in which the information or materials necessary to comply substantially with the requirements of this paragraph (d) are not provided within 30 days after the notification, the request will be considered filed on the date that all information or materials necessary to comply with the requirements of this paragraph (d) are provided.

(2) *Information required.* A request for a schedule of deduction amounts must contain the following information:

(i) The taxpayer's name, address and taxpayer identification number.

(ii) Whether the request is for an initial schedule of deduction amounts or a schedule of deduction amounts for a subsequent special transfer.

(iii) The name and location of the nuclear power plant with respect to which a schedule of deduction amounts is requested.

(iv) A description of the taxpayer's qualifying interest in the nuclear power plant and the percentage of such nuclear power plant that the qualifying interest of the taxpayer represents.

(v) The present value of the estimated future decommissioning costs (as defined in §1.468A–1T(b)(6)) with respect to the taxpayer's qualifying interest in the nuclear power plant as of the first day of the taxable year of the taxpayer in which a transfer is made under this section.

(vi) A description of the assumptions, estimates and other factors that were used by the taxpayer to determine the amount of decommissioning costs, including each of the following if applicable:

(A) A description of the proposed method of decommissioning the nuclear power plant (for example, prompt removal/dismantlement, safe storage entombment with delayed dismantlement, or safe storage mothballing with delayed dismantlement).

(B) The estimated year in which substantial decommissioning costs will first be incurred.

(C) The estimated year in which the decommissioning of the nuclear power plant will be substantially complete (see §1.468A–5T(d)(3) for a definition of substantial completion of decommissioning).

(D) The total estimated cost of decommissioning expressed in current dollars (that is, based on price levels in effect at the time of the current determination).

(E) The total estimated cost of decommissioning expressed in future dollars (that is, based on anticipated price levels when expenses are expected to be paid).

(F) For each taxable year in the period that begins with the year specified in paragraph (d)(2)(vi)(B) of this section (the estimated year in which substantial decommissioning costs will first be incurred) and ends with the year specified in paragraph (d)(2)(vi)(C) of this section (the estimated year in which the decommissioning of the nuclear power plant will be substantially complete), the estimated cost of decommissioning expressed in future dollars.

(G) A description of the methodology used in converting the estimated cost of decommissioning expressed in current dollars to the estimated cost of decommissioning expressed in future dollars.

(H) The assumed after-tax rate of return to be earned by the amounts collected for decommissioning.

(I) A copy of each engineering or cost study that was relied on or used by the taxpayer in determining the amount of decommissioning costs.

(vii) The taxpayer's pre-2005 nonqualifying percentage (as defined in paragraph (a)(2) of this section).

(viii) The estimated useful life of the nuclear power plant (as such term is defined in paragraph (b)(1)(ii) or (iii) of this section).

(ix) If the request is for a subsequent schedule of deduction amounts, the amount of the previous special transfer and the present value of the estimated future decommissioning costs (as defined in §1.468A–1T(b)(6)) with respect to the taxpayer's qualifying interest in the nuclear power plant as of the first day of the taxable year of the taxpayer in which the previous special transfer was made.

(x) If the request is for a subsequent schedule of deduction amounts, a copy of all schedules of deduction amounts that relate to the nuclear power plant to which the request relates and that were previously issued to the taxpayer making the request.

(xi) If the request for a schedule of deduction amounts contains a request, pursuant to §1.468A–5T(a)(1)(iv), that the IRS rule whether an unincorporated organization through which the assets of the fund are invested is an association taxable as a corporation for federal tax purposes, a copy of the legal documents establishing or otherwise governing the organization.

(xii) Any other information required by the IRS that may be necessary or useful in determining the schedule of deduction amounts.

(3) *Statement required.* A taxpayer requesting a schedule of deduction amounts

under this paragraph (d) must submit a statement that any nonconforming deductions and nonconforming exclusions have reduced the deduction allowed for the special transfer in accordance with paragraph (b)(2) of this section.

(4) *Administrative procedures*. The IRS may prescribe administrative procedures that supplement the provisions of paragraphs (d)(1) and (2) of this section. In addition, the IRS may, in its discretion, waive the requirements of paragraphs (d)(1) and (2) of this section under appropriate circumstances.

§1.468A–9T Effective/applicability date and transitional rules (temporary).

(a) *Effective date*. Sections 1.468A–1T through 1.468A–8T are effective December 31, 2007, and apply with respect to taxable years ending on or after such date.

(b) *Transitional rule*. For a taxable year ending on or after January 1, 2006, and before December 31, 2007—

(1) A taxpayer may use any reasonable method consistent with the principles and provisions of section 468A to determine the schedule of ruling amounts or the schedule of deduction amounts;

(2) Application of the provisions of §§1.468A–1T through 1.468A–8T will be treated as a reasonable method if, except as otherwise permitted by paragraph (b)(4) of this section, the taxpayer applies all provisions in §§1.468A–1T through 1.468A–8T to the taxable year;

(3) The Internal Revenue Service will issue schedules of ruling amounts based on the regulations in effect prior to January 1, 2006, if a taxpayer so requests and if the Internal Revenue Service finds the request to be consistent with the principles and purposes of section 468A; and

(4) The taxpayer's request for a schedule of ruling amounts or a schedule of deduction amounts applicable to the taxable year will be treated as timely if the request is filed before January 1, 2008.

Par. 4. The authority citation for part 602 continues to read as follows:

Authority: 26 U.S.C. 7805.

Par. 5. In §602.101, paragraph (b) is amended by adding the following entries in numerical order to the table to read as follows:

§602.101 OMB Control numbers.

* * * * *

(b) * * *

CFR part or section where identified and described	Current OMB Control No.
* * * * *	
1.468A–3T	1545–1269 1545–1378 1545–1511
* * * * *	
1.468A–4T	1545–0954
* * * * *	
1.468A–7T	1545–0954 1545–1511
* * * * *	
1.468A–3T(h), 1.468A–7T, and 1.468A–8T(d)	1545–2091
* * * * *	

Kevin M. Brown,
Deputy Commissioner for Services and Enforcement.

Approved November 27, 2007.

Eric Solomon,
Assistant Secretary of the Treasury (Tax Policy).

(Filed by the Office of the Federal Register on December 28, 2007, 8:45 a.m., and published in the issue of the Federal Register for December 31, 2007, 72 F.R. 74175)

Section 469.—Passive Activity Losses and Credits Limited

Is a noncorporate limited partner's distributive share of partnership interest expense incurred in the trade or business of trading securities by the partnership subject to the limitation on the deduction of investment in section 163(d) of the Internal Revenue Code? See Rev. Rul. 2008-12, page 520.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

Section 702.—Income and Credits of Partner

Is a noncorporate limited partner's distributive share of partnership interest expense incurred in the trade or business of trading securities by the partnership subject to the limitation on the deduction of investment interest in section 163(d) of the Internal Revenue Code? See Rev. Rul. 2008-12, page 520.

Section 703.—Partnership Computations

Is a noncorporate limited partner's distributive share of partnership interest expense incurred in the trade or business of trading securities by the partnership subject to the limitation on the deduction of investment interest in section 163(d) of the Internal Revenue Code? See Rev. Rul. 2008-12, page 520.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

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

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

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for March 2008.

Rev. Rul. 2008–11

This revenue ruling provides various prescribed rates for federal income tax purposes for March 2008 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(2) for buildings placed in service during the current month. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 2008–11 TABLE 1

Applicable Federal Rates (AFR) for March 2008

	Period for Compounding			
	Annual	*Semiannual*	*Quarterly*	*Monthly*
Short-term				
AFR	2.25%	2.24%	2.23%	2.23%
110% AFR	2.48%	2.46%	2.45%	2.45%
120% AFR	2.71%	2.69%	2.68%	2.68%
130% AFR	2.93%	2.91%	2.90%	2.89%
Mid-term				
AFR	2.97%	2.95%	2.94%	2.93%
110% AFR	3.28%	3.25%	3.24%	3.23%
120% AFR	3.57%	3.54%	3.52%	3.51%
130% AFR	3.88%	3.84%	3.82%	3.81%
150% AFR	4.48%	4.43%	4.41%	4.39%
175% AFR	5.23%	5.16%	5.13%	5.11%
Long-term				
AFR	4.27%	4.23%	4.21%	4.19%
110% AFR	4.70%	4.65%	4.62%	4.61%
120% AFR	5.14%	5.08%	5.05%	5.03%
130% AFR	5.58%	5.50%	5.46%	5.44%

REV. RUL. 2008–11 TABLE 2

Adjusted AFR for March 2008

	Period for Compounding			
	Annual	*Semiannual*	*Quarterly*	*Monthly*
Short-term adjusted AFR	2.12%	2.11%	2.10%	2.10%
Mid-term adjusted AFR	2.93%	2.91%	2.90%	2.89%
Long-term adjusted AFR	4.11%	4.07%	4.05%	4.04%

REV. RUL. 2008–11 TABLE 3

Rates Under Section 382 for March 2008

Adjusted federal long-term rate for the current month	4.11%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	4.25%

REV. RUL. 2008–11 TABLE 4

Appropriate Percentages Under Section 42(b)(2) for March 2008

Appropriate percentage for the 70% present value low-income housing credit	7.84%
Appropriate percentage for the 30% present value low-income housing credit	3.36%

REV. RUL. 2008–11 TABLE 5

Rate Under Section 7520 for March 2008

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	3.6%

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 March 2008. See Rev. Rul. 2008-11, page 541.

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of March 2008. See Rev. Rul. 2008-11, page 541.

Part III. Administrative, Procedural, and Miscellaneous

Reissuance Standards for State and Local Bonds

Notice 2008–27

SECTION 1. Purpose.

The Internal Revenue Service ("IRS") and the Treasury Department expect to issue regulations under § 150 of the Internal Revenue Code of 1986 to modify and clarify the determination of when tax-exempt bonds are treated as reissued or retired solely for purposes of § 103 and §§ 141 through 150. This notice provides interim guidance until the promulgation of such regulations. This notice modifies certain special reissuance standards for "qualified tender bonds" under IRS Notice 88–130, 1988–2 C.B. 543. This notice also modifies certain aspects of the application of § 1.1001–3 of the Income Tax Regulations on debt modifications as they apply to tax-exempt bonds solely for purposes of § 103 and §§ 141 through 150. This notice provides three special rules which address certain temporary waivers of interest rate caps, certain nonrecourse debt, and certain modifications of qualified hedges. In part, this notice is intended to provide greater certainty and flexibility to address certain potential Federal tax issues that have arisen in the tax-exempt bond market as a result of recent rating agency downgrades of major municipal bond insurers and failures of auctions in the auction rate bond sector of the tax-exempt bond market.

This notice applies solely for purposes of § 103 and §§ 141 through 150 of the Code. No inference should be drawn regarding whether a debt modification described in this notice would constitute an exchange for purposes of § 1001 of the Code. In addition, no inference should be drawn about whether similar consequences would obtain if a transaction falls outside the scope of this notice.

This notice invites public comment on the guidance provided herein.

SECTION 2. Background

Reissuance

Reissuance of a tax-exempt bond for purposes of the tax-exempt bond provisions triggers retesting of all the various program requirements for new issues of tax-exempt bonds. A reissuance of an issue of tax-exempt bonds may result in various negative consequences to a bond issuer, including, among other things, changes in yield for purposes of the arbitrage investment restrictions, acceleration of arbitrage rebate payment obligations, deemed terminations of integrated interest rate swaps under the qualified hedge rules for arbitrage purposes, new public approval requirements for qualified private activity bonds, and change in law risk.

In general, the standard for determining whether tax-exempt bonds are reissued, retired, or otherwise modified significantly enough to trigger a retesting of the program requirements for new issues of tax-exempt bonds under the tax-exempt bond provisions of the Code is based on the general Federal tax standards for debt exchanges under § 1001 and regulations thereunder.

In general, § 1.1001–3 of the Income Tax Regulations employs a significant modification standard to determine whether modifications to a debt instrument in any form are sufficiently significant to cause the debt instrument to be treated as reissued or exchanged for purposes of § 1001. Section 1.1001–3 applies to modifications in the form of amendments to the terms of an existing debt instrument and to modifications in the form of an actual exchange of an existing debt instrument for a different debt instrument. The determination of whether the resulting debt instrument is treated as a reissued new debt instrument or a continuation of the original debt instrument depends on whether the result represents a "significant modification" of the original debt instrument, as defined in § 1.1001–3.

Notice 88–130 provides certain special reissuance rules for certain eligible tax-exempt bonds that are "qualified tender bonds," as defined therein. Notice 88–130 provides that qualified tender bonds will not be treated as reissued for purposes of § 103 and §§ 141 through 150 as a result of certain tender rights and certain changes in interest rate modes and other terms of bonds that are covered specifically by the detailed rules and limitations set forth in Notice 88–130.

Interest Rate Modes—Tender Option Modes and Auction Rate Modes

Issuers may issue fixed rate tax-exempt bonds that bear interest at fixed rates to maturity or variable rate bonds that bear interest at variable rates which float periodically in accordance with various market-based interest-rate setting mechanisms. Issuers often include multi-modal interest rate features in the preauthorized terms of the bond documents which provide issuers with the flexibility to change interest rate modes under parameters set forth in the bond documents.

One common interest rate mode employed with tax-exempt bonds is a tender option mode. "Tender option bonds" are also referred to commonly as "variable rate demand bonds." Tender option bonds have short-term interest features tied to current market rates necessary to remarket the bonds at par. Tender option bonds have ongoing tender options or put options associated with the interest rate-setting mechanism which allow bondholders to tender their bonds for purchase at par at specified intervals, typically every seven days. Tender option bonds generally have creditworthy third-party liquidity facilities from banks or other liquidity providers to support the tender options and may have credit enhancement from bond insurers or other providers. Tender option bonds also may have interest mode conversion options which grant to the issuer or a conduit borrower an option to change the interest rate mode on the bonds from a tender option mode to another short-term interest rate mode or to a fixed interest rate to maturity. At the time of a conversion to another interest rate mode, tender option bonds typically are subject to a mandatory tender for purchase but a bondholder may be allowed to elect to retain the bonds. Upon the exercise of ongoing tender options associated with the short-term interest rate-setting mechanism for tender option bonds and upon any mandatory or optional tender upon conversion of the interest rate on the bonds to another interest rate mode, a remarketing agent or a liquidity provider typically will acquire the bonds

subject to the tender at par and resell the bonds either to the same bondholders or to others willing to purchase such bonds. In general, Notice 88–130 provides guidance for when the tenders associated with tender option bonds will not constitute reissuances if they meet the specific detailed eligibility requirements for "qualified tender bonds," as defined in Notice 88–130.

Another interest rate mode used with tax-exempt bonds is an auction rate mode. The interest rate on auction rate bonds is reset at predetermined intervals (generally under one year) using a modified Dutch auction process. Auction rate bonds generally trade at par and are callable at par on any interest payment date at the option of the issuer. Unlike bonds in a tender option mode, however, bonds in an auction rate mode have no ongoing tender options or put options to support the interest rate-setting process. Thus, auction rate bonds are viewed as long-term investments with a short-term interest rate-setting process. Auction rate bonds generally have maximum rates based on state law restrictions or certain formulas, such as a multiple of a tax-exempt or taxable index. Auction rate bonds may have credit enhancement from bond insurers or other providers. Auction rate bonds also may have interest mode conversion options similar to tender option bonds which grant to the issuer or a conduit borrower an option to change the interest rate mode on the bonds from an auction rate mode to another short-term interest rate mode or to a fixed interest rate to maturity. At the time of a conversion to another interest rate mode, auction rate bonds typically are subject to a mandatory tender for purchase in a process similar to mandatory tenders on conversions of interest rate modes used with tender option bonds. Questions have arisen regarding whether or to what extent auction rate bonds can be treated as qualified tender bonds for purposes of the provisions of Notice 88–130.

Approach of Guidance

This notice modifies and expands the protection afforded by Notice 88–130 to provide that authorized changes in additional interest rate modes and certain optional or mandatory tenders of the bonds will not result in a reissuance of the tax-exempt bonds solely for purposes of § 103 and §§ 141 through 150. This notice provides that other types of changes to tax-exempt bonds are tested for reissuance purposes under the significant modification standard under § 1.1001–3. In addition, this notice also provides special rules for certain issues that have arisen as a result of recent ratings downgrades of the bond insurers and auction failures on auction rate bonds.

SECTION 3. Scope and Application

3.1. *Scope and General Rules*. The IRS and the Treasury Department expect to promulgate regulations under § 150 to provide guidance on whether tax-exempt bonds are treated as reissued or retired solely for purposes of § 103 and §§ 141 through 150. Specifically, for purposes of § 103 and §§ 141 through 150 only, in the case of a qualified tender bond (as defined herein), any qualified interest rate mode change (as defined herein) and any qualified tender (as defined herein) will not be treated as a modification under § 1.1001–3. Therefore, for these purposes, a qualified tender bond will not be treated as reissued or retired solely as a result of a qualified interest rate mode change or the existence or exercise of any qualified tender. Further, in applying § 1.1001–3 to modifications of tax-exempt bonds, any interest rate variance directly related to a qualified interest rate mode change will not be treated as a modification under § 1.1001–3, and thus such interest rate variances need not be tested under the change in yield rule for determining significant modifications under § 1.1001–3(e)(2). Except as otherwise specially provided in this notice, the determination of whether any modification to an issue of tax-exempt bonds causes a reissuance or retirement of the tax-exempt bonds for purposes of § 103 and §§ 141 through 150 is based on whether the modifications are significant modifications under § 1.1001–3.

Similar to the treatment under Notice 88–130, and except as expressly provided herein with respect to the treatment of "qualified interest rate mode changes" and "qualified tenders" on "qualified tender bonds" (all as redefined herein), a tax-exempt bond generally is treated as reissued or retired on the first date on which: (1) a significant modification to the terms of the bond occurs under § 1.1001–3 or a disposition of the bond otherwise occurs under section 1001; (2) the bond is purchased or otherwise acquired by or on behalf of the issuer or a true obligor which is a governmental unit or an agency or instrumentality thereof; or (3) the bond is otherwise retired or redeemed. For these purposes, except as otherwise expressly provided herein, a bond is treated as purchased or otherwise acquired by or on behalf of a person if the bond is purchased or otherwise acquired (other than pursuant to the terms of a third party guarantee, liquidity facility, or remarketing arrangement) by that person in a manner that liquidates the bondholder's investment.

3.2. *Definitions*. The following definitions apply for purposes of this notice only:

(1). *Qualified Tender Bond*. The term "qualified tender bond" means a tax-exempt bond that is part of an issue which has all of the following features: (a) for each interest rate mode that is preauthorized under the terms of the bond considered separately, the bond bears interest during the allowable term of that interest rate mode at either a fixed interest rate or a variable interest rate that constitutes a qualified floating rate on a variable rate debt instrument for a tax-exempt bond under § 1.1275–5(b) (*e.g.*, various interest rate indexes and rate-setting mechanisms that reasonably can be expected to measure contemporaneous variations in the cost of newly-borrowed funds, including, without limitation, interest rates determined by reference to eligible interest rate indexes (*e.g.,* the SIFMA index), tender option-based interest rate measures, or a Dutch auction process); (b) interest on the bond is unconditionally payable at periodic intervals at least annually; and (c) the final maturity date of the bond is no longer than the lesser of 40 years after the issue date of the bond or the latest date that is reasonably expected as of the issue date of the bond to be necessary to carry out the governmental purpose of the bond (with the 120 percent weighted average economic life of financed facilities test under Section 147(b) being treated as a safe harbor for this purpose).

(2). *Qualified Interest Rate Mode Change*. In general, a "qualified interest rate mode change" is a change in the interest rate mode on a bond that is authorized under the terms of the bond upon

its original issuance. Further, in order to be a qualified interest rate mode change, the terms of the bond must require that the bond be resold at a price equal to par upon conversion to a new interest rate mode, except that, upon a conversion to an interest rate mode that is a fixed interest rate for the remaining term of the bond to maturity, the bond may be resold at a market premium or a market discount from the stated principal amount of that bond.

(3). *Qualified Tender*. A "qualified tender" is either a tender option or a mandatory tender requirement that is authorized under the terms of the bond upon its original issuance and that meets the requirements of this Section 3.2(3). A bond is subject to a tender option or a tender requirement if the bondholder either has the option at specified times (*e.g.,* an ongoing tender option as part of the interest rate-setting process for tender option bonds) or the mandatory requirement upon specified occurrences (*e.g.,* a mandatory tender upon conversion from one interest rate mode to a different interest rate mode) to tender the bond for purchase or redemption at a price equal to par (which may include any accrued interest) pursuant to the terms of the bond on one or more tender dates before the final stated maturity date. A purchase of a bond pursuant to a tender option or mandatory tender requirement is treated as part of a qualified tender if the purchase occurs under the terms of the bond (regardless of whether the purchase is by the issuer, a liquidity provider, a remarketing agent, a bond trustee, a conduit borrower, or an agent of any of them), the terms of the bond require that at least best efforts be used to remarket the bond, and the bond is remarketed no later than 90 days after the date of such purchase.

3.3. *Special Rule for Nonrecourse Debt*. Solely for purposes of § 103 and §§ 141 through 150, in applying § 1.1001–3(e)(4)(iv)(B) to determine whether a modification of the security or credit enhancement on a tax-exempt bond that is a nonrecourse debt instrument is a significant modification, such a modification is treated as a significant modification only if the modification results in a change in payment expectations under § 1.1001–3(e)(4)(vi).

3.4. *Special Temporary Relief for Certain Waivers of Interest Rate Caps on Auction Rate Bonds*. Solely for purposes of § 103 and §§ 141 through 150, in applying § 1.1001–3(e)(2) to determine whether a modification to the yield on tax-exempt bonds that bear interest based on an auction rate constitutes a significant modification, a temporary waiver, in whole or in part, of the terms of a cap on the maximum interest rate on such auction rate bonds is disregarded to the extent that any agreement to waive such a cap and the period during which such a waiver is in effect both are within the period between November 1, 2007 and July 1, 2008. Except for the special relief provided in this section, a waiver of a cap on an interest rate on a tax-exempt bond generally is required to be tested for whether it causes a significant modification under § 1.1001–3.

3.5 *Certain Modifications of Qualified Hedges for Arbitrage Purposes*. Solely for purposes of the arbitrage investment restrictions under § 148, in determining whether a modification of a qualified hedge results in a termination of the hedge under § 1.148–4(h), such a modification is not treated as a termination of the hedge if both: (1) the modification is not reasonably expected as of the date of the modification to change the yield on the affected hedged bonds over the remaining term of the hedged bonds by more than one quarter of one percent (.25 percent or twenty-five basis points) *per annum*; and (2) the payments and receipts on the qualified hedge, as modified, are fully taken into account as adjustments to the yield on those hedged bonds for arbitrage purposes under § 148.

3.6 *Examples*. The following examples illustrate the application of certain principles in this notice and § 1.1001–3 as they apply to tax-exempt bonds for purposes of this notice.

Example 1. Insignificant Change in Credit Enhancement and Impact on Floating Interest Rate. On July 1, 2007, a municipality (the "Issuer") issued $1 million in tax-exempt bonds that bear interest at an auction interest rate and that mature in 40 years (the "Bonds"). The Bonds are recourse obligations that are secured by the issuer's underlying primary A-rated investment grade credit. The Bonds are secured further by credit enhancement under a bond insurance policy provided by a AAA-rated bond insurer. Pursuant to the terms of the Bonds, the auction interest rate on the Bonds resets every 7 days. The terms of the Bonds grant the issuer the option to convert the interest rate mode on the Bonds from an auction rate mode to either a 7-day tender option rate mode or to a long-term fixed interest rate to maturity, subject to a mandatory tender of the Bonds upon such a conversion. The Bonds are qualified tender bonds under § 3.2 of the notice.

On January 3, 2008, the auction interest rate on the Bonds is set at 10% as a consequence of a downgrade in the bond insurer's credit rating from a AAA rating to a AA rating and associated market disruption. On January 10, 2008, the issuer amended the terms of the Bonds to replace the now AA-rated bond insurance with a AAA-rated bank letter of credit as credit enhancement, but otherwise made no other changes to the terms of the Bonds. On January 10, 2008, the auction rate on the Bonds floated down to 3% primarily as a result of the change in credit enhancement on the Bonds.

The amendment to the terms of the Bonds to change the credit enhancement is a modification to a recourse debt instrument that must be tested for significance under the change in security or credit enhancement rule in § 1.1001–3(e)(4)(iv). Because the change in security or credit enhancement did not cause a change in payment expectations on the Bonds (*i.e.,* the Bonds had an investment grade payment expectation before and after the change in credit enhancement), this change in credit enhancement is not a significant modification of the Bonds under § 1.1001–3 and thus does not cause a reissuance of the Bonds under § 103 and §§ 141 through 150. Further, the fact that the market impact of the change in credit enhancement caused the floating interest rate on the Bonds to float down from 10% to 3% is not required to be tested under the 25-basis point change in yield rule for significant modifications under § 1.1001–3(e)(2) because the Issuer has made no change to the interest rate-setting mechanism under the terms of the Bonds.

Example 2. Exchange of Bonds to Remove Bond Insurance. Assume the same facts as in *Example 1* above, except that, instead of amending the terms of the existing Bonds (the "Old Bonds") to change the credit enhancement, on January 10, 2008, the Issuer issued new bonds with new Cusip numbers (the "New Bonds") and did an actual exchange of the New Bonds for the Old Bonds. The New Bonds are not backed by any bond insurance or other credit enhancement. The New Bonds without the bond insurance have an A credit rating. There are no other differences between the New Bonds and the Old Bonds. The result would be the same as in *Example 1* and no reissuance of the Bonds would occur. Section 1.1001–3 applies the same significant modification standard to amendments to the terms of an existing debt instrument and to actual exchanges of an existing debt instruments for a different debt instrument. Further, the same modification analysis under § 1.1001–3 would apply to an acquisition of an existing debt instrument for cash by an intermediary purchaser who is not an agent of or otherwise related to the issuer from an existing bondholder, an exchange of that acquired debt instrument for a modified debt instrument between such intermediary purchaser and the issuer and a subsequent sale by that intermediary purchaser to a different bondholder.

Example 3. Impact of Authorized Changes in Interest Rate Modes and Associated Mandatory Tenders. Assume the same facts as in *Example 1* above, except that, on January 10, 2008, the Issuer also exercised its option under the terms of the Bonds to convert the interest rate mode on the Bonds from an auction rate mode to a fixed interest rate of 5% for the

remaining term of the Bonds. The terms of the Bonds also required a mandatory tender and remarketing of the Bonds in connection with this interest rate mode change. The mandatory tender is a qualified tender and the change in the interest rate mode is a qualified interest rate mode change. Thus, the Bonds are qualified tender bonds, as defined in § 3.2 of the notice, the conversion of the interest rate on the Bonds from an auction rate mode to a fixed interest rate is pursuant to a qualified interest rate mode change" and the associated tender is qualified tender, all as defined in § 3.2 of the notice. Thus, under § 3.1 of the notice, in determining whether the Bonds are reissued for purposes of the tax-exempt bond provisions of the Code, the qualified interest rate mode change and the qualified tenders are not treated as modifications under § 1.1001–3. Furthermore, the interest rate change on the Bonds from a floating auction rate of 10% to a fixed interest rate of 5% was directly related to the qualified interest rate mode change and, under § 3.1 of the notice, also is not treated as a modification under § 1.1001–3. Finally, as in *Example 1*, no reissuance of the Bonds occurred for purposes of § 103 and §§ 141 to 150 as a result of the change in credit enhancement.

Example 4. Impact of Unauthorized Changes. Assume the same facts as in *Example 1*, except that the terms of the Bonds do not provide for any conversions of the interest rate modes. On January 7, 2008, Issuer amends the Bond documents to allow the Issuer to convert the interest rate mode on the Bonds from an auction rate mode to either a 7-day tender option rate mode or to a long-term fixed interest rate to maturity, subject to a mandatory tender of the Bonds upon such a conversion. On January 10, 2008, Issuer exercised its option under the amended terms of the Bonds to convert the interest rate mode on the Bonds from an auction rate mode to a fixed interest rate of 5% for the remaining term of the Bonds. The Issuer also required a mandatory tender and remarketing of the Bonds in connection with this interest rate mode change.

Because the change in interest rate mode is not pursuant to the terms of the Bonds when originally issued, it is not a qualified interest rate mode change within the meaning of this notice. Similarly, the tender of the Bonds on January 10, 2008 was not pursuant to the terms of the Bond as originally issued and therefore was not a qualified tender within the meaning of this notice. Accordingly, the provisions of this notice are not applicable either to the interest rate mode change on the Bonds or to the tender of the Bonds. Thus, to determine whether these modifications cause a reissuance or retirement of the Bonds for purposes of § 103 and §§ 141 through 150, the impact of these modifications must be analyzed under § 1.1001–3 to determine whether a significant modification of the terms of the Bonds occurred.

SECTION 4. Interim Guidance and Reliance

This notice provides interim guidance. Issuers of tax-exempt bonds may rely on this notice for any actions taken with respect to tax-exempt bonds on or after November 1, 2007 and before the effective date of future regulations under § 150 that implement the guidance in this notice. Issuers also may continue to rely on Notice 88–130 until the effective date of such future regulations. The IRS and the Treasury Department may amend or supplement the guidance in this notice as circumstances warrant.

SECTION 5. Request for Comments

Before any notice of proposed rulemaking is issued with respect to the guidance provided in this notice, consideration will be given to any written public comments on this notice that are submitted timely by May 19, 2008, and a signed original and eight (8) copies) of such comments should be sent to the IRS. Send submissions to: CC:PA:LPD:PR (NOT–2008–27), room 5203, IRS, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be sent electronically, via the IRS Internet site at *www.irs.gov/regs* or via the Federal eRulemaking Portal at *www.regulations.gov* (indicate IRS and REG–118788–06). All comments will be available for public inspection and copying.

SECTION 6. Drafting Information

The principal author of this notice is Aviva M. Roth, Office of the Chief Counsel (Financial Institutions and Products). However, other personnel from the IRS and the Treasury Department participated in its development. For further information regarding this notice, contact Aviva M. Roth at (202) 622–3980 (not a toll-free call).

2008 Economic Stimulus Payments: Filing Instructions for Certain Individuals Not Otherwise Required to File an Income Tax Return

Notice 2008–28

PURPOSE

This notice informs certain individuals not otherwise required to file an income tax return how to request the economic stimulus payment authorized by the Economic Stimulus Act of 2008.

BACKGROUND

The Economic Stimulus Act of 2008, Pub. L. No. 110–185, 122 Stat. 613 (Feb. 13, 2008) (Act) amended § 6428 of the Internal Revenue Code (Code) to provide economic stimulus payments to eligible individuals. For this purpose, an eligible individual is any individual other than a nonresident alien, an estate or trust, or an individual who can be claimed as a dependent under § 151 of the Code for the taxable year. Section 6428(g) authorizes advance refunds and credits of the economic stimulus payments to be made in 2008.

In general, the amount of the 2008 economic stimulus payment is the lesser of: (1) the individual's net income tax liability for 2007, or (2) $600 ($1,200 in the case of a joint return). However, as provided in § 6428(b), an individual (or married couple filing jointly) with at least $3,000 of "qualifying income" in 2007 may receive a minimum payment of $300 ($600 in the case of a joint return), even though the individual (or married couple) has no net income tax liability for 2007. Qualifying income for purposes of § 6428(b) means: (1) earned income as defined in § 32(c)(2) of the Code that is includible in gross income for federal income tax purposes (including, if elected, certain combat zone compensation of members of the Armed Forces of the United States); (2) social security benefits (including monthly retirement, survivor and disability benefits, but not including supplemental security income (SSI) payments) and Tier 1 railroad retirement benefits described in § 86(d) of the Code; and (3) disability compensation, disability pension and survivor benefits from the Department of Veterans Affairs pursuant to Chapters 11, 13, or 15 of Title 38 of the United States Code.

In order to receive an economic stimulus payment in 2008, an eligible individual must file an income tax return for 2007. Most eligible individuals are required by § 6012(a) of the Code to file an income tax return because their gross income for 2007 exceeds the sum of their exemption amount plus the applicable standard deduction, or are required by § 6017 of the Code to file an income tax return with respect to self-employment tax on net earnings from self-employment of $400 or more. Additionally, some eligible individuals who are not required by § 6012(a) or

§ 6017 to file an income tax return nevertheless file to obtain refunds of withheld tax (*e.g.*, tax withheld on wages under § 31 of the Code).

Eligibility for the 2008 economic stimulus payment, and the amount of that payment, is based on information reported on the taxpayer's filed income tax return for 2007. *See* § 6428(g). Thus, individuals who are required by § 6012(a) or § 6017 to file an income tax return, or who file to obtain a refund of withheld tax, will not need to file any extra forms or call the Service to request the payment in 2008. However, eligible individuals with qualifying income not already reported on their filed 2007 income tax return (*e.g.*, certain disability or survivor benefits from the Department of Veterans Affairs) may need to file an amended return in some situations to receive a larger stimulus payment.

Many individuals with low earned income or other qualifying income (*e.g.*, social security benefits, Tier 1 railroad retirement benefits, and certain disability or survivor benefits from the Department of Veterans Affairs) may not be required by § 6012(a) to file an income tax return and may not file an income tax return to receive a refund of withheld taxes. This notice informs these individuals of the minimum filing necessary to obtain the economic stimulus payment in 2008.

DISCUSSION

Section 6428(g)(1) of the Code treats an eligible individual as having made a payment in 2007 against the income tax in an amount equal to the amount of the economic stimulus payment. Thus, the amount of the 2008 economic stimulus payment is treated as an overpayment of tax for 2007 which, as provided in § 6428(g)(3), the Service is directed to refund or credit to the eligible individual.

Section 6402 of the Code and § 301.6402–3 of the Regulations on Procedure and Administration authorize taxpayers to seek a refund or credit of overpaid income tax by filing a properly executed individual income tax return. In the case of an eligible individual (or married couple filing jointly) who is not required by § 6012(a) or § 6017 to file an income tax return, but who had qualifying income in 2007 that equals or exceeds $3,000, the Service will treat a Form 1040A prepared in the following manner as a valid claim for refund in the amount of the 2008 economic stimulus payment:

1. In the blank space at the top of page 1 of Form 1040A, eligible individuals should write the words "Stimulus Payment" above the title of the form.

2. Eligible individuals should enter names, mailing address, and social security numbers on the appropriate lines of Form 1040A and should enter filing status and exemption information on lines 1 through 6d of the form.

3. Eligible individuals should enter wages and other compensation (including net earnings from self-employment) received in 2007 on line 7 of Form 1040A.

4. Eligible individuals should enter qualifying income received in 2007 in the form of social security benefits, Tier 1 railroad retirement benefits and certain veterans' disability or survivor benefits on line 14a of Form 1040A. Individuals who do not have documentation of the exact amount of these government-provided benefits may estimate their annual benefit by multiplying their monthly benefit, prior to any deductions for withheld taxes or Medicare premiums, by the number of months during 2007 that they received the benefit.

5. Eligible individuals who are members of the Armed Forces of the United States should enter any nontaxable combat zone compensation received in 2007 that they elect to treat as earned income on line 40b of Form 1040A.

6. Eligible individuals who request direct deposit of their economic stimulus payment into their account at a bank or other financial institution should complete lines 44b through 44d of Form 1040A. Eligible individuals may not request a deposit of the stimulus payment into an account that is not in the eligible individual's name.

7. Eligible individuals should sign and date the form under the penalties of perjury statement, and should enter the identifying information of any third party designee or paid preparer, if applicable, at the bottom of page 2 of Form 1040A.

Based on the information provided on Form 1040A, the Service will compute the amount of the stimulus payment that will be refunded or credited.

DRAFTING INFORMATION

The principal author of this notice is Andrew J. Keyso of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice, contact Mr. Keyso at (202) 622–4800 (not a toll-free call).

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26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.
(Also Part 1, § 1031.)

Rev. Proc. 2008–16

SECTION 1. PURPOSE

This revenue procedure provides a safe harbor under which the Internal Revenue Service (the "Service") will not challenge whether a dwelling unit qualifies as property held for productive use in a trade or business or for investment for purposes of § 1031 of the Internal Revenue Code.

SECTION 2. BACKGROUND

.01 Section 1031(a) provides that no gain or loss is recognized on the exchange of property held for productive use in a trade or business or for investment (relinquished property) if the property is exchanged solely for property of like kind that is to be held either for productive use in a trade or business or for investment (replacement property). Under § 1.1031(a)–(1)(a)(1) of the Income Tax Regulations, property held for productive use in a trade or business may be exchanged for property held for investment, and property held for investment may be exchanged for property held for productive use in a trade or business.

.02 Rev. Rul. 59–229, 1959–2 C.B. 180, concludes that gain or loss from an exchange of personal residences may not be deferred under § 1031 because the residences are not property held for productive use in a trade or business or for investment.

.03 Section 2.05 of Rev. Proc. 2005–14, 2005–1 C.B. 528, states that § 1031 does not apply to property that is used solely as a personal residence.

.04 In *Moore v. Commissioner*, T.C. Memo. 2007–134, the taxpayers exchanged one lakeside vacation home for another. Neither home was ever rented.

Both were used by the taxpayers only for personal purposes. The taxpayers claimed that the exchange of the homes was a like-kind exchange under § 1031 because the properties were expected to appreciate in value and thus were held for investment. The Tax Court held, however, that the properties were held for personal use and that the "mere hope or expectation that property may be sold at a gain cannot establish an investment intent if the taxpayer uses the property as a residence."

.05 In *Starker v. United States,* 602 F.2d 1341, 1350 (9th Cir. 1979), the Ninth Circuit held that a personal residence of a taxpayer was not eligible for exchange under § 1031, explaining that "[it] has long been the rule that use of property solely as a personal residence is antithetical to its being held for investment."

.06 The Service recognizes that many taxpayers hold dwelling units primarily for the production of current rental income, but also use the properties occasionally for personal purposes. In the interest of sound tax administration, this revenue procedure provides taxpayers with a safe harbor under which a dwelling unit will qualify as property held for productive use in a trade or business or for investment under § 1031 even though a taxpayer occasionally uses the dwelling unit for personal purposes.

SECTION 3. SCOPE

.01 *In general*. This revenue procedure applies to a dwelling unit, as defined in section 3.02 of this revenue procedure, that meets the qualifying use standards in section 4.02 of this revenue procedure.

.02 *Dwelling unit*. For purposes of this revenue procedure, a dwelling unit is real property improved with a house, apartment, condominium, or similar improvement that provides basic living accommodations including sleeping space, bathroom and cooking facilities.

SECTION 4. APPLICATION

.01 *In general*. The Service will not challenge whether a dwelling unit as defined in section 3.02 of this revenue procedure qualifies under § 1031 as property held for productive use in a trade or business or for investment if the qualifying use standards in section 4.02 of this revenue procedure are met for the dwelling unit.

.02 *Qualifying use standards*.

(1) *Relinquished property*. A dwelling unit that a taxpayer intends to be relinquished property in a § 1031 exchange qualifies as property held for productive use in a trade or business or for investment if:

(a) The dwelling unit is owned by the taxpayer for at least 24 months immediately before the exchange (the "qualifying use period"); and

(b) Within the qualifying use period, in each of the two 12-month periods immediately preceding the exchange,

(i) The taxpayer rents the dwelling unit to another person or persons at a fair rental for 14 days or more, and

(ii) The period of the taxpayer's personal use of the dwelling unit does not exceed the greater of 14 days or 10 percent of the number of days during the 12-month period that the dwelling unit is rented at a fair rental.

For this purpose, the first 12-month period immediately preceding the exchange ends on the day before the exchange takes place (and begins 12 months prior to that day) and the second 12-month period ends on the day before the first 12-month period begins (and begins 12 months prior to that day).

(2) *Replacement property*. A dwelling unit that a taxpayer intends to be replacement property in a § 1031 exchange qualifies as property held for productive use in a trade or business or for investment if:

(a) The dwelling unit is owned by the taxpayer for at least 24 months immediately after the exchange (the "qualifying use period"); and

(b) Within the qualifying use period, in each of the two 12-month periods immediately after the exchange,

(i) The taxpayer rents the dwelling unit to another person or persons at a fair rental for 14 days or more, and

(ii) The period of the taxpayer's personal use of the dwelling unit does not exceed the greater of 14 days or 10 percent of the number of days during the 12-month period that the dwelling unit is rented at a fair rental.

For this purpose, the first 12-month period immediately after the exchange begins on the day after the exchange takes place and the second 12-month period begins on the day after the first 12-month period ends.

.03 *Personal use*. For purposes of this revenue procedure, personal use of a dwelling unit occurs on any day on which a taxpayer is deemed to have used the dwelling unit for personal purposes under § 280A(d)(2) (taking into account § 280A(d)(3) but not § 280A(d)(4)).

.04 *Fair rental*. For purposes of this revenue procedure, whether a dwelling unit is rented at a fair rental is determined based on all of the facts and circumstances that exist when the rental agreement is entered into. All rights and obligations of the parties to the rental agreement are taken into account.

.05 *Special rule for replacement property*. If a taxpayer files a federal income tax return and reports a transaction as an exchange under § 1031, based on the expectation that a dwelling unit will meet the qualifying use standards in section 4.02(2) of this revenue procedure for replacement property, and subsequently determines that the dwelling unit does not meet the qualifying use standards, the taxpayer, if necessary, should file an amended return and not report the transaction as an exchange under § 1031.

.06 *Limited application of safe harbor*. The safe harbor provided in this revenue procedure applies only to the determination of whether a dwelling unit qualifies as property held for productive use in a trade or business or for investment under § 1031. A taxpayer utilizing the safe harbor in this revenue procedure also must satisfy all other requirements for a like-kind exchange under § 1031 and the regulations thereunder.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective for exchanges of dwelling units occurring on or after March 10, 2008. No inference is intended with respect to the federal income tax treatment of exchanges of dwelling units occurring prior to the effective date of this revenue procedure.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is J. Peter Baumgarten of the Office of Associate Chief Counsel (Income Tax & Accounting). For further

information regarding this revenue procedure, contact Mr. Baumgarten at (202) 622–4920 (not a toll-free call).

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26 CFR 601.201: Rulings and determination letters. (Also Part 1 sections 25, 103, 143.)

Rev. Proc. 2008–17

SECTION 1. PURPOSE

This revenue procedure provides issuers of qualified mortgage bonds, as defined in section 143(a) of the Internal Revenue Code, and issuers of mortgage credit certificates, as defined in section 25(c), with (1) the nationwide average purchase price for residences located in the United States, and (2) average area purchase price safe harbors for residences located in statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam.

SECTION 2. BACKGROUND

.01 Section 103(a) provides that, except as provided in section 103(b), gross income does not include interest on any state or local bond. Section 103(b)(1) provides that section 103(a) shall not apply to any private activity bond that is not a "qualified bond" within the meaning of section 141. Section 141(e) provides, in part, that the term "qualified bond" means any private activity bond if such bond (1) is a qualified mortgage bond under section 143, (2) meets the volume cap requirements under section 146, and (3) meets the applicable requirements under section 147.

.02 Section 143(a)(1) provides that the term "qualified mortgage bond" means a bond that is issued as part of a qualified mortgage issue. Section 143(a)(2)(A) provides that the term "qualified mortgage issue" means an issue of one or more bonds by a state or political subdivision thereof, but only if: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve) are to be used to finance owner-occupied residences; (ii) the issue meets the requirements of subsections (c), (d), (e), (f), (g), (h), (i), and (m)(7) of section 143; (iii) the issue does not meet the private business tests of paragraphs (1) and (2) of section 141(b); and (iv) with respect to amounts received more than 10 years after the date of issuance, repayments of $250,000 or more of principal on mortgage financing provided by the issue are used by the close of the first semiannual period beginning after the date the prepayment (or complete repayment) is received to redeem bonds that are part of the issue.

Average Area Purchase Price

.03 Section 143(e)(1) provides that an issue of bonds meets the purchase price requirements of section 143(e) if the acquisition cost of each residence financed by the issue does not exceed 90 percent of the average area purchase price applicable to such residence. Section 143(e)(5) provides that, in the case of a targeted area residence (as defined in section 143(j)), section 143(e)(1) shall be applied by substituting 110 percent for 90 percent.

.04 Section 143(e)(2) provides that the term "average area purchase price" means, with respect to any residence, the average purchase price of single-family residences (in the statistical area in which the residence is located) that were purchased during the most recent 12-month period for which sufficient statistical information is available. Under sections 143(e)(3) and (4), respectively, separate determinations are to be made for new and existing residences, and for two-, three-, and four-family residences.

.05 Section 143(e)(2) provides that the determination of the average area purchase price for a statistical area shall be made as of the date on which the commitment to provide the financing is made or, if earlier, the date of the purchase of the residence.

.06 Section 143(k)(2)(A) provides that the term "statistical area" means (i) a metropolitan statistical area (MSA), and (ii) any county (or the portion thereof) that is not within an MSA. Section 143(k)(2)(C) further provides that if sufficient recent statistical information with respect to a county (or portion thereof) is unavailable, the Secretary may substitute another area for which there is sufficient recent statistical information for such county (or portion thereof). In the case of any portion of a State which is not within a county, section 143(k)(2)(D) provides that the Secretary may designate as a county any area that is the equivalent of a county. Section 6a.103A–1(b)(4)(i) of the Temporary Income Tax Regulations (issued under section 103A of the Internal Revenue Code of 1954, the predecessor of section 143) provides that the term "State" includes a possession of the United States and the District of Columbia.

.07 Section 6a.103A–2(f)(5)(i) provides that an issuer may rely upon the average area purchase price safe harbors published by the Department of the Treasury for the statistical area in which a residence is located. Section 6a.103A–2(f)(5)(i) further provides that an issuer may use an average area purchase price limitation different from the published safe harbor if the issuer has more accurate and comprehensive data for the statistical area.

Qualified Mortgage Credit Certificate Program

.08 Section 25(c) permits a state or political subdivision to establish a qualified mortgage credit certificate program. In general, a qualified mortgage credit certificate program is a program under which the issuing authority elects not to issue an amount of private activity bonds that it may otherwise issue during the calendar year under section 146, and in their place, issues mortgage credit certificates to taxpayers in connection with the acquisition of their principal residences. Section 25(a)(1) provides, in general, that the holder of a mortgage credit certificate may claim a federal income tax credit equal to the product of the credit rate specified in the certificate and the interest paid or accrued during the tax year on the remaining principal of the indebtedness incurred to acquire the residence. Section 25(c)(2)(A)(iii)(III) generally provides that residences acquired in connection with the issuance of mortgage credit certificates must meet the purchase price requirements of section 143(e).

Income Limitations for Qualified Mortgage Bonds and Mortgage Credit Certificates

.09 Section 143(f) imposes limitations on the income of mortgagors for whom financing may be provided by qualified mortgage bonds. In addition, section 25(c)(2)(A)(iii)(IV) provides that holders of mortgage credit certificates must meet the income requirement of section 143(f).

Generally, under sections 143(f)(1) and 25(c)(2)(A)(iii)(IV), the income requirement is met only if all owner-financing under a qualified mortgage bond and all mortgage credit certificates issued under a qualified mortgage credit certificate program are provided to mortgagors whose family income is 115 percent or less of the applicable median family income. Section 143(f)(5), however, generally provides for an upward adjustment to the percentage limitation in high housing cost areas. High housing cost areas are defined in section 143(f)(5)(C) as any statistical area for which the housing cost/income ratio is greater than 1.2.

.10 Under section 143(f)(5)(D), the housing cost/income ratio with respect to any statistical area is determined by dividing (a) the applicable housing price ratio for such area by (b) the ratio that the area median gross income for such area bears to the median gross income for the United States. The applicable housing price ratio is the new housing price ratio (new housing average area purchase price divided by the new housing average purchase price for the United States) or the existing housing price ratio (existing housing average area purchase price divided by the existing housing average purchase price for the United States), whichever results in the housing cost/income ratio being closer to 1.

Average Area and Nationwide Purchase Price Limitations

.11 Average area purchase price safe harbors for each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam were last published in Rev. Proc. 2007–26, 2007–13 I.R.B. 814.

.12 The nationwide average purchase price limitation was last published in section 4.02 of Rev. Proc. 2007–26. Guidance with respect to the United States and area median gross income figures that are to be used in computing the housing cost/income ratio described in section 143(f)(5) was last published in Rev. Proc. 2007–31, 2007–19 I.R.B. 1225.

.13 This revenue procedure uses FHA loan limits for a given statistical area to calculate the average area purchase price safe harbor for that area. FHA sets limits on the dollar value of loans it will insure based on median home prices and conforming loan limits established by the Federal Home Loan Mortgage Corporation. In particular, FHA sets an area's loan limit at 95 percent of the median home sales price for the area, subject to certain floors and caps measured against conforming loan limits.

.14 To calculate the average area purchase price safe harbors in this revenue procedure, the FHA loan limits are adjusted to take into account the differences between average and median purchase prices. Because FHA loan limits do not differentiate between new and existing residences, this revenue procedure contains a single average area purchase price safe harbor for both new and existing residences in a statistical area. The Treasury Department and the Internal Revenue Service have determined that FHA loan limits provide a reasonable basis for determining average area purchase price safe harbors. If the Treasury Department and the Internal Revenue Service become aware of other sources of average purchase price data, including data that differentiate between new and existing residences, consideration will be given as to whether such data provide a more accurate method for calculating average area purchase price safe harbors.

.15 The average area purchase price safe harbors listed in section 4.01 of this revenue procedure are based on FHA loan limits released January 18, 2008. FHA loan limits are available for statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam. See section 3.03 of this revenue procedure with respect to FHA loan limits revised after January 18, 2008.

.16 OMB Bulletin No. 03–04, dated and effective June 6, 2003, revised the definitions of the nation's metropolitan areas and recognized 49 new metropolitan statistical areas. The OMB bulletin no longer includes primary metropolitan statistical areas.

SECTION 3. APPLICATION

Average Area Purchase Price Safe Harbors

.01 Average area purchase price safe harbors for statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam are set forth in section 4.01 of this revenue procedure. Average area purchase price safe harbors are provided for single-family and two to four-family residences. For each type of residence, section 4.01 of this revenue procedure contains a single safe harbor that may be used for both new and existing residences. Issuers of qualified mortgage bonds and issuers of mortgage credit certificates may rely on these safe harbors to satisfy the requirements of sections 143(e) and (f). Section 4.01 of this revenue procedure provides safe harbors for MSAs and for certain counties and county equivalents. If no purchase price safe harbor is available for a statistical area, the safe harbor for "ALL OTHER AREAS" may be used for that statistical area (except for Alaska, for which a separate safe harbor is provided for statistical areas not listed).

.02 If a residence is in an MSA, the safe harbor applicable to it is the limitation of that MSA. If an MSA falls in more than one state, the MSA is listed in section 4.01 of this revenue procedure under each state.

.03 If the FHA revises the FHA loan limit for any statistical area after January 18, 2008, an issuer of qualified mortgage bonds or mortgage credit certificates may use the revised FHA loan limit for that statistical area to compute (as provided in the next sentence) a revised average area purchase price safe harbor for the statistical area provided that the issuer maintains records evidencing the revised FHA loan limit. The revised average area purchase price safe harbor for that statistical area is computed by dividing the revised FHA loan limit by .76.

.04 If, pursuant to section 6a.103A–2(f)(5)(i), an issuer uses more accurate and comprehensive data to determine the average area purchase price for a statistical area, the issuer must make separate average area purchase price determinations for new and existing residences. Moreover, when computing the average area purchase price for a statistical area that is an MSA, as defined in OMB Bulletin No. 03–04, the issuer must make the computation for the entire applicable MSA. When computing the average area purchase price for a statistical area that is not an MSA, the issuer must make the

computation for the entire statistical area and may not combine statistical areas. Thus, for example, the issuer may not combine two or more counties.

.05 If an issuer receives a ruling permitting it to rely on an average area purchase price limitation that is higher than the applicable safe harbor in this revenue procedure, the issuer may rely on that higher limitation for the purpose of satisfying the requirements of section 143(e) and (f) for bonds sold, and mortgage credit certificates issued, not more than 30 months following the termination date of the 12-month period used by the issuer to compute the limitation.

Nationwide Average Purchase Price

.06 Section 4.02 of this revenue procedure sets forth a single nationwide average purchase price for purposes of computing the housing cost/income ratio under section 143(f)(5).

.07 Issuers must use the nationwide average purchase price set forth in section 4.02 of this revenue procedure when computing the housing cost/income ratio under section 143(f)(5) regardless of whether they are relying on the average area purchase price safe harbors contained in this revenue procedure or using more accurate and comprehensive data to determine average area purchase prices for new and existing residences for a statistical area that are different from the published safe harbors in this revenue procedure.

.08 If, pursuant to section 6.02 of this revenue procedure, an issuer relies on the average area purchase price safe harbors contained in Rev. Proc. 2007–26, the issuer must use the nationwide average purchase price set forth in section 4.02 of Rev. Proc. 2007–26 in computing the housing cost/income ratio under section 143(f)(5). Likewise, if, pursuant to section 6.05 of this revenue procedure, an issuer relies on the nationwide average purchase price published in Rev. Proc. 2007–26, the issuer may not rely on the average area purchase price safe harbors published in this revenue procedure.

SECTION 4. AVERAGE AREA AND NATIONWIDE AVERAGE PURCHASE PRICES

.01 Average area purchase prices for single-family and two to four-family residences in MSAs, and for certain counties and county equivalents are set forth below. The safe harbor for "ALL OTHER AREAS" (found at the end of the table below) may be used for a statistical area that is not listed below.

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
AK	ANCHORAGE, AK (MSA)	ANCHORAGE	346,842	390,658	474,671	547,697
	NON-METRO	DENALI	316,137	404,668	489,126	607,879
	FAIRBANKS, AK (MSA)	FAIRBANKS NORTH	316,250	356,197	432,763	506,495
	JUNEAU, AK (MICRO)	JUNEAU	398,750	449,118	545,658	629,605
	KODIAK, AK (MICRO)	KODIAK ISLAND	318,750	359,013	436,184	506,495
	ANCHORAGE, AK (MSA)	MATANUSKA-SUSIT	346,842	390,658	474,671	547,697
	NON-METRO	SITKA	431,250	485,724	590,132	680,921
	NON-METRO	YAKUTAT CITY	316,137	404,668	489,126	607,879
AZ	NON-METRO	APACHE	281,250	337,168	407,558	506,495
	FLAGSTAFF, AZ (MSA)	COCONINO	450,000	506,842	615,789	710,526
	PAYSON, AZ (MICRO)	GILA	325,000	366,053	444,737	513,158
	PHOENIX-MESA-SCOTTSDALE, AZ (MSA)	MARICOPA	346,250	389,987	473,816	546,711
	LAKE HAVASU CITY-KINGMAN, AZ (MICRO)	MOHAVE	321,842	362,500	440,461	508,224
	NON-METRO	NAVAJO	307,684	346,553	421,041	506,495
	TUCSON, AZ (MSA)	PIMA	315,592	355,461	431,908	506,495
	PHOENIX-MESA-SCOTTSDALE, AZ (MSA)	PINAL	346,250	389,987	473,816	546,711
	PRESCOTT, AZ (MSA)	YAVAPAI	389,250	438,418	532,658	614,605
CA	OAKLAND-FREMONT-HAYWARD, CA METROPOLITAN DIVISION	ALAMEDA	477,355	611,117	738,699	918,021
	NON-METRO	ALPINE	477,355	611,117	738,699	918,021
	NON-METRO	AMADOR	443,750	506,842	615,789	710,526
	CHICO, CA (MSA)	BUTTE	400,000	450,526	547,368	631,579
	NON-METRO	CALAVERAS	477,355	550,461	668,816	774,671
	NON-METRO	COLUSA	397,500	447,711	543,947	627,632

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	OAKLAND-FREMONT-HAYWARD, CA METROPOLITAN DIVISION	CONTRA COSTA	477,355	611,117	738,699	918,021
	CRESCENT CITY, CA (MICRO)	DEL NORTE	311,250	350,566	425,921	506,495
	SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA (MSA)	EL DORADO	477,355	587,092	713,289	823,026
	FRESNO, CA (MSA)	FRESNO	381,250	429,408	521,711	601,974
	NON-METRO	GLENN	286,842	337,168	407,558	506,495
	EUREKA-ARCATA-FORTUNA, CA (MICRO)	HUMBOLDT	393,750	443,487	538,816	621,711
	EL CENTRO, CA (MSA)	IMPERIAL	308,750	347,750	422,500	506,495
	BISHOP, CA (MICRO)	INYO	477,355	542,039	658,553	759,868
	BAKERSFIELD, CA (MSA)	KERN	368,750	415,329	504,605	582,237
	HANFORD-CORCORAN, CA (MSA)	KINGS	312,316	351,766	427,379	506,495
	CLEARLAKE, CA (MICRO)	LAKE	401,250	451,934	549,079	633,553
	SUSANVILLE, CA (MICRO)	LASSEN	285,000	337,168	407,558	506,495
	LOS ANGELES-LONG BEACH-GLENDALE, CA METROPOLITAN DIVISION	LOS ANGELES	477,355	611,117	738,699	918,021
	MADERA, CA (MSA)	MADERA	425,000	478,684	581,579	671,053
	SAN FRANCISCO-SAN MATEO-REDWOOD CITY, CA METROPOLITAN	MARIN	477,355	611,117	738,699	918,021
	NON-METRO	MARIPOSA	411,704	464,605	564,474	651,316
	UKIAH, CA (MICRO)	MENDOCINO	477,355	563,158	684,211	789,474
	MERCED, CA (MSA)	MERCED	471,557	531,122	645,288	744,564
	NON-METRO	MONO	477,355	611,117	738,699	918,021
	SALINAS, CA (MSA)	MONTEREY	477,355	611,117	738,699	918,021
	NAPA, CA (MSA)	NAPA	477,355	611,117	738,699	918,021
	TRUCKEE-GRASS VALLEY, CA (MICRO)	NEVADA	477,355	611,117	738,699	918,021
	SANTA ANA-ANAHEIM-IRVINE, CA METROPOLITAN DIVISION	ORANGE	477,355	611,117	738,699	918,021
	SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA (MSA)	PLACER	477,355	587,092	713,289	823,026
	NON-METRO	PLUMAS	410,000	461,789	561,053	647,368
	RIVERSIDE-SAN BERNARDINO-ONTARIO, CA (MSA)	RIVERSIDE	477,355	561,711	682,500	787,500
	SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA (MSA)	SACRAMENTO	477,355	587,092	713,289	823,026
	SAN JOSE-SUNNYVALE-SANTA CLARA, CA (MSA)	SAN BENITO	477,355	611,117	738,699	918,021
	RIVERSIDE-SAN BERNARDINO-ONTARIO, CA (MSA)	SAN BERNARDINO	477,355	561,711	682,500	787,500
	SAN DIEGO-CARLSBAD-SAN MARCOS, CA (MSA)	SAN DIEGO	477,355	611,117	738,699	918,021
	SAN FRANCISCO-SAN MATEO-REDWOOD CITY, CA METROPOLITAN	SAN FRANCISCO	477,355	611,117	738,699	918,021

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	STOCKTON, CA (MSA)	SAN JOAQUIN	477,355	549,079	667,105	769,737
	SAN LUIS OBISPO-PASO ROBLES, CA (MSA)	SAN LUIS OBISPO	477,355	611,117	738,699	918,021
	SAN FRANCISCO-SAN MATEO-REDWOOD CITY, CA METROPOLITAN	SAN MATEO	477,355	611,117	738,699	918,021
	SANTA BARBARA-SANTA MARIA, CA (MSA)	SANTA BARBARA	477,355	611,117	738,699	918,021
	SAN JOSE-SUNNYVALE-SANTA CLARA, CA (MSA)	SANTA CLARA	477,355	611,117	738,699	918,021
	SANTA CRUZ-WATSONVILLE, CA (MSA)	SANTA CRUZ	477,355	611,117	738,699	918,021
	REDDING, CA (MSA)	SHASTA	423,625	477,136	579,697	668,882
	NON-METRO	SIERRA	281,250	337,168	407,558	506,495
	NON-METRO	SISKIYOU	293,750	337,168	407,558	506,495
	VALLEJO-FAIRFIELD, CA (MSA)	SOLANO	477,355	611,117	738,699	907,895
	SANTA ROSA-PETALUMA, CA (MSA)	SONOMA	477,355	611,117	738,699	918,021
	MODESTO, CA (MSA)	STANISLAUS	477,355	537,653	653,222	753,718
	YUBA CITY, CA (MSA)	SUTTER	424,680	478,325	581,142	670,549
	RED BLUFF, CA (MICRO)	TEHAMA	312,500	351,974	427,632	506,495
	VISALIA-PORTERVILLE, CA (MSA)	TULARE	325,000	366,053	444,737	513,158
	PHOENIX LAKE-CEDAR RIDGE, CA (MICRO)	TUOLUMNE	437,500	492,763	598,684	690,789
	OXNARD-THOUSAND OAKS-VENTURA, CA (MSA)	VENTURA	477,355	611,117	738,699	918,021
	SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA (MSA)	YOLO	477,355	587,092	713,289	823,026
	YUBA CITY, CA (MSA)	YUBA	424,680	478,325	581,142	670,549
CO	DENVER-AURORA, CO (MSA)	ADAMS	405,750	457,003	555,237	640,658
	DENVER-AURORA, CO (MSA)	ARAPAHOE	405,750	457,003	555,237	640,658
	NON-METRO	ARCHULETA	263,487	337,168	407,558	506,495
	BOULDER, CO (MSA)	BOULDER	459,375	517,401	628,618	725,329
	DENVER-AURORA, CO (MSA)	BROOMFIELD	405,750	457,003	555,237	640,658
	DENVER-AURORA, CO (MSA)	CLEAR CREEK	405,750	457,003	555,237	640,658
	DENVER-AURORA, CO (MSA)	DENVER	405,750	457,003	555,237	640,658
	DENVER-AURORA, CO (MSA)	DOUGLAS	405,750	457,003	555,237	640,658
	EDWARDS, CO (MICRO)	EAGLE	477,355	537,653	653,222	753,718
	COLORADO SPRINGS, CO (MSA)	EL PASO	325,000	366,053	444,737	513,158
	DENVER-AURORA, CO (MSA)	ELBERT	405,750	457,003	555,237	640,658
	NON-METRO	GARFIELD	393,209	442,878	538,075	620,857
	DENVER-AURORA, CO (MSA)	GILPIN	405,750	457,003	555,237	640,658
	NON-METRO	GRAND	293,750	337,168	407,558	506,495
	DENVER-AURORA, CO (MSA)	JEFFERSON	405,750	457,003	555,237	640,658
	DURANGO, CO (MICRO)	LA PLATA	443,750	499,803	607,237	700,658
	EDWARDS, CO (MICRO)	LAKE	477,355	537,653	653,222	753,718
	FORT COLLINS-LOVELAND, CO (MSA)	LARIMER	312,500	351,974	427,632	506,495
	GRAND JUNCTION, CO (MSA)	MESA	371,250	418,145	508,026	586,184
	DENVER-AURORA, CO (MSA)	PARK	405,750	457,003	555,237	640,658
	NON-METRO	PITKIN	381,999	488,975	591,028	734,521

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	NON-METRO	ROUTT	398,026	448,303	544,667	628,462
	NON-METRO	SAN MIGUEL	477,355	611,117	738,699	918,021
	SILVERTHORNE, CO (MICRO)	SUMMIT	431,250	485,724	590,132	680,921
	COLORADO SPRINGS, CO (MSA)	TELLER	325,000	366,053	444,737	513,158
	GREELEY, CO (MSA)	WELD	416,547	469,163	570,012	657,707
CT	BRIDGEPORT-STAMFORD-NORWALK, CT (MSA)	FAIRFIELD	477,355	611,117	738,699	918,021
	HARTFORD-WEST HARTFORD-EAST HARTFORD, CT (MSA)	HARTFORD	439,125	494,593	600,908	693,355
	TORRINGTON, CT (MICRO)	LITCHFIELD	375,000	422,368	513,158	592,105
	HARTFORD-WEST HARTFORD-EAST HARTFORD, CT (MSA)	MIDDLESEX	439,125	494,593	600,908	693,355
	NEW HAVEN-MILFORD, CT (MSA)	NEW HAVEN	387,500	436,447	530,263	611,842
	NORWICH-NEW LONDON, CT (MSA)	NEW LONDON	398,750	449,118	545,658	629,605
	HARTFORD-WEST HARTFORD-EAST HARTFORD, CT (MSA)	TOLLAND	439,125	494,593	600,908	693,355
DC	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	DISTRICT OF COL	477,355	611,117	738,699	888,158
DE	DOVER, DE (MSA)	KENT	375,093	422,474	513,286	592,253
	WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION	NEW CASTLE	385,112	433,758	526,996	608,072
	SEAFORD, DE (MICRO)	SUSSEX	325,000	366,053	444,737	513,158
FL	GAINESVILLE, FL (MSA)	ALACHUA	269,000	337,168	407,558	506,495
	JACKSONVILLE, FL (MSA)	BAKER	387,500	436,447	530,263	611,842
	PANAMA CITY-LYNN HAVEN, FL (MSA)	BAY	396,000	446,021	541,895	625,263
	PALM BAY-MELBOURNE-TITUSVILLE, FL (MSA)	BREVARD	291,250	337,168	407,558	506,495
	FORT LAUDERDALE-POMPANO BEACH-DEERFIELD BEACH, FL	BROWARD	477,355	544,336	661,343	763,088
	PUNTA GORDA, FL (MSA)	CHARLOTTE	295,012	337,168	407,558	506,495
	JACKSONVILLE, FL (MSA)	CLAY	387,500	436,447	530,263	611,842
	NAPLES-MARCO ISLAND, FL (MSA)	COLLIER	477,355	563,017	684,039	789,276
	JACKSONVILLE, FL (MSA)	DUVAL	387,500	436,447	530,263	611,842
	PALM COAST, FL (MICRO)	FLAGLER	287,500	337,168	407,558	506,495
	GAINESVILLE, FL (MSA)	GILCHRIST	269,000	337,168	407,558	506,495
	TAMPA-ST. PETERSBURG-CLEARWATER, FL (MSA)	HERNANDO	292,500	337,168	407,558	506,495
	TAMPA-ST. PETERSBURG-CLEARWATER, FL (MSA)	HILLSBOROUGH	292,500	337,168	407,558	506,495
	SEBASTIAN-VERO BEACH, FL (MSA)	INDIAN RIVER	281,250	337,168	407,558	506,495

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	ORLANDO-KISSIMMEE, FL (MSA)	LAKE	353,750	398,434	484,079	558,553
	CAPE CORAL-FORT MYERS, FL (MSA)	LEE	356,250	401,250	487,500	562,500
	SARASOTA-BRADENTON-VENICE, FL (MSA)	MANATEE	442,237	498,097	605,166	698,268
	PORT ST. LUCIE-FORT PIERCE, FL (MSA)	MARTIN	364,000	409,979	498,105	574,737
	MIAMI-MIAMI BEACH-KENDALL, FL METROPOLITAN DIVISION	MIAMI-DADE	477,355	544,336	661,343	763,088
	KEY WEST-MARATHON, FL (MICRO)	MONROE	477,355	611,117	738,699	918,021
	JACKSONVILLE, FL (MSA)	NASSAU	387,500	436,447	530,263	611,842
	FORT WALTON BEACH-CRESTVIEW-DESTIN, FL (MSA)	OKALOOSA	312,375	351,833	427,461	506,495
	ORLANDO-KISSIMMEE, FL (MSA)	ORANGE	353,750	398,434	484,079	558,553
	ORLANDO-KISSIMMEE, FL (MSA)	OSCEOLA	353,750	398,434	484,079	558,553
	WEST PALM BEACH-BOCA RATON-BOYNTON BEACH, FL METRO	PALM BEACH	477,355	544,336	661,343	763,088
	TAMPA-ST. PETERSBURG-CLEARWATER, FL (MSA)	PASCO	292,500	337,168	407,558	506,495
	TAMPA-ST. PETERSBURG-CLEARWATER, FL (MSA)	PINELLAS	292,500	337,168	407,558	506,495
	LAKELAND, FL (MSA)	POLK	270,000	337,168	407,558	506,495
	SARASOTA-BRADENTON-VENICE, FL (MSA)	SARASOTA	442,237	498,097	605,166	698,268
	ORLANDO-KISSIMMEE, FL (MSA)	SEMINOLE	353,750	398,434	484,079	558,553
	JACKSONVILLE, FL (MSA)	ST. JOHNS	387,500	436,447	530,263	611,842
	PORT ST. LUCIE-FORT PIERCE, FL (MSA)	ST. LUCIE	364,000	409,979	498,105	574,737
	THE VILLAGES, FL (MICRO)	SUMTER	278,125	337,168	407,558	506,495
	DELTONA-DAYTONA BEACH-ORMOND BEACH, FL (MSA)	VOLUSIA	302,864	341,121	414,446	506,495
	NON-METRO	WALTON	477,355	538,520	654,276	791,700
GA	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	BARROW	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	BARTOW	332,750	374,782	455,342	525,395
	BRUNSWICK, GA (MSA)	BRANTLEY	275,921	337,168	407,558	506,495
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	BUTTS	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	CARROLL	332,750	374,782	455,342	525,395

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	CHEROKEE	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	CLAYTON	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	COBB	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	COWETA	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	DAWSON	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	DEKALB	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	DOUGLAS	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	FAYETTE	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	FORSYTH	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	FULTON	332,750	374,782	455,342	525,395
	BRUNSWICK, GA (MSA)	GLYNN	275,921	337,168	407,558	506,495
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	GWINNETT	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	HARALSON	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	HEARD	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	HENRY	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	JASPER	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	LAMAR	332,750	374,782	455,342	525,395
	BRUNSWICK, GA (MSA)	MCINTOSH	275,921	337,168	407,558	506,495
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	MERIWETHER	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	NEWTON	332,750	374,782	455,342	525,395

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	PAULDING	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	PICKENS	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	PIKE	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	ROCKDALE	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	SPALDING	332,750	374,782	455,342	525,395
	ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA)	WALTON	332,750	374,782	455,342	525,395
HI	HILO, HI (MICRO)	HAWAII	618,750	696,908	846,711	976,974
	HONOLULU, HI (MSA)	HONOLULU	716,033	865,929	1,052,063	1,213,918
	KAPAA, HI (MICRO)	KAUAI	716,033	851,776	1,034,868	1,194,079
	KAHULUI-WAILUKU, HI (MICRO)	MAUI	716,033	840,461	1,021,184	1,178,289
ID	BOISE CITY-NAMPA, ID (MSA)	ADA	303,750	342,118	415,658	506,495
	NON-METRO	BLAINE	477,355	584,276	709,868	819,079
	BOISE CITY-NAMPA, ID (MSA)	BOISE	303,750	342,118	415,658	506,495
	BOISE CITY-NAMPA, ID (MSA)	CANYON	303,750	342,118	415,658	506,495
	BOISE CITY-NAMPA, ID (MSA)	GEM	303,750	342,118	415,658	506,495
	COEUR D'ALENE, ID (MSA)	KOOTENAI	286,250	337,168	407,558	506,495
	BOISE CITY-NAMPA, ID (MSA)	OWYHEE	303,750	342,118	415,658	506,495
	JACKSON, WY-ID (MICRO)	TETON	477,355	611,117	738,699	918,021
	NON-METRO	VALLEY	416,842	469,495	570,461	658,224
IL	ST. LOUIS, MO-IL (MSA)	BOND	281,250	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	CALHOUN	281,250	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	CLINTON	281,250	337,168	407,558	506,495
	CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN DIVISION	COOK	362,105	407,845	495,512	571,745
	CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN DIVISION	DEKALB	362,105	407,845	495,512	571,745
	CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN DIVISION	DUPAGE	362,105	407,845	495,512	571,745
	CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN DIVISION	GRUNDY	362,105	407,845	495,512	571,745
	ST. LOUIS, MO-IL (MSA)	JERSEY	281,250	337,168	407,558	506,495
	CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN DIVISION	KANE	362,105	407,845	495,512	571,745
	CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN DIVISION	KENDALL	362,105	407,845	495,512	571,745
	LAKE COUNTY-KENOSHA COUNTY, IL-WI METROPOLITAN DIV	LAKE	362,105	407,845	495,512	571,745
	ST. LOUIS, MO-IL (MSA)	MACOUPIN	281,250	337,168	407,558	506,495

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	ST. LOUIS, MO-IL (MSA)	MADISON	281,250	337,168	407,558	506,495
	CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN DIVISION	MCHENRY	362,105	407,845	495,512	571,745
	ST. LOUIS, MO-IL (MSA)	MONROE	281,250	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	ST. CLAIR	281,250	337,168	407,558	506,495
	CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN DIVISION	WILL	362,105	407,845	495,512	571,745
IN	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	CLARK	301,875	340,007	413,092	506,495
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	DEARBORN	337,500	380,132	461,842	532,895
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	FLOYD	301,875	340,007	413,092	506,495
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	FRANKLIN	337,500	380,132	461,842	532,895
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	HARRISON	301,875	340,007	413,092	506,495
	GARY, IN METROPOLITAN DIVISION	JASPER	362,105	407,845	495,512	571,745
	GARY, IN METROPOLITAN DIVISION	LAKE	362,105	407,845	495,512	571,745
	GARY, IN METROPOLITAN DIVISION	NEWTON	362,105	407,845	495,512	571,745
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	OHIO	337,500	380,132	461,842	532,895
	GARY, IN METROPOLITAN DIVISION	PORTER	362,105	407,845	495,512	571,745
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	WASHINGTON	301,875	340,007	413,092	506,495
KS	KANSAS CITY, MO-KS (MSA)	FRANKLIN	268,750	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	JOHNSON	268,750	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	LEAVENWORTH	268,750	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	LINN	268,750	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	MIAMI	268,750	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	WYANDOTTE	268,750	337,168	407,558	506,495
KY	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	BOONE	337,500	380,132	461,842	532,895
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	BRACKEN	337,500	380,132	461,842	532,895
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	BULLITT	301,875	340,007	413,092	506,495
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	CAMPBELL	337,500	380,132	461,842	532,895
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	GALLATIN	337,500	380,132	461,842	532,895
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	GRANT	337,500	380,132	461,842	532,895
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	HENRY	301,875	340,007	413,092	506,495
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	JEFFERSON	301,875	340,007	413,092	506,495

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	KENTON	337,500	380,132	461,842	532,895
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	MEADE	301,875	340,007	413,092	506,495
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	NELSON	301,875	340,007	413,092	506,495
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	OLDHAM	301,875	340,007	413,092	506,495
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	PENDLETON	337,500	380,132	461,842	532,895
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	SHELBY	301,875	340,007	413,092	506,495
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	SPENCER	301,875	340,007	413,092	506,495
	LOUISVILLE-JEFFERON COUNTY, KY-IN (MSA)	TRIMBLE	301,875	340,007	413,092	506,495
LA	NEW ORLEANS-METAIRIE-KENNER, LA (MSA)	JEFFERSON	287,500	337,168	407,558	506,495
	NEW ORLEANS-METAIRIE-KENNER, LA (MSA)	ORLEANS	287,500	337,168	407,558	506,495
	NEW ORLEANS-METAIRIE-KENNER, LA (MSA)	PLAQUEMINES	287,500	337,168	407,558	506,495
	NEW ORLEANS-METAIRIE-KENNER, LA (MSA)	ST. BERNARD	287,500	337,168	407,558	506,495
	NEW ORLEANS-METAIRIE-KENNER, LA (MSA)	ST. CHARLES	287,500	337,168	407,558	506,495
	NEW ORLEANS-METAIRIE-KENNER, LA (MSA)	ST. JOHN THE BA	287,500	337,168	407,558	506,495
	NEW ORLEANS-METAIRIE-KENNER, LA (MSA)	ST. TAMMANY	287,500	337,168	407,558	506,495
MA	BARNSTABLE TOWN, MA (MSA)	BARNSTABLE	477,355	577,237	701,316	809,211
	PITTSFIELD, MA (MSA)	BERKSHIRE	269,125	337,168	407,558	506,495
	PROVIDENCE-NEW BEDFORD-FALL RIVER, RI-MA (MSA)	BRISTOL	416,250	472,891	571,567	710,309
	NON-METRO	DUKES	477,355	611,117	738,699	918,021
	ESSEX COUNTY, MA METROPOLITAN DIVISION	ESSEX	477,355	606,728	737,146	850,554
	SPRINGFIELD, MA (MSA)	FRANKLIN	273,500	337,168	407,558	506,495
	SPRINGFIELD, MA (MSA)	HAMPDEN	273,500	337,168	407,558	506,495
	SPRINGFIELD, MA (MSA)	HAMPSHIRE	273,500	337,168	407,558	506,495
	CAMBRIDGE-NEWTON-FRAMINGHAM, MA METROPOLITAN DIVISION	MIDDLESEX	477,355	606,728	737,146	850,554
	NON-METRO	NANTUCKET	477,355	611,117	738,699	918,021
	BOSTON-QUINCY, MA METROPOLITAN DIVISION	NORFOLK	477,355	606,728	737,146	850,554
	BOSTON-QUINCY, MA METROPOLITAN DIVISION	PLYMOUTH	477,355	606,728	737,146	850,554
	BOSTON-QUINCY, MA METROPOLITAN DIVISION	SUFFOLK	477,355	606,728	737,146	850,554
	WORCESTER, MA (MSA)	WORCESTER	385,000	488,975	591,028	734,521

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
MD	BALTIMORE-TOWSON, MD (MSA)	ANNE ARUNDEL	477,355	537,653	653,222	753,718
	BALTIMORE-TOWSON, MD (MSA)	BALTIMORE	477,355	537,653	653,222	753,718
	BALTIMORE-TOWSON, MD (MSA)	BALTIMORE CITY	477,355	537,653	653,222	753,718
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	CALVERT	477,355	611,117	738,699	888,158
	BALTIMORE-TOWSON, MD (MSA)	CARROLL	477,355	537,653	653,222	753,718
	WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION	CECIL	385,112	433,758	526,996	608,072
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	CHARLES	477,355	611,117	738,699	888,158
	BETHESDA-GAITHERSBURG-FREDERICK, MD METRO	FREDERICK	477,355	611,117	738,699	888,158
	NON-METRO	GARRETT	437,500	492,763	598,684	690,789
	BALTIMORE-TOWSON, MD (MSA)	HARFORD	477,355	537,653	653,222	753,718
	BALTIMORE-TOWSON, MD (MSA)	HOWARD	477,355	537,653	653,222	753,718
	NON-METRO	KENT	327,089	368,405	447,596	516,457
	BETHESDA-GAITHERSBURG-FREDERICK, MD METRO	MONTGOMERY	477,355	611,117	738,699	888,158
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	PRINCE GEORGE'S	477,355	611,117	738,699	888,158
	BALTIMORE-TOWSON, MD (MSA)	QUEEN ANNE'S	477,355	537,653	653,222	753,718
	SALISBURY, MD (MSA)	SOMERSET	328,737	370,262	449,851	519,059
	LEXINGTON PARK, MD (MICRO)	ST. MARY'S	381,250	429,408	521,711	601,974
	EASTON, MD (MICRO)	TALBOT	371,250	418,145	508,026	599,342
	HAGERSTOWN-MARTINSBURG, MD-WV (MSA)	WASHINGTON	377,500	425,184	516,579	596,053
	SALISBURY, MD (MSA)	WICOMICO	328,737	370,262	449,851	519,059
	OCEAN PINES, MD (MICRO)	WORCESTER	437,499	492,761	598,682	690,787
ME	PORTLAND-SOUTH PORTLAND-BIDDEFORD, ME (MSA)	CUMBERLAND	336,875	379,428	460,987	531,908
	NON-METRO	HANCOCK	272,500	337,168	407,558	506,495
	NON-METRO	LINCOLN	317,625	357,746	434,645	506,495
	PORTLAND-SOUTH PORTLAND-BIDDEFORD, ME (MSA)	SAGADAHOC	336,875	379,428	460,987	531,908
	PORTLAND-SOUTH PORTLAND-BIDDEFORD, ME (MSA)	YORK	336,875	379,428	460,987	531,908
MI	NILES-BENTON HARBOR, MI (MSA)	BERRIEN	298,750	337,168	408,816	506,495
	KALAMAZOO-PORTAGE, MI (MSA)	KALAMAZOO	285,625	337,168	407,558	506,495

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	WARREN-TROY-FARMINGTON HILLS, MI METROPOLITAN	LAPEER	297,500	337,168	407,558	506,495
	ADRIAN, MI (MICRO)	LENAWEE	297,500	337,168	407,558	506,495
	WARREN-TROY-FARMINGTON HILLS, MI METROPOLITAN	LIVINGSTON	297,500	337,168	407,558	506,495
	WARREN-TROY-FARMINGTON HILLS, MI METROPOLITAN	MACOMB	297,500	337,168	407,558	506,495
	MONROE, MI (MSA)	MONROE	297,500	337,168	407,558	506,495
	WARREN-TROY-FARMINGTON HILLS, MI METROPOLITAN	OAKLAND	297,500	337,168	407,558	506,495
	WARREN-TROY-FARMINGTON HILLS, MI METROPOLITAN	ST. CLAIR	297,500	337,168	407,558	506,495
	KALAMAZOO-PORTAGE, MI (MSA)	VAN BUREN	285,625	337,168	407,558	506,495
	ANN ARBOR, MI (MSA)	WASHTENAW	344,875	388,438	471,934	544,539
	DETROIT-LIVONIA-DEARBORN, MI METROPOLITAN DIVISION	WAYNE	297,500	337,168	407,558	506,495
MN	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	ANOKA	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	CARVER	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	CHISAGO	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	DAKOTA	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	HENNEPIN	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	ISANTI	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	RAMSEY	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	SCOTT	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	SHERBURNE	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	WASHINGTON	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	WRIGHT	364,057	410,042	498,183	574,826
MO	KANSAS CITY, MO-KS (MSA)	BATES	268,750	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	CALDWELL	268,750	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	CASS	268,750	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	CLAY	268,750	337,168	407,558	506,495

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	KANSAS CITY, MO-KS (MSA)	CLINTON	268,750	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	CRAWFORD	281,250	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	FRANKLIN	281,250	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	JACKSON	268,750	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	JEFFERSON	281,250	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	LAFAYETTE	268,750	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	LINCOLN	281,250	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	PLATTE	268,750	337,168	407,558	506,495
	KANSAS CITY, MO-KS (MSA)	RAY	268,750	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	ST. CHARLES	281,250	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	ST. LOUIS	281,250	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	ST. LOUIS CITY	281,250	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	WARREN	281,250	337,168	407,558	506,495
	ST. LOUIS, MO-IL (MSA)	WASHINGTON	281,250	337,168	407,558	506,495
MT	KALISPELL, MT (MICRO)	FLATHEAD	299,875	337,754	410,355	506,495
	BOZEMAN, MT (MICRO)	GALLATIN	331,250	373,092	453,289	523,026
	MISSOULA, MT (MSA)	MISSOULA	290,625	337,168	407,558	506,495
NC	CHARLOTTE-GASTONIA-CONCORD, NC-SC (MSA)	ANSON	303,250	341,555	414,974	506,495
	WILMINGTON, NC (MSA)	BRUNSWICK	303,125	341,414	414,803	506,495
	ASHEVILLE, NC (MSA)	BUNCOMBE	303,125	341,414	414,803	506,495
	CHARLOTTE-GASTONIA-CONCORD, NC-SC (MSA)	CABARRUS	303,250	341,555	414,974	506,495
	MOREHEAD CITY, NC (MICRO)	CARTERET	287,500	337,168	407,558	506,495
	DURHAM, NC (MSA)	CHATHAM	312,500	351,974	427,632	506,495
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	CURRITUCK	412,500	464,605	564,474	651,316
	KILL DEVIL HILLS, NC (MICRO)	DARE	460,000	518,105	629,474	726,316
	DURHAM, NC (MSA)	DURHAM	312,500	351,974	427,632	506,495
	RALEIGH-CARY, NC (MSA)	FRANKLIN	295,000	337,168	407,558	506,495
	CHARLOTTE-GASTONIA-CONCORD, NC-SC (MSA)	GASTON	303,250	341,555	414,974	506,495
	ASHEVILLE, NC (MSA)	HAYWOOD	303,125	341,414	414,803	506,495
	ASHEVILLE, NC (MSA)	HENDERSON	303,125	341,414	414,803	506,495
	RALEIGH-CARY, NC (MSA)	JOHNSTON	295,000	337,168	407,558	506,495
	ASHEVILLE, NC (MSA)	MADISON	303,125	341,414	414,803	506,495
	CHARLOTTE-GASTONIA-CONCORD, NC-SC (MSA)	MECKLENBURG	303,250	341,555	414,974	506,495
	WILMINGTON, NC (MSA)	NEW HANOVER	303,125	341,414	414,803	506,495
	JACKSONVILLE, NC (MSA)	ONSLOW	306,250	344,934	419,079	506,495
	DURHAM, NC (MSA)	ORANGE	312,500	351,974	427,632	506,495
	WILMINGTON, NC (MSA)	PENDER	303,125	341,414	414,803	506,495
	DURHAM, NC (MSA)	PERSON	312,500	351,974	427,632	506,495
	CHARLOTTE-GASTONIA-CONCORD, NC-SC (MSA)	UNION	303,250	341,555	414,974	506,495
	RALEIGH-CARY, NC (MSA)	WAKE	295,000	337,168	407,558	506,495
NH	MANCHESTER-NASHUA, NH (MSA)	HILLSBOROUGH	401,875	488,975	591,028	734,521
	CONCORD, NH (MICRO)	MERRIMACK	277,500	337,168	407,558	506,495

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	ROCKINGHAM COUNTY-STRAFFORD COUNTY, NH METROPOLITAN	ROCKINGHAM	477,355	606,728	737,146	850,554
	ROCKINGHAM COUNTY-STRAFFORD COUNTY, NH METROPOLITAN	STRAFFORD	477,355	606,728	737,146	850,554
NJ	ATLANTIC CITY, NJ (MSA)	ATLANTIC	453,750	511,066	620,921	716,447
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	BERGEN	477,355	611,117	738,699	918,021
	CAMDEN, NJ METROPOLITAN DIVISION	BURLINGTON	385,112	433,758	526,996	608,072
	CAMDEN, NJ METROPOLITAN DIVISION	CAMDEN	385,112	433,758	526,996	608,072
	OCEAN CITY, NJ (MSA)	CAPE MAY	477,355	558,934	679,079	783,553
	VINELAND-MILLVILLE-BRIDGETON, NJ (MSA)	CUMBERLAND	405,000	456,158	554,211	639,474
	NEWARK-UNION, NJ-PA METROPOLITAN DIVISION	ESSEX	477,355	611,117	738,699	918,021
	CAMDEN, NJ METROPOLITAN DIVISION	GLOUCESTER	385,112	433,758	526,996	608,072
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	HUDSON	477,355	611,117	738,699	918,021
	NEWARK-UNION, NJ-PA METROPOLITAN DIVISION	HUNTERDON	477,355	611,117	738,699	918,021
	TRENTON-EWING, NJ (MSA)	MERCER	439,550	495,071	601,489	694,026
	EDISON, NJ METROPOLITAN DIVISION	MIDDLESEX	477,355	611,117	738,699	918,021
	EDISON, NJ METROPOLITAN DIVISION	MONMOUTH	477,355	611,117	738,699	918,021
	NEWARK-UNION, NJ-PA METROPOLITAN DIVISION	MORRIS	477,355	611,117	738,699	918,021
	EDISON, NJ METROPOLITAN DIVISION	OCEAN	477,355	611,117	738,699	918,021
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	PASSAIC	477,355	611,117	738,699	918,021
	WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION	SALEM	385,112	433,758	526,996	608,072
	EDISON, NJ METROPOLITAN DIVISION	SOMERSET	477,355	611,117	738,699	918,021
	NEWARK-UNION, NJ-PA METROPOLITAN DIVISION	SUSSEX	477,355	611,117	738,699	918,021
	NEWARK-UNION, NJ-PA METROPOLITAN DIVISION	UNION	477,355	611,117	738,699	918,021
	ALLENTOWN-BETHLEHEM-EASTON, PA-NJ (MSA)	WARREN	402,192	459,255	557,974	643,816
NM	LOS ALAMOS, NM (MICRO)	LOS ALAMOS	318,750	359,013	436,184	506,495
	FARMINGTON, NM (MSA)	SAN JUAN	281,250	337,168	407,558	506,495
	SANTA FE, NM (MSA)	SANTA FE	426,432	480,296	583,538	673,313
NV	CARSON CITY, NV (MSA)	CARSON CITY	398,750	449,118	545,658	629,605
	LAS VEGAS-PARADISE, NV (MSA)	CLARK	400,000	450,526	547,368	631,579
	GARDNERVILLE RANCHOS, NV (MICRO)	DOUGLAS	477,355	582,829	708,158	817,105

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	ELKO, NV (MICRO)	ELKO	325,000	366,053	444,737	513,158
	ELKO, NV (MICRO)	EUREKA	325,000	366,053	444,737	513,158
	FERNLEY, NV (MICRO)	LYON	331,250	373,092	453,289	523,026
	PAHRUMP, NV (MICRO)	NYE	325,000	366,053	444,737	513,158
	RENO-SPARKS, NV (MSA)	STOREY	477,355	537,653	653,222	753,718
	RENO-SPARKS, NV (MSA)	WASHOE	477,355	537,653	653,222	753,718
NY	ALBANY-SCHENECTADY-TROY, NY (MSA)	ALBANY	312,375	351,833	427,461	506,495
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	BRONX	477,355	611,117	738,699	918,021
	POUGHKEEPSIE-NEWBURGH-MIDDLETOWN, NY (MSA)	DUTCHESS	443,750	499,803	607,237	700,658
	BUFFALO-NIAGARA FALLS, NY (MSA)	ERIE	275,075	337,168	407,558	506,495
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	KINGS	477,355	611,117	738,699	918,021
	ROCHESTER, NY (MSA)	LIVINGSTON	268,750	337,168	407,558	506,495
	SYRACUSE, NY (MSA)	MADISON	281,250	337,168	407,558	506,495
	ROCHESTER, NY (MSA)	MONROE	268,750	337,168	407,558	506,495
	NASSAU-SUFFOLK, NY METROPOLITAN DIVISION	NASSAU	477,355	611,117	738,699	918,021
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	NEW YORK	477,355	611,117	738,699	918,021
	BUFFALO-NIAGARA FALLS, NY (MSA)	NIAGARA	275,075	337,168	407,558	506,495
	SYRACUSE, NY (MSA)	ONONDAGA	281,250	337,168	407,558	506,495
	ROCHESTER, NY (MSA)	ONTARIO	268,750	337,168	407,558	506,495
	POUGHKEEPSIE-NEWBURGH-MIDDLETOWN, NY (MSA)	ORANGE	443,750	499,803	607,237	700,658
	ROCHESTER, NY (MSA)	ORLEANS	268,750	337,168	407,558	506,495
	SYRACUSE, NY (MSA)	OSWEGO	281,250	337,168	407,558	506,495
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	PUTNAM	477,355	611,117	738,699	918,021
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	QUEENS	477,355	611,117	738,699	918,021
	ALBANY-SCHENECTADY-TROY, NY (MSA)	RENSSELAER	312,375	351,833	427,461	506,495
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	RICHMOND	477,355	611,117	738,699	918,021
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	ROCKLAND	477,355	611,117	738,699	918,021
	ALBANY-SCHENECTADY-TROY, NY (MSA)	SARATOGA	312,375	351,833	427,461	506,495
	ALBANY-SCHENECTADY-TROY, NY (MSA)	SCHENECTADY	312,375	351,833	427,461	506,495
	ALBANY-SCHENECTADY-TROY, NY (MSA)	SCHOHARIE	312,375	351,833	427,461	506,495
	NASSAU-SUFFOLK, NY METROPOLITAN DIVISION	SUFFOLK	477,355	611,117	738,699	918,021
	KINGSTON, NY (MSA)	ULSTER	406,250	457,566	555,921	641,447
	ROCHESTER, NY (MSA)	WAYNE	268,750	337,168	407,558	506,495
	NEW YORK-WHITE PLAINS-WAYNE, NY-NJ METRO	WESTCHESTER	477,355	611,117	738,699	918,021

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
OH	ASHTABULA, OH (MICRO)	ASHTABULA	290,797	337,168	407,558	506,495
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	BROWN	337,500	380,132	461,842	532,895
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	BUTLER	337,500	380,132	461,842	532,895
	CANTON-MASSILLON, OH (MSA)	CARROLL	277,500	337,168	407,558	506,495
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	CLERMONT	337,500	380,132	461,842	532,895
	CLEVELAND-ELYRIA-MENTOR, OH (MSA)	CUYAHOGA	297,550	337,168	407,558	506,495
	COLUMBUS, OH (MSA)	DELAWARE	307,500	346,342	420,789	506,495
	COLUMBUS, OH (MSA)	FAIRFIELD	307,500	346,342	420,789	506,495
	COLUMBUS, OH (MSA)	FRANKLIN	307,500	346,342	420,789	506,495
	CLEVELAND-ELYRIA-MENTOR, OH (MSA)	GEAUGA	297,550	337,168	407,558	506,495
	DAYTON, OH (MSA)	GREENE	271,250	337,168	407,558	506,495
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	HAMILTON	337,500	380,132	461,842	532,895
	CLEVELAND-ELYRIA-MENTOR, OH (MSA)	LAKE	297,550	337,168	407,558	506,495
	COLUMBUS, OH (MSA)	LICKING	307,500	346,342	420,789	506,495
	CLEVELAND-ELYRIA-MENTOR, OH (MSA)	LORAIN	297,550	337,168	407,558	506,495
	COLUMBUS, OH (MSA)	MADISON	307,500	346,342	420,789	506,495
	CLEVELAND-ELYRIA-MENTOR, OH (MSA)	MEDINA	297,550	337,168	407,558	506,495
	DAYTON, OH (MSA)	MIAMI	271,250	337,168	407,558	506,495
	DAYTON, OH (MSA)	MONTGOMERY	271,250	337,168	407,558	506,495
	COLUMBUS, OH (MSA)	MORROW	307,500	346,342	420,789	506,495
	COLUMBUS, OH (MSA)	PICKAWAY	307,500	346,342	420,789	506,495
	AKRON, OH (MSA)	PORTAGE	330,000	371,684	451,579	521,053
	DAYTON, OH (MSA)	PREBLE	271,250	337,168	407,558	506,495
	CANTON-MASSILLON, OH (MSA)	STARK	277,500	337,168	407,558	506,495
	AKRON, OH (MSA)	SUMMIT	330,000	371,684	451,579	521,053
	COLUMBUS, OH (MSA)	UNION	307,500	346,342	420,789	506,495
	CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	WARREN	337,500	380,132	461,842	532,895
OR	CORVALLIS, OR (MSA)	BENTON	331,842	373,758	454,099	523,961
	PORTLAND-VANCOUVER-BEAVERTON, OR-WA (MSA)	CLACKAMAS	401,250	451,934	549,079	633,553
	ASTORIA, OR (MICRO)	CLATSOP	346,842	390,658	474,671	547,697
	PORTLAND-VANCOUVER-BEAVERTON, OR-WA (MSA)	COLUMBIA	401,250	451,934	549,079	633,553
	BEND, OR (MSA)	DESCHUTES	447,500	504,026	612,368	706,579
	HOOD RIVER, OR (MICRO)	HOOD RIVER	393,750	443,487	538,816	621,711
	MEDFORD, OR (MSA)	JACKSON	422,500	475,868	578,158	667,105
	GRANTS PASS, OR (MICRO)	JOSEPHINE	324,868	365,904	444,557	512,961
	EUGENE-SPRINGFIELD, OR (MSA)	LANE	343,209	386,562	469,655	541,911
	NON-METRO	LINCOLN	312,368	351,825	427,451	506,495
	SALEM, OR (MSA)	MARION	294,250	337,168	407,558	506,495

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	PORTLAND-VANCOUVER-BEAVERTON, OR-WA (MSA)	MULTNOMAH	401,250	451,934	549,079	633,553
	SALEM, OR (MSA)	POLK	294,250	337,168	407,558	506,495
	NON-METRO	TILLAMOOK	343,750	387,171	470,395	542,763
	PORTLAND-VANCOUVER-BEAVERTON, OR-WA (MSA)	WASHINGTON	401,250	451,934	549,079	633,553
	PORTLAND-VANCOUVER-BEAVERTON, OR-WA (MSA)	YAMHILL	401,250	451,934	549,079	633,553
PA	PITTSBURGH, PA (MSA)	ALLEGHENY	327,500	368,868	448,158	517,105
	PITTSBURGH, PA (MSA)	ARMSTRONG	327,500	368,868	448,158	517,105
	PITTSBURGH, PA (MSA)	BEAVER	327,500	368,868	448,158	517,105
	READING, PA (MSA)	BERKS	300,000	337,895	410,526	506,495
	PHILADELPHIA, PA METROPOLITAN DIVISION	BUCKS	385,112	433,758	526,996	608,072
	PITTSBURGH, PA (MSA)	BUTLER	327,500	368,868	448,158	517,105
	ALLENTOWN-BETHLEHEM-EASTON, PA-NJ (MSA)	CARBON	402,192	459,255	557,974	643,816
	STATE COLLEGE, PA (MSA)	CENTRE	279,375	337,168	407,558	506,495
	PHILADELPHIA, PA METROPOLITAN DIVISION	CHESTER	385,112	433,758	526,996	608,072
	PHILADELPHIA, PA METROPOLITAN DIVISION	DELAWARE	385,112	433,758	526,996	608,072
	PITTSBURGH, PA (MSA)	FAYETTE	327,500	368,868	448,158	517,105
	LANCASTER, PA (MSA)	LANCASTER	383,250	431,661	524,447	605,132
	ALLENTOWN-BETHLEHEM-EASTON, PA-NJ (MSA)	LEHIGH	402,192	459,255	557,974	643,816
	PHILADELPHIA, PA METROPOLITAN DIVISION	MONTGOMERY	385,112	433,758	526,996	608,072
	ALLENTOWN-BETHLEHEM-EASTON, PA-NJ (MSA)	NORTHAMPTON	402,192	459,255	557,974	643,816
	PHILADELPHIA, PA METROPOLITAN DIVISION	PHILADELPHIA	385,112	433,758	526,996	608,072
	NEWARK-UNION, NJ-PA METROPOLITAN DIVISION	PIKE	477,355	611,117	738,699	918,021
	PITTSBURGH, PA (MSA)	WASHINGTON	327,500	368,868	448,158	517,105
	PITTSBURGH, PA (MSA)	WESTMORELAND	327,500	368,868	448,158	517,105
	YORK-HANOVER, PA (MSA)	YORK	424,587	478,218	581,014	670,401
PR	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	AGUAS BUENAS	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	AIBONITO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	ARECIBO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	BARCELONETA	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	BARRANQUITAS	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	BAYAMON	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	CAGUAS	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	CAMUY	325,000	366,053	444,737	513,158

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	CANOVANAS	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	CAROLINA	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	CATANO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	CAYEY	325,000	366,053	444,737	513,158
	FAJARDO, PR (MSA)	CEIBA	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	CIALES	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	CIDRA	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	COMERIO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	COROZAL	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	DORADO	325,000	366,053	444,737	513,158
	FAJARDO, PR (MSA)	FAJARDO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	FLORIDA	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	GUAYNABO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	GURABO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	HATILLO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	HUMACAO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	JUNCOS	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	LAS PIEDRAS	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	LOIZA	325,000	366,053	444,737	513,158
	FAJARDO, PR (MSA)	LUQUILLO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	MANATI	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	MAUNABO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	MOROVIS	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	NAGUABO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	NARANJITO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	OROCOVIS	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	QUEBRADILLAS	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	RIO GRANDE	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	SAN JUAN	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	SAN LORENZO	325,000	366,053	444,737	513,158

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	TOA ALTA	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	TOA BAJA	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	TRUJILLO ALTO	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	VEGA ALTA	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	VEGA BAJA	325,000	366,053	444,737	513,158
	SAN JUAN-CAGUAS-GUAYNABO, PR (MSA)	YABUCOA	325,000	366,053	444,737	513,158
RI	PROVIDENCE-NEW BEDFORD-FALL RIVER, RI-MA (MSA)	BRISTOL	416,250	472,891	571,567	710,309
	PROVIDENCE-NEW BEDFORD-FALL RIVER, RI-MA (MSA)	KENT	416,250	472,891	571,567	710,309
	PROVIDENCE-NEW BEDFORD-FALL RIVER, RI-MA (MSA)	NEWPORT	416,250	472,891	571,567	710,309
	PROVIDENCE-NEW BEDFORD-FALL RIVER, RI-MA (MSA)	PROVIDENCE	416,250	472,891	571,567	710,309
	PROVIDENCE-NEW BEDFORD-FALL RIVER, RI-MA (MSA)	WASHINGTON	416,250	472,891	571,567	710,309
SC	HILTON HEAD ISLAND-BEAUFORT, SC (MICRO)	BEAUFORT	373,750	420,961	511,447	590,132
	CHARLESTON-NORTH CHARLESTON, SC (MSA)	BERKELEY	334,375	376,612	457,566	527,961
	CHARLESTON-NORTH CHARLESTON, SC (MSA)	CHARLESTON	334,375	376,612	457,566	527,961
	CHARLESTON-NORTH CHARLESTON, SC (MSA)	DORCHESTER	334,375	376,612	457,566	527,961
	GREENVILLE, SC (MSA)	GREENVILLE	294,541	337,168	407,558	506,495
	MYRTLE BEACH-CONWAY-NORTH MYRTLE BEACH, SC (MSA)	HORRY	286,250	337,168	407,558	506,495
	HILTON HEAD ISLAND-BEAUFORT, SC (MICRO)	JASPER	373,750	420,961	511,447	590,132
	GREENVILLE, SC (MSA)	LAURENS	294,541	337,168	407,558	506,495
	GREENVILLE, SC (MSA)	PICKENS	294,541	337,168	407,558	506,495
	CHARLOTTE-GASTONIA-CONCORD, NC-SC (MSA)	YORK	303,250	341,555	414,974	506,495
TN	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	CANNON	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	CHEATHAM	297,500	337,168	407,558	506,495

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	DAVIDSON	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	DICKSON	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	HICKMAN	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	MACON	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	ROBERTSON	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	RUTHERFORD	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	SMITH	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	SUMNER	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	TROUSDALE	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	WILLIAMSON	297,500	337,168	407,558	506,495
	NASHVILLE-DAVIDSON—MURFREESBORO, TN (MSA)	WILSON	297,500	337,168	407,558	506,495
UT	OGDEN-CLEARFIELD, UT (MSA)	DAVIS	346,563	390,339	474,243	547,204
	PROVO-OREM, UT (MSA)	JUAB	305,664	344,275	418,279	506,495
	NON-METRO	KANE	383,064	431,453	524,193	604,839
	OGDEN-CLEARFIELD, UT (MSA)	MORGAN	346,563	390,339	474,243	547,204
	SALT LAKE CITY, UT (MSA)	SALT LAKE	477,355	611,117	738,699	863,487
	SALT LAKE CITY, UT (MSA)	SUMMIT	477,355	611,117	738,699	863,487
	SALT LAKE CITY, UT (MSA)	TOOELE	477,355	611,117	738,699	863,487
	PROVO-OREM, UT (MSA)	UTAH	305,664	344,275	418,279	506,495
	ST. GEORGE, UT (MSA)	WASHINGTON	372,500	419,553	509,737	588,158
	OGDEN-CLEARFIELD, UT (MSA)	WEBER	346,563	390,339	474,243	547,204
VA	CHARLOTTESVILLE, VA (MSA)	ALBEMARLE	425,000	478,684	581,579	671,053
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	ALEXANDRIA	477,355	611,117	738,699	888,158
	RICHMOND, VA (MSA)	AMELIA	347,500	391,395	475,526	548,684
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	ARLINGTON	477,355	611,117	738,699	888,158
	RICHMOND, VA (MSA)	CAROLINE	347,500	391,395	475,526	548,684
	RICHMOND, VA (MSA)	CHARLES CITY	347,500	391,395	475,526	548,684

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	CHARLOTTESVILLE, VA (MSA)	CHARLOTTESVILLE	425,000	478,684	581,579	671,053
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	CHESAPEAKE	412,500	464,605	564,474	651,316
	RICHMOND, VA (MSA)	CHESTERFIELD	347,500	391,395	475,526	548,684
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	CLARKE	477,355	611,117	738,699	888,158
	RICHMOND, VA (MSA)	COLONIAL HEIGHT	347,500	391,395	475,526	548,684
	CULPEPER, VA (MICRO)	CULPEPER	381,999	448,442	544,837	628,658
	RICHMOND, VA (MSA)	CUMBERLAND	347,500	391,395	475,526	548,684
	RICHMOND, VA (MSA)	DINWIDDIE	347,500	391,395	475,526	548,684
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	FAIRFAX	477,355	611,117	738,699	888,158
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	FAIRFAX IND	477,355	611,117	738,699	888,158
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	FALLS CHURCH	477,355	611,117	738,699	888,158
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	FAUQUIER	477,355	611,117	738,699	888,158
	CHARLOTTESVILLE, VA (MSA)	FLUVANNA	425,000	478,684	581,579	671,053
	WINCHESTER, VA-WV (MSA)	FREDERICK	475,000	535,000	650,000	750,000
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	FREDERICKSBURG	477,355	611,117	738,699	888,158
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	GLOUCESTER	412,500	464,605	564,474	651,316
	RICHMOND, VA (MSA)	GOOCHLAND	347,500	391,395	475,526	548,684
	CHARLOTTESVILLE, VA (MSA)	GREENE	425,000	478,684	581,579	671,053
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	HAMPTON	412,500	464,605	564,474	651,316
	RICHMOND, VA (MSA)	HANOVER	347,500	391,395	475,526	548,684
	RICHMOND, VA (MSA)	HENRICO	347,500	391,395	475,526	548,684
	RICHMOND, VA (MSA)	HOPEWELL	347,500	391,395	475,526	548,684
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	ISLE OF WIGHT	412,500	464,605	564,474	651,316
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	JAMES CITY	412,500	464,605	564,474	651,316
	RICHMOND, VA (MSA)	KING AND QUEEN	347,500	391,395	475,526	548,684
	NON-METRO	KING GEORGE	381,999	448,442	544,837	628,658
	RICHMOND, VA (MSA)	KING WILLIAM	347,500	391,395	475,526	548,684
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	LOUDOUN	477,355	611,117	738,699	888,158
	RICHMOND, VA (MSA)	LOUISA	347,500	391,395	475,526	548,684
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	MANASSAS	477,355	611,117	738,699	888,158
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	MANASSAS PARK	477,355	611,117	738,699	888,158

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	MATHEWS	412,500	464,605	564,474	651,316
	CHARLOTTESVILLE, VA (MSA)	NELSON	425,000	478,684	581,579	671,053
	RICHMOND, VA (MSA)	NEW KENT	347,500	391,395	475,526	548,684
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	NEWPORT NEWS	412,500	464,605	564,474	651,316
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	NORFOLK	412,500	464,605	564,474	651,316
	RICHMOND, VA (MSA)	PETERSBURG	347,500	391,395	475,526	548,684
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	POQUOSON	412,500	464,605	564,474	651,316
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	PORTSMOUTH	412,500	464,605	564,474	651,316
	RICHMOND, VA (MSA)	POWHATAN	347,500	391,395	475,526	548,684
	RICHMOND, VA (MSA)	PRINCE GEORGE	347,500	391,395	475,526	548,684
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	PRINCE WILLIAM	477,355	611,117	738,699	888,158
	RICHMOND, VA (MSA)	RICHMOND IND	347,500	391,395	475,526	548,684
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	SPOTSYLVANIA	477,355	611,117	738,699	888,158
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	STAFFORD	477,355	611,117	738,699	888,158
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	SUFFOLK	412,500	464,605	564,474	651,316
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	SURRY	412,500	464,605	564,474	651,316
	RICHMOND, VA (MSA)	SUSSEX	347,500	391,395	475,526	548,684
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	VIRGINIA BEACH	412,500	464,605	564,474	651,316
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	WARREN	477,355	611,117	738,699	888,158
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	WILLIAMSBURG	412,500	464,605	564,474	651,316
	WINCHESTER, VA-WV (MSA)	WINCHESTER	475,000	535,000	650,000	750,000
	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC (MSA)	YORK	412,500	464,605	564,474	651,316
VI	NON-METRO	ST. CROIX	287,500	337,168	407,558	506,495
	NON-METRO	ST. THOMAS	318,750	359,013	436,184	506,495
VT	BURLINGTON-SOUTH BURLINGTON, VT (MSA)	CHITTENDEN	318,750	359,013	436,184	506,495
	BURLINGTON-SOUTH BURLINGTON, VT (MSA)	FRANKLIN	318,750	359,013	436,184	506,495
	BURLINGTON-SOUTH BURLINGTON, VT (MSA)	GRAND ISLE	318,750	359,013	436,184	506,495
WA	KENNEWICK-RICHLAND-PASCO, WA (MSA)	BENTON	274,875	337,168	407,558	506,495
	WENATCHEE, WA (MSA)	CHELAN	323,092	363,903	442,125	510,145
	PORT ANGELES, WA (MICRO)	CLALLAM	296,250	337,168	407,558	506,495

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
	PORTLAND-VANCOUVER-BEAVERTON, OR-WA (MSA)	CLARK	401,250	451,934	549,079	633,553
	WENATCHEE, WA (MSA)	DOUGLAS	323,092	363,903	442,125	510,145
	KENNEWICK-RICHLAND-PASCO, WA (MSA)	FRANKLIN	274,875	337,168	407,558	506,495
	OAK HARBOR, WA (MICRO)	ISLAND	381,250	429,408	521,711	601,974
	NON-METRO	JEFFERSON	437,500	492,763	598,684	690,789
	SEATTLE-BELLEVUE-EVERETT, WA METROPOLITAN DIVISION	KING	477,355	573,684	697,039	804,276
	BREMERTON-SILVERDALE, WA (MSA)	KITSAP	475,000	535,000	650,000	750,000
	ELLENSBURG, WA (MICRO)	KITTITAS	328,618	370,132	449,688	518,882
	SHELTON, WA (MICRO)	MASON	310,000	349,158	424,211	506,495
	TACOMA, WA METROPOLITAN DIVISION	PIERCE	477,355	573,684	697,039	804,276
	NON-METRO	SAN JUAN	477,355	598,355	726,974	838,816
	MOUNT VERNON-ANACORTES, WA (MSA)	SKAGIT	373,662	420,862	511,328	589,993
	PORTLAND-VANCOUVER-BEAVERTON, OR-WA (MSA)	SKAMANIA	401,250	451,934	549,079	633,553
	SEATTLE-BELLEVUE-EVERETT, WA METROPOLITAN DIVISION	SNOHOMISH	477,355	573,684	697,039	804,276
	SPOKANE, WA (MSA)	SPOKANE	266,250	337,168	407,558	506,495
	OLYMPIA, WA (MSA)	THURSTON	361,250	406,882	494,342	570,395
	BELLINGHAM, WA (MSA)	WHATCOM	375,000	422,368	513,158	592,105
WI	MADISON, WI (MSA)	COLUMBIA	293,750	337,168	407,558	506,495
	MADISON, WI (MSA)	DANE	293,750	337,168	407,558	506,495
	MADISON, WI (MSA)	IOWA	293,750	337,168	407,558	506,495
	LAKE COUNTY-KENOSHA COUNTY, IL-WI METROPOLITAN DIV	KENOSHA	362,105	407,845	495,512	571,745
	MILWAUKEE-WAUKESHA-WEST ALLIS, WI (MSA)	MILWAUKEE	288,875	337,168	407,558	506,495
	MILWAUKEE-WAUKESHA-WEST ALLIS, WI (MSA)	OZAUKEE	288,875	337,168	407,558	506,495
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	PIERCE	364,057	410,042	498,183	574,826
	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI (MSA)	ST. CROIX	364,057	410,042	498,183	574,826
	MILWAUKEE-WAUKESHA-WEST ALLIS, WI (MSA)	WASHINGTON	288,875	337,168	407,558	506,495
	MILWAUKEE-WAUKESHA-WEST ALLIS, WI (MSA)	WAUKESHA	288,875	337,168	407,558	506,495
WV	HAGERSTOWN-MARTINSBURG, MD-WV (MSA)	BERKELEY	377,500	425,184	516,579	596,053
	WINCHESTER, VA-WV (MSA)	HAMPSHIRE	475,000	535,000	650,000	750,000
	WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METRO	JEFFERSON	477,355	611,117	738,699	888,158
	HAGERSTOWN-MARTINSBURG, MD-WV (MSA)	MORGAN	377,500	425,184	516,579	596,053

STATE	MSA NAME	COUNTY NAME	MRB limits			
			1 Unit	2 Units	3 Units	4 Units
WY	JACKSON, WY-ID (MICRO)	TETON	477,355	611,117	738,699	918,021
ALL OTHER AREAS			263,368	337,168	407,558	506,495

.02 The nationwide average purchase price (for use in the housing cost/income ratio for new and existing residences) is $266,000.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2007–26 is obsolete except as provided in section 6 of this revenue procedure.

SECTION 6. EFFECTIVE DATES

.01 Issuers may rely on this revenue procedure to determine average area purchase price safe harbors for commitments to provide financing or issue mortgage credit certificates that are made, or (if the purchase precedes the commitment) for residences that are purchased, in the period that begins on February 21, 2008 and ends on the date as of which the safe harbors contained in section 4.01 of this revenue procedure are rendered obsolete by a new revenue procedure.

.02 Notwithstanding section 5 of this revenue procedure, issuers may continue to rely on the average area purchase price safe harbors contained in Rev. Proc. 2007–26, with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before March 22, 2008, if the commitments to provide financing or issue mortgage credit certificates are made on or before April 21, 2008.

.03 Except as provided in section 6.04, issuers must use the nationwide average purchase price limitation contained in this revenue procedure for commitments to provide financing or issue mortgage credit certificates that are made, or (if the purchase precedes the commitment) for residences that are purchased, in the period that begins on February 21, 2008, and ends on the date when the nationwide average purchase price limitation is rendered obsolete by a new revenue procedure.

.04 Notwithstanding sections 5 and 6.03 of this revenue procedure, issuers may continue to rely on the nationwide average purchase price set forth in Rev. Proc. 2007–26 with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before March 22, 2008, if the commitments to provide financing or issue mortgage credit certificates are made on or before April 21, 2008.

SECTION 7. PAPERWORK REDUCTION ACT

The collection of information contained in this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545–1877.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

This revenue procedure contains a collection of information requirement in section 3.03. The purpose of the collection of information is to verify the applicable FHA loan limit that issuers of qualified mortgage bonds and qualified mortgage certificates have used to calculate the average area purchase price for a given metropolitan statistical area for purposes of section 143(e) and 25(c). The collection of information is required to obtain the benefit of using revisions to FHA loan limits to determine average area purchase prices. The likely respondents are state and local governments.

The estimated total annual reporting and/or recordkeeping burden is: 15 hours.

The estimated annual burden per respondent and/or recordkeeper: 15 minutes.

The estimated number of respondents and/or recordkeepers: 60.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

SECTION 8. DRAFTING INFORMATION

The principal authors of this revenue procedure are David E. White and Timothy L. Jones of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact David E. White at (202) 622–3980 (not a toll-free call).

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26 CFR 1.1361: Special rule for bank required to change from the reserve method of accounting on becoming an S corporation.
(Also: Sections 166, 446, 481(a), 581, and 585.)

Rev. Proc. 2008–18

SECTION 1. PURPOSE

This revenue procedure explains how a bank that changes from the reserve method of accounting for bad debts under § 585 of the Internal Revenue Code for its first taxable year for which an election under § 1362(a) is in effect may elect under § 1361(g) to take into account the resulting § 481(a) adjustment in determining taxable income for the immediately preceding taxable year.

SECTION 2. BACKGROUND

.01 Section 1361(a) provides that the term "S corporation" means, with respect to any taxable year, a small business corporation for which an election under § 1362(a) is in effect for such year. Section 1361(b) provides that any corporation

that is a financial institution which uses the reserve method of accounting for bad debts described in § 585 is not eligible to be an S corporation.

.02 If a financial institution changes from the § 585 reserve method of accounting for bad debts to the § 166 specific charge-off method, the amount of the § 481(a) adjustment for the change generally is the amount of the institution's reserve for bad debts as of the close of the taxable year immediately before the year of change. This positive adjustment is generally taken into account over four taxable years beginning in the year of change.

.03 Rev. Proc. 2002–9, 2002–1 C.B. 327, (as modified and amplified by Rev. Proc. 2002–19, 2002–1 C.B. 696, as amplified, clarified and modified by Rev. Proc. 2002–54, 2002–2 C.B. 432, and as modified and clarified by Announcement 2002–17, 2002–1 C.B. 561) provides procedures by which a taxpayer may obtain the automatic consent of the Commissioner of Internal Revenue under § 446 for a change in method of accounting described in the APPENDIX of Rev. Proc. 2002–9. Section 11.01 of that APPENDIX provides rules for a bank changing its method of accounting for bad debts from the § 585 reserve method of accounting to the § 166 specific charge-off method of accounting. A taxpayer complying with all of the applicable provisions of Rev. Proc. 2002–9 has obtained the consent of the Commissioner to change its method of accounting.

.04 Section 8233(a) of the Small Business and Work Opportunity Act of 2007 (Public Law 110–28) added § 1361(g) to the Code. Section 1361(g) provides that, in the case of a bank which changes from the reserve method of accounting for bad debts described in § 585 for its first taxable year for which an election under § 1362(a) is in effect, the bank may elect to take into account any adjustments under § 481 by reason of such change for the taxable year immediately preceding such first taxable year. Section 1361(g) applies to taxable years beginning after December 31, 2006.

SECTION 3. SCOPE

.01 *In general.* Section 11.01 of the APPENDIX of Rev. Proc. 2002–9 provides rules for a bank (as defined in § 581, including a bank for which a qualified subchapter S subsidiary (QSub) election is filed) that wants to change its method of accounting for bad debts from the § 585 reserve method to the § 166 specific charge-off method. Section 11.01 specifically references the requirement that a bank must change its method of accounting for bad debts from the § 585 reserve method in order to be eligible to elect subchapter S status.

.02 *Election for § 481(a) adjustment.* Section 4.01 of this revenue procedure describes the process by which a bank may elect under § 1361(g) to take into account the § 481(a) adjustment resulting from a change in method of accounting for bad debts in determining taxable income for the taxable year immediately preceding the year of change.

SECTION 4. APPLICATION

.01 Requirements for election to include § 481(a) adjustment in taxable year immediately preceding the year of change. For a taxable year beginning after December 31, 2006, a bank that changes its method of accounting for bad debts, under section 11.01 of the APPENDIX to Rev. Proc. 2002–9, from the § 585 reserve method to the § 166 specific charge-off method for the first taxable year for which the S corporation election is effective (year of change) may elect to take into account the amount of the resulting § 481(a) adjustment in determining taxable income for the taxable year immediately preceding the year of change. To make this election, a bank must (1) file an original and copy of Form 3115 under section 6.02(3) of Rev. Proc. 2002–9 for the year of change, (2) file an additional copy of the Form 3115 with its original (or amended) federal income tax return for the taxable year immediately preceding the year of change filed no later than the date the original Form 3115 is properly filed under section 6.02(3) of Rev. Proc. 2002–9, and (3) include the amount of the § 481(a) adjustment in gross income for the taxable year immediately preceding the year of change. The original (and each copy of) Form 3115 must state at the top of the document, "Section 1361(g) Election Filed Pursuant to Rev. Proc. 2008–18."

.02 *Example.* X, a calendar year taxpayer, is a bank as defined in § 581 and is not a large bank as defined in § 585(c)(2). For taxable years before 2007, X accounted for its bad debts under the § 585 reserve method. By March 15, 2007, X properly filed a Form 2553 electing to be an S corporation effective January 1, 2007. Pursuant to section 11.01(3) of the APPENDIX to Rev. Proc. 2002–9, the filing of the Form 2553 constituted an agreement by X to change from the § 585 reserve method to the § 166 specific charge-off method in 2007 in accordance with all of the applicable provisions of Rev. Proc. 2002–9. Thus, for example, X must file a Form 3115 for this change in duplicate, in accordance with section 6.02(3) of Rev. Proc. 2002–9, by attaching the original Form 3115 to X's timely filed (including extensions) original federal income tax return for 2007 and filing a copy of the Form 3115 with the national office. The amount of X's § 481(a) adjustment for the change is the amount of X's bad debt reserve as of the close of December 31, 2006. X wishes to elect under § 1361(g) to include the § 481(a) adjustment in income in the tax year ending December 31, 2006, the taxable year immediately preceding the year of change. To make this election, X must (1) file an original and copy of Form 3115 under section 6.02(3) of Rev. Proc. 2002–9 for 2007, (2) file an additional copy of the Form 3115 with its original (or amended) federal income tax return for 2006 filed no later than the date the original Form 3115 is properly filed under section 6.02(3) of Rev. Proc. 2002–9, and (3) include the amount of its § 481(a) adjustment in gross income in its return for 2006. The original (and each copy of) Form 3115 must state at the top of the document, "Section 1361(g) Election Filed Pursuant to Rev. Proc. 2008–18."

SECTION 5. SPECIAL RULE FOR CERTAIN 2006 TAXABLE YEARS

A special rule is provided for a bank that, prior to the issuance of this revenue procedure, changed its method of accounting for bad debts from the § 585 reserve method to the § 166 specific charge-off method under section 11.01 of the APPENDIX of Rev. Proc. 2002–9 for a year of change beginning after December 31, 2005, and ending before December 31, 2007 ("2006 taxable year"). This special rule only applies if the bank elected to be an S corporation for its first taxable year beginning after December 31, 2006. Under this special rule, the bank may elect to take the entire § 481(a) adjustment into account in determining taxable income for the 2006 taxable year by attaching a copy of its original Form 3115 with the following language written on the top of the document, "Special Election under Section 5 of Rev. Proc. 2008–18," to an amended return for the 2006 taxable year that reflects the entire § 481(a) adjustment. A copy of the original Form 3115 with the required language written at the top should also be provided to the National Office (see section 6.02(6) of Rev. Proc. 2002–9 for the address). This special rule only applies to

an election made under this section 5 on an amended return for the 2006 taxable year filed on or before September 15, 2008.

SECTION 6. EFFECTIVE DATE

This revenue procedure is effective for taxable years beginning after December 31, 2006, except as provided in Section 5 of this revenue procedure.

SECTION 7. EFFECT ON OTHER DOCUMENTS

This revenue procedure modifies Rev. Proc. 2002–9 by adding section 4.01(1) of this revenue procedure to section 11.01 of the APPENDIX of Rev. Proc. 2002–9. See section 11.01 of the APPENDIX of Rev. Proc. 2002–9 for the specific rules relating to a change in accounting method from the § 585 reserve method of accounting for bad debts to the § 166 specific charge-off method of accounting.

SECTION 8. DRAFTING INFORMATION

The principal author of this revenue procedure is Laura C. Fields of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue procedure, contact Laura C. Fields at (202) 622–3050 (not a toll-free call).

Part IV. Items of General Interest

Notice of Proposed Rulemaking by Cross-Reference to Temporary Regulations

Nuclear Decommissioning Funds

REG–147290–05

AGENCY: Internal Revenue Service (IRS), Treasury.

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

SUMMARY: In this issue of the Bulletin, the IRS is issuing temporary regulations (T.D. 9374) under section 468A of the Internal Revenue Code relating to deductions for contributions to trusts maintained for decommissioning nuclear power plants. The temporary regulations reflect changes to the law made by the Energy Policy Act of 2005, and affect most taxpayers that own an interest in a nuclear power plant. The text of the temporary regulations also serves as the text of these proposed regulations.

DATES: Written or electronic comments and requests for a public hearing must be received by March 31, 2008.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG–147290–05), room 5203, Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to: CC:PA:LPD:PR (REG–147290–05), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC, or sent electronically, via the Federal eRulemaking Portal at *http://www.regulations.gov/* (IRS REG–147290–05).

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Patrick S. Kirwan, (202) 622–3110; concerning submissions and to request a hearing, Kelly Banks, (202) 622–7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collection of information contained in this notice of proposed rulemaking has been submitted to the **Office of Management and Budget** for review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)). OMB has approved, on a temporary basis, the information collections contained in the cross-referenced temporary rule under control number 1545–2091. Comments on the collection of information should be sent to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the **Internal Revenue Service**, Attn: IRS Reports Clearance Officer, SE:W:CAR:MP:T:T:SP, Washington, DC 20224. Comments on the collection of information should be received by February 29, 2008. Comments are specifically requested concerning:

Whether the proposed collection of information is necessary for the proper performance of the functions of the IRS, including whether the information will have practical utility;

The accuracy of the estimated burden associated with the proposed collection of information;

How the quality, utility, and clarity of the information to be collected may be enhanced;

How the burden of complying with the proposed collection of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of service to provide information.

The collection of information in this proposed regulation is in §§1.468A–3T(h), 1.468A–4T, 1.468A–7T, and 1.468A–8T(d). The information collected under §1.468A–3T(h) is required to evaluate whether the taxpayer has properly determined the schedule of ruling amounts. The information collected under §1.468A–7T pertains to the initial election to maintain a qualified nuclear decommissioning trust fund. The information collected under §1.468A–8T(d) is required to evaluate whether the taxpayer has properly determined the schedule of deduction amounts. The collection of information is mandatory. The likely recordkeepers are owners of nuclear power plants.

Estimated total annual recordkeeping burden: 2,500 hours.

The estimated annual burden per recordkeeper varies depending on individual circumstances, with an estimated average of 25 hours.

Estimated number of recordkeepers: 100.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Background

The temporary regulations in this issue of the Bulletin contain amendments to 26 CFR part 1 providing regulations under section 468A of the Internal Revenue Code of 1986 (Code). Section 468A was amended by section 1310 of the Energy Policy Act of 2005, Public Law 109–58 (119 Stat. 594).

Explanation of Provisions

The temporary regulations in this issue of the Bulletin amend the Income Tax Regulations (26 CFR part 1) under section 468A of the Internal Revenue Code of 1986 (Code). The text of the temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains these proposed regulations.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore,

a regulatory assessment is not required. It also has been determined that section 553(b) and (d) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations. It is hereby certified that this regulation will not have a significant economic impact on a substantial number of small entities. The proposed regulations do not impose a collection of information on small entities. Accordingly, a regulatory flexibility analysis is not required. We request comment on the accuracy of this certification. Pursuant to section 7805(f) of the Code, this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies) or electronically generated comments that are submitted timely to the IRS. The IRS and Treasury Department generally request comments on the clarity of the proposed rule and how it may be made easier to understand. All comments will be available for public inspection and copying. A public hearing may be scheduled if requested in writing by a person who timely submits comments. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the **Federal Register**.

Drafting Information

The principal author of these regulations is Patrick S. Kirwan, Office of Associate Chief Counsel (Passthroughs and Special Industries). However, other personnel from the IRS and Treasury Department participated in their development.

* * * * *

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

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

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

Section 1.468A–5 also issued under 26 U.S.C. 468A(e)(5). * * *

Par. 2. Sections 1.468A–0 through 1.468A–9 are added to read as follows:

§1.468A–0 Table of contents.

[The text of this proposed section is the same as the text of §1.468A–0T published elsewhere in this issue of the Bulletin.]

§1.468A–1 Nuclear decommissioning costs; general rules.

[The text of this proposed section is the same as the text of §1.468A–1T published elsewhere in this issue of the Bulletin.]

§1.468A–2 Treatment of electing taxpayer.

[The text of this proposed section is the same as the text of §1.468A–2T published elsewhere in this issue of the Bulletin.]

§1.468A–3 Ruling amount.

[The text of this proposed section is the same as the text of §1.468A–3T published elsewhere in this issue of the Bulletin.]

§1.468A–4 Treatment of nuclear decommissioning fund.

[The text of this proposed section is the same as the text of §1.468A–4T published elsewhere in this issue of the Bulletin.]

§1.468A–5 Nuclear decommissioning fund—miscellaneous provisions.

[The text of this proposed section is the same as the text of §1.468A–5T published elsewhere in this issue of the Bulletin.]

§1.468A–6 Disposition of an interest in a nuclear power plant.

[The text of this proposed section is the same as the text of §1.468A–6T published elsewhere in this issue of the Bulletin.]

§1.468A–7 Manner of and time for making election.

[The text of this proposed section is the same as the text of §1.468A–7T published elsewhere in this issue of the Bulletin.]

§1.468A–8 Special transfers to qualified funds pursuant to section 468A(f).

[The text of this proposed section is the same as the text of §1.468A–8T published elsewhere in this issue of the Bulletin.]

§1.468A–9 Effective/applicability date and transitional rules.

[The text of this proposed section is the same as the text of §1.468A–9T(a) and (b) published elsewhere in this issue of the Bulletin.]

Kevin M. Brown,
Deputy Commissioner for Services and Enforcement.

(Filed by the Office of the Federal Register on December 28, 2007, 8:45 a.m., and published in the issue of the Federal Register for December 31, 2007, 72 F.R. 74213)

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 substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance 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.
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