

Internal Revenue bulletin

Bulletin No. 2002-37
September 16, 2002

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. 2002-56, page 526.

Fringe benefits aircraft valuation formula. The Standard Industry Fare Level (SIFL) cents-per-mile rates and terminal charges in effect for the second half of 2002 are set forth for purposes of determining the value of noncommercial flights on employer-provided aircraft under section 1.61-21(g) of the regulations.

Rev. Rul. 2002-57, page 526.

LIFO; price indexes; department stores. The July 2002 Bureau of Labor Statistics price indexes are accepted for use by department stores employing the retail inventory and last-in, first-out inventory methods for valuing inventories for tax years ended on, or with reference to, July 31, 2002.

Rev. Proc. 2002-48, page 531.

This procedure provides guidance to issuers of state or local bonds for requesting an extension of time to file, or for amending the statement of information required by section 149(e) of the Code. In general, these statements must be filed on Forms 8038, 8038-G, or 8038-GC. Rev. Proc. 88-10 superseded.

EXEMPT ORGANIZATIONS

Rev. Rul. 2002-54, page 527.

Tax-exempt electric cooperatives. A tax-exempt electric cooperative's distribution and sale of propane in tanks to members is not a tax-exempt activity under section 501(c)(12)(A) of the Code and may adversely affect its tax-exempt status under section 501(c)(12). If the tax-exempt status of the electric cooperative is not adversely affected, income derived from this activity is unrelated business income and subject to unrelated business income tax. The income is treated as nonmember income for purposes of calculating the 85 percent member income test under section 501(c)(12)(A).

Rev. Rul. 2002-55, page 529.

Cooperative exempt from federal income tax. A cooperative exempt from federal income tax under section 501(c)(12) of the Code is not required to include income of its subsidiary for purposes of calculating the 85 percent member income test.

EXCISE TAX

Announcement 2002-82, page 533.

This document extends the time for comments and requests for a public hearing to December 4, 2002, for REG-103829-99, 2002-27 I.R.B. 59. These proposed regulations relate to the definition of a highway vehicle for purposes of various excise taxes.

ADMINISTRATIVE

Announcement 2002-81, page 533.

This document contains corrections to proposed regulations under section 482 of the Code (REG-106359-02, 2002-34 I.R.B. 405) that provide guidance regarding the application of the rules governing qualified cost sharing arrangements.

Announcement 2002-84, page 533.

This document contains a notice of public hearing on proposed regulations (REG-108697-02, 2002-19 I.R.B. 918) relating to required minimum distributions for defined benefit plans and annuity contracts providing benefits under qualified plans, individual retirement plans, and section 403(b) contracts. A public hearing is scheduled for October 9, 2002.

Announcements of Disbarments and Suspensions begin on page 534.
Finding Lists begin on page ii.



Department of the Treasury
Internal Revenue Service

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 consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

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

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

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

decisions, rulings, and 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 first Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the first Bulletin of the succeeding semiannual period, respectively.

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

Section 61.—Gross Income Defined

26 CFR 1.61-21: Taxation of fringe benefits.

Fringe benefits aircraft valuation formula. For purposes of section 1.61-21(g) of the Income Tax Regulations, relating to the rule for valuing non-commercial flights on employer-provided aircraft, the Standard Industry Fare Level (SIFL) cents-per-mile rates and terminal charge in effect for the second half of 2002 are set forth.

Rev. Rul. 2002-56

For purposes of the taxation of fringe benefits under section 61 of the Internal Revenue Code, section 1.61-21(g) of the Income Tax Regulations provides a rule for valuing noncommercial flights on employer-provided aircraft. Section 1.61-21(g)(5) provides an aircraft valuation formula to determine the value of such flights. The value of a flight is determined under the base aircraft valuation formula (also known as the Standard Industry Fare Level for-

mula or SIFL) by multiplying the SIFL cents-per-mile rates applicable for the period during which the flight was taken by the appropriate aircraft multiple provided in section 1.61-21(g)(7) and then adding the applicable terminal charge. The SIFL cents-per-mile rates in the formula and the terminal charge are calculated by the Department of Transportation and are reviewed semi-annually.

The following chart sets forth the terminal charges and SIFL mileage rates:

<i>Period During Which the Flight Is Taken</i>	<i>Terminal Charge</i>	<i>SIFL Mileage Rates</i>
7/1/02 – 12/31/02	\$38.02	Up to 500 miles = \$.2080 per mile
		501-1500 miles = \$.1586 per mile
		Over 1500 miles = \$.1524 per mile

Drafting Information

The principal author of this revenue ruling is Kathleen Edmondson of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this revenue ruling, contact Ms. Edmondson at (202) 622-6040 (not a toll-free call).

Section 472.—Last-in, First-out Inventories

26 CFR 1.472-1: Last-in, first-out inventories.

LIFO; price indexes; department stores. The July 2002 Bureau of Labor Statistics price indexes are accepted for use by department stores employing the retail inventory and last-in, first-out inventory methods for valuing inventories for tax years ended on, or with reference to, July 31, 2002.

Rev. Rul. 2002-57

The following Department Store Inventory Price Indexes for July, 2002 were issued by the Bureau of Labor Statistics. The

indexes are accepted by the Internal Revenue Service, under § 1.472-1(k) of the Income Tax Regulations and Rev. Proc. 86-46, 1986-2 C.B. 739, for appropriate application to inventories of department stores employing the retail inventory and last-in, first-out inventory methods for tax years ended on, or with reference to July 31, 2002.

The Department Store Inventory Price Indexes are prepared on a national basis and include (a) 23 major groups of departments, (b) three special combinations of the major groups - soft goods, durable goods, and miscellaneous goods, and (c) a store total, which covers all departments, including some not listed separately, except for the following: candy, food, liquor, tobacco, and contract departments.

BUREAU OF LABOR STATISTICS, DEPARTMENT STORE
INVENTORY PRICE INDEXES BY DEPARTMENT GROUPS
(January 1941 = 100, unless otherwise noted)

Groups	July 2001	July 2002	Percent Change from July 2001 to July 2002 ¹
1. Piece Goods-----	495.0	486.4	-1.7
2. Domestics and Draperies -----	604.1	577.3	-4.4
3. Women's and Children's Shoes -----	652.3	607.4	-6.9
4. Men's Shoes -----	865.9	906.0	4.6
5. Infants' Wear-----	593.7	590.9	-0.5
6. Women's Underwear -----	567.1	526.3	-7.2
7. Women's Hosiery -----	352.6	345.2	-2.1
8. Women's and Girls' Accessories -----	542.1	517.0	-4.6
9. Women's Outerwear and Girls' Wear -----	355.7	342.0	-3.9
10. Men's Clothing-----	577.6	565.1	-2.2
11. Men's Furnishings -----	588.4	573.1	-2.6
12. Boys' Clothing and Furnishings-----	476.0	455.1	-4.4
13. Jewelry-----	946.5	887.6	-6.2
14. Notions-----	805.8	795.1	-1.3
15. Toilet Articles and Drugs -----	972.5	970.8	-0.2
16. Furniture and Bedding -----	637.7	627.6	-1.6
17. Floor Coverings -----	628.7	617.6	-1.8
18. Housewares -----	771.5	752.9	-2.4
19. Major Appliances -----	225.6	221.4	-1.9
20. Radio and Television -----	53.9	48.4	-10.2
21. Recreation and Education ² -----	89.8	86.3	-3.9
22. Home Improvements ² -----	125.8	125.8	0.0
23. Auto Accessories ² -----	109.4	111.6	2.0
Groups 1-15: Soft Goods-----	575.7	555.9	-3.4
Groups 16-20: Durable Goods-----	423.3	409.9	-3.2
Groups 21-23: Misc. Goods ² -----	98.5	96.6	-1.9
Store Total ³ -----	519.5	502.8	-3.2

¹ Absence of a minus sign before the percentage change in this column signifies a price increase.

² Indexes on a January 1986=100 base.

³ The store total index covers all departments, including some not listed separately, except for the following: candy, food, liquor, tobacco, and contract departments.

DRAFTING INFORMATION

The principal author of this revenue ruling is Michael Burkom of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Mr. Burkom at (202) 622-7718 (not a toll-free call).

Section 501.—Exemption From Tax on Corporations, Certain Trusts, etc.

26 CFR 1.501(c)(12)-1: Local benevolent life insurance associations, mutual irrigation and telephone companies, and like organizations.

Tax-exempt electric cooperative. A tax-exempt electric cooperative's (1) distribution and sale of propane in tanks to members is not a tax-exempt activity under section 501(c)(12)(A) of the Code and may adversely affect its tax-exempt status under section 501(c)(12); (2) if the tax-exempt status of the electric cooperative is not adversely affected; income derived from this activity is unrelated business income and subject to unrelated business income

tax; and (3) the income is treated as non-member income for purposes of calculating the 85 percent member income test under section 501(c)(12)(A).

Rev. Rul. 2002-54

ISSUES

1. Whether the distribution and sale of propane in tanks by an electric cooperative to members is a “like organization” activity under § 501(c)(12)(A) of the Internal Revenue Code;

2. If the distribution and sale of propane in tanks is not a “like organization” activity, how the 85 percent member income test of § 501(c)(12)(A) is applied to income derived from this activity;

3. If the distribution and sale of propane in tanks is not a “like organization” activity, is it an activity unrelated to the exempt purpose of an electric cooperative and subject to the unrelated income tax described in §§ 511-513?

FACTS

A is a corporation formed for the purpose of providing electricity to members. A operates according to cooperative principles. A is recognized as exempt from federal income tax under § 501(a) as an organization described in § 501(c)(12). Membership in A is available to any person. A’s members reside in a certain geographic area of State X.

A distributes electricity to members. A also sells propane to members for their personal or business use. Propane in tanks is delivered by truck to the purchasers’ residences or businesses at regular intervals and also on an as needed basis.

In year Y, A’s income is derived as follows: \$95x from sales of electricity to members, \$2x from interest income earned on A’s bank accounts, and \$3x from sales of tanked propane to members.

LAW

Section 501(c)(12)(A) provides for the exemption from federal income tax of benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations.

The Internal Revenue Service (“Service”) position has been that providing light

and water to members on a cooperative basis is a “like organization” activity because it is a public utility type service. *See* Rev. Rul. 67-265, 1967-2 C.B. 205, *updating and restating* I.T. 1671, C.B. II-1, 158 (1923). Congress in 1980 amended § 501(c)(12) by adding § 501(c)(12)(C), which specifically lists electric cooperatives as organizations within the purview of § 501(c)(12). Pub. L. No. 96-605 § 106(a), 94 Stat. 3524 (1980).

Rev. Rul. 83-170, 1983-2 C.B. 97, affirms the public utility type service rationale described in Rev. Rul. 67-265 and states that the definition of “like organization” includes those cooperatives that are engaged in activities similar in nature to a public utility type service. In the revenue ruling, an organization provides cable television service to its members on a cooperative basis. The revenue ruling compares cable television service to a public utility type service because it is a service regulated by the state. The revenue ruling concludes that the cooperative organization is a “like organization” within the meaning of § 501(c)(12)(A) and qualifies for exemption under § 501(c)(12).

The Service has stated that “like organization” activity does not include activities not similar in nature to a public utility type service. In Rev. Rul. 65-201, 1965-2 C.B. 170, an organization sells electrical material, equipment and supplies, and provides equipment repair services to its members on a cooperative basis. The revenue ruling holds that the organization is not a “like organization” because the activities in question are not similar to public utility type services that are conducted by those organizations listed in § 501(c)(12). *See also Consumers Credit Rural Electric Coop. Corp. v. Commissioner*, 37 T.C. 136, 143, *aff’d* 319 F.2d 475 (6th Cir. 1963) (an organization that financed consumer purchases of electrical, water or plumbing appliances was not a “like organization”); *New Jersey Automobile Club v. United States*, 181 F. Supp. 259 (Cl. Ct. 1960), *cert. denied*, 366 U.S. 964 (1961) (providing emergency road, travel and bail bond services were not “like organization” activities).

Section 501(c)(12)(A) provides that organizations whose activities are described in this subsection can qualify for exemption only if 85 percent or more of the income consists of amounts collected from

members for the sole purpose of meeting losses and expenses. *See also* § 1.501(c)(12)-1(a) of the Income Tax Regulations. The 85 percent member income test is computed in each taxable year, and a cooperative may fail the test one year but meet the test in a prior or subsequent tax year. *See* Rev. Rul. 65-99, 1965-1 C.B. 242.

Section 511(a)(1) imposes a tax on the unrelated business taxable income of organizations described in § 511(a)(2).

Section 511(a)(2) states that all organizations exempt under § 501(c) are subject to the unrelated business income tax (other than § 501(c)(1)).

Section 1.511-2(a)(1)(i) provides, in pertinent part, that § 511(a)(1) applies to any organization exempt under § 501(a) (other than § 501(c)(1)).

ANALYSIS

Organizations exempt under § 501(c)(12) include mutual ditch or irrigation companies and telephone or electric cooperatives. If the organization in question does not furnish any of these services, its activity must be a “like organization” activity. As stated in Rev. Rul. 83-170 and Rev. Rul. 67-265, a “like organization” activity is a public utility type service. A public utility type service is the furnishing or sale of the production, transmission, and distribution of electricity, gas, steam or water, sewage disposal service, or telephone service, traditionally where the rates have been established or approved by a State, a political division, public utility commission, or other similar body of a State, or by any agency or instrumentality of the United States. *See* Rev. Rul. 83-170 (cable television is a public utility type service because it is regulated by the state); *see generally* § 168(i)(10). A public utility type service for purposes of § 501(c)(12) also requires an extensive infrastructure, like the delivery of electricity from producers to consumers, the construction of which necessitates large capital investment.

In the factual situation described above, A’s distribution and sale of tanked propane by trucks is not a public utility type service because the rates charged for tanked propane are not and traditionally have not been regulated (aside from safety regulations) by states or the federal government. Also, the distribution and sale of tanked propane by trucks does not require an extensive infrastructure, unlike the distribu-

tion of electricity. Hence, distribution and sale of tanked propane by trucks is not a “like organization” activity under § 501(c)(12)(A).

The 85 percent member income test of § 501(c)(12) requires that a § 501(c)(12) cooperative must receive 85 percent or more of its income from members for the sole purpose of meeting losses and expenses in order to qualify for and maintain tax exemption. The 85 percent member income test requires that the income be (1) derived from members and (2) used to pay for services listed in § 501(c)(12). The \$3x *A* derived from distribution and sale of tanked propane by trucks is from members, but is not used for a service listed in § 501(c)(12) because distribution and sale of tanked propane is not a “like organization” activity. Hence, the \$3x *A* derived is treated as non-member income for purposes of calculating the 85 percent member income test.

The unrelated business income tax provisions, §§ 511 – 513, provide that the income of a cooperative exempt under § 501(c)(12) is subject to unrelated business income tax if the income is derived from an activity unrelated to its exempt purpose. *See also Henry E. & Nancy Horton Bartels Trust for the Benefit of the University of New Haven v. United States*, 209 F.3d 147, 149 (2d Cir. 2000) (stating that an organization exempt from tax under § 501 may be subject to the unrelated business income tax on income it derives from a trade or business unrelated to its exempt purpose). The distribution and sale of tanked propane, as concluded, is not a “like organization” activity within the meaning of § 501(c)(12)(A). *A*’s distribution and sale of tanked propane to members is a business, is regularly carried on and is not related to providing electricity to members. *See* § 1.512(a)–1 (stating the definition for unrelated business taxable income). If *A*’s distribution and sale of tanked propane were not insubstantial, it would jeopardize its exempt status under § 501(c)(12). If it were insubstantial, the \$3x *A* derived from distribution and sale of tanked propane would be subject to unrelated business income tax.

HOLDINGS

Distribution and sale of tanked propane by trucks is not a “like organization” activity under § 501(c)(12)(A). The \$3x *A* derived from the distribution and sales of tanked propane to members is non-

member income for purposes of calculating the 85 percent member income test. *A*’s total income for year *Y* is \$100x, \$95x (95 percent) of which is derived from members. \$5x (5 percent) of the total income for year *Y* is derived from nonmembers, \$3x (3 percent) from distribution and sale of tanked propane and \$2x (2 percent) in interest income. *A* satisfies the 85 percent member income test for year *Y*. *A*’s distribution and sales of tanked propane is unrelated to its exempt purpose. *A*’s exempt status under § 501(c)(12) is not jeopardized if the distribution and sale of tanked propane is insubstantial, but the \$3x *A* derived from the activity is subject to unrelated business income tax.

This revenue ruling deals only with § 501(c)(12). No inference is intended as to any other provision of law, including the definition of utility or public utility under any other provision.

EFFECTIVE DATE

This revenue ruling is effective for taxable years beginning after December 31, 2002.

DRAFTING INFORMATION

The principal author of this revenue ruling is Michael Seto, TE/GE Division, Exempt Organizations. For further information regarding this revenue ruling, contact Michael Seto at (202) 283–9465 (not a toll-free call).

Cooperative exempt from federal income tax. A cooperative exempt from federal income tax under section 501(c)(12) of the Code is not required to include income of its subsidiary for purposes of calculating the 85 percent member income test of section 501(c)(12)(A).

Rev. Rul. 2002–55

ISSUE

How the 85 percent member income test of § 501(c)(12)(A) of the Internal Revenue Code is applied in the situation described below.

FACTS

A is a corporation formed for the purpose of providing telephone services to members. *A* operates according to coop-

erative principles. *A* is recognized as exempt from federal income tax under § 501(a) as an organization described in § 501(c)(12). Membership in *A* is available to any person. *A*’s members reside in a certain geographic area of State *X*. *B* is a taxable corporation formed for valid business purposes. *A* owns 100 percent of the stock of *B*. *B* does not operate on a cooperative basis. *B* is not a member of *A*. *B* distributes \$5x to *A* as a dividend (as defined in § 301) to *A*. *B* files Forms 1120.

In the year in question, *A*’s income is derived as follows: \$90x from its members for telephone services, \$5x as a dividend received from *B*, and \$5x from interest income earned on *A*’s bank accounts.

LAW

Section 501(c)(12)(A) provides for the exemption from federal income tax of benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations; but only if 85 percent or more of the income in any year consists of amounts collected from members for the sole purpose of meeting losses and expenses.

A corporation is a separate taxable entity for federal income tax purposes if the corporation is formed for valid business purposes, and is not a sham, an agency or instrumentality. *Moline Properties, Inc. v. Commissioner*, 319 U.S. 436 (1943); *Commissioner v. Bollinger*, 485 U.S. 340 (1988).

ANALYSIS

An organization seeking exemption under § 501(c)(12) must satisfy two requirements. First, it must be a benevolent life insurance association of a purely local character, mutual ditch or irrigation company, mutual or cooperative telephone company or a like organization. Hence, an organization must conduct activities that are permitted under § 501(c)(12) and must be operated on a cooperative basis.

Second, the organization must receive 85 percent or more of its income in any year from members for the sole purpose of meeting losses and expenses incurred from services provided to members. The 85 percent member income test requires that the income be (1) derived from members and (2) used to pay for services listed in

§ 501(c)(12). See § 1.501(c)(12)-1(a) of the Income Tax Regulations and *Consumers Credit Rural Electric Cooperative Corp. v. Commissioner*, 37 T.C. 136 (1961), *aff'd in pertinent part*, 319 F.2d 475 (1963).

In order to maintain tax exemption under § 501(c)(12), the cooperative must compute the 85 percent member income test in each taxable year. The cooperative may fail the 85 percent member income test one year but satisfy the test in a prior year or subsequent year. See Rev. Rul. 65-99, 1965-1 C.B. 242. Hence, the 85 percent member income test requires a cooperative exempt under § 501(c)(12) for any taxable year to combine all sources of income not otherwise excludable under § 501(c)(12)(B) or (C) and calculate whether more than 15 percent of that income is derived from nonmembers. The cooperative is not tax exempt in any taxable year if more than 15 percent of its income is derived from nonmembers. A cooperative has the burden of proof to establish that it satisfies the 85 percent member income test for each taxable year. See also *Nonprofits' Insurance Alliance of California v. United States*, 32 Fed. Cl. 277 (1994) (income tax exemptions are

matters of legislative grace which the courts have consistently strictly construed).

In the situation described, *A* must establish that not more than 15 percent of its income is derived from nonmember sources for the taxable year in question. Assuming that *B* is recognized as an entity separate from *A* for federal income tax purposes under *Moline Properties*, the income of *B* is not included for purposes of determining whether *A* satisfies the 85 percent member income test. However, any payments *A* received from *B* are included in the calculation of the 85 percent member income test. Because *B* is not a member of *A*, the dividend *A* receives from *B* for the year in question is nonmember income for purposes of the 85 percent member income test. Further, even if *B* were a member of *A*, the dividend is not member income because it is not payment for the sole purpose of meeting losses and expenses incurred for telephone services provided to *B* by *A*.

A's total income for the year in question is \$100x, \$90x (90 percent) of which is derived from members. \$10x (10 percent) of the total income for the year in

question is derived from nonmembers, \$5x from *B* and \$5x from *A*'s interest bearing bank accounts. *A* satisfies the 85 percent member income test for the year in question.

HOLDING

A is exempt from federal income tax under § 501(c)(12) for the taxable year in question because more than 85 percent of its income is derived from members.

EFFECTIVE DATE

This revenue ruling is effective for taxable years beginning after December 31, 2002. However, taxpayers may rely on this revenue ruling for prior periods.

DRAFTING INFORMATION

The principal author of this revenue ruling is Michael Seto, TE/GE Division, Exempt Organizations. For further information regarding this revenue ruling, contact Michael Seto at (202) 283-9465 (not a toll-free call).

Part III. Administrative, Procedural, and Miscellaneous

26 CFR 1.149(e)1: Extension of time to file information reports.

Rev. Proc. 2002-48

SECTION 1. PURPOSE

This revenue procedure provides guidance to issuers of state or local bonds for requesting an extension of time to file, or for amending, the statement of information required by section 149(e) of the Internal Revenue Code. In general, these statements must be filed on Forms 8038, 8038-G, or 8038-GC.

SECTION 2. BACKGROUND

01. The Tax Reform Act of 1986, 1986-3 (Vol. 1) C.B. 1, 567, amended and reorganized the sections of the 1954 Code pertaining to information reporting for certain state or local bonds. Former section 103(l), pertaining to information reporting for private purpose bonds, and former section 103A(j)(3)(A), pertaining to information reporting for qualified mortgage bonds, were consolidated in section 149(e) of the 1986 Code, which requires information reporting for any state or local bond.

02. Section 103(a) of the 1986 Code provides that, with certain exceptions, gross income does not include interest on any state or local bond.

03. Rev. Proc. 88-10, 1988-1 C.B. 635, provided guidance to issuers of state or local bonds for requesting an extension of time to file the statement of information required by section 149(e) of the 1986 Code.

04. Section 149(e)(1) of the 1986 Code provides that interest on a state or local bond will not be excludable from gross income unless certain information reporting requirements are satisfied. The issuer must submit a statement that contains the information required under section 149(e)(2). The statement must be submitted not later than the 15th day of the 2nd calendar month after the close of the calendar quarter in which the bond is issued (or such later time as the Secretary may prescribe with respect to any portion of the statement).

05. In general, the statement required by section 149(e)(2) of the 1986 Code must be filed on one of the following forms: Form

8038, *Information Return for Tax-Exempt Private Activity Bond Issues*; Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*; or Form 8038-GC, *Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales*.

06. Section 1.149(e)-1(d)(2)(ii) of the Income Tax Regulations provides that the Commissioner may grant an extension of time to file any form or attachment required under section 149(e) if the Commissioner determines that the failure to file in a timely manner was not due to willful neglect. The Commissioner may make this determination with respect to an issue or a class of issues.

SECTION 3. PROCEDURES

01. An issuer of a state or local bond who fails to timely submit the statement (Form 8038, 8038-G, or 8038-GC) required by section 149(e)(2) should take the following action as promptly as is reasonably practical after discovery of the failure.

(1) Mail the statement to the Internal Revenue Service, Ogden Submission Processing Center, Ogden, UT 84201. The words, "*Request for Relief under Section 3 of Rev. Proc. 2002-48*" should be typed or printed across the top of the statement.

(2) Attach to the statement a letter briefly setting forth the reasons why the statement was not timely submitted to the Service. The letter must be signed by an individual who has knowledge of the relevant facts and circumstances. The letter should include all relevant information, including when the applicable statement (Form 8038, 8038-G, or 8038-GC) was required to be filed, and a description of the events that led up to both the failure to timely file and discovery of the failure to timely file. The letter should also indicate whether the bond issue in question is under examination by the Service. An issue generally is under examination on the date a letter opening an examination of the issue is sent.

02. A request for an extension filed in accordance with section 3.01 shall be

deemed accepted if the Service does not notify the issuer regarding the request within 90 days after the Service's receipt of the request.

03. The Service will notify the issuer in writing if it is unable to make a determination, based on the issuer's request for an extension, that the failure to file the statement was not due to willful neglect. The notification will be made within 90 days of the Service's receipt of the issuer's request and will inform the issuer that the Service has been unable to make the determination. In the notification, the Service may request additional information from the issuer.

04. If, after the notification under section 3.03, and based on the information submitted, the Service determines that the failure to file the statement was not due to willful neglect, it will so inform the issuer in writing.

05. If, after the notification under section 3.03, and based on the information submitted, it appears that a determination adverse to the issuer will be made, the issuer will be entitled, upon request, to a conference with the Service. If the issuer requests a conference, no adverse determination (whether preliminary or otherwise) will be made prior to the conference. If, after the conference, the Service determines that the failure to file the statement was not due to willful neglect, it will so inform the issuer in writing.

06. If the Service determines that the failure to timely file the statement is not due to willful neglect, then the filing of the statement in section 3.01 above is accepted, and the information reporting requirement of section 149(e)(1) is deemed satisfied.

07. If the Service determines that the failure to timely file the statement is due to willful neglect, the Service will issue a preliminary adverse determination in writing to the issuer that the interest on the bond is not excludable from gross income under section 103(a). In such circumstances, the procedures set forth in Rev. Proc. 99-35, 1999-2 C.B. 501 (procedures for administrative appeal of proposed adverse determination of tax-exempt status of bond issue), or its successor shall be followed.

**SECTION 4. AMENDMENT TO
STATEMENT FILED ON FORM 8038,
8038-G, OR 8038-GC.**

If, after timely filing the statement required under section 149(e)(2), an issuer discovers that there is an inaccuracy in the statement, the issuer may file an amended statement.

**SECTION 5. EFFECT ON OTHER
DOCUMENTS**

Rev. Proc. 88-10 is superseded.

SECTION 6. EFFECTIVE DATE

This revenue procedure is effective immediately.

DRAFTING INFORMATION

The principal author of this revenue procedure is Susan D. Ruth of Tax Exempt Bonds, Outreach Planning and Review, Tax Exempt/Government Entities (TE/GE). For further information regarding this revenue procedure, contact Ms. Ruth at (202) 283-9792 (not a toll-free call).

Part IV. Items of General Interest

Compensatory Stock Options Under Section 482; Correction

Announcement 2002-81

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains corrections to a notice of proposed rulemaking and notice of public hearing (REG-106359-02, 2002-34 I.R.B. 405) published in the **Federal Register** on Monday, July 29, 2002 (67 FR 48997) that provides guidance regarding the application of the rules of section 482 governing qualified cost sharing arrangements.

FOR FURTHER INFORMATION CONTACT: Douglas Giblen, (202) 874-1490 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The temporary regulations that are the subject of these corrections are under section 355(e) of the Internal Revenue Code.

Need for Correction

As published, REG-106359-02, 2002-34 I.R.B. 405, contains errors which may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the (REG-106359-02, 2002-34 I.R.B. 405), which is the subject of FR Doc. 02-19126 is corrected as follows:

1. On page 49001, column 2, in the preamble under the paragraph heading "Comments and Public Hearing", first full paragraph, line 2, the language "for October 21, 2002, at 10 a.m., in" is corrected to read "for November 20, 2002, at 10 a.m., in".

2. On page 49001, column 2, in the preamble under the paragraph heading "Comments and Public Hearing", second paragraph, third line from the bottom, the

language "September 30, 2002. A period of 10" is corrected to read "October 30, 2002. A period of 10".

Cynthia Grigsby,
Chief, Regulations Unit,
Associate Chief Counsel
(*Income Tax and Accounting*).

(Filed by the Office of the Federal Register on August 14, 2002, 8:45 a.m., and published in the issue of the Federal Register for August 15, 2002, 67 F.R. 53327)

Excise Taxes; Definition of Highway Vehicle

Announcement 2002-82

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Extension of time for comments and requests for a public hearing.

SUMMARY: This document provides notice of an extension of time for submitting comments and requests for a public hearing concerning the notice of proposed rulemaking (REG-103829-99, 2002-27 I.R.B. 59) relating to the definition of a highway vehicle. This document extends the period for the submission of comments and requests for a public hearing to December 4, 2002.

DATES: Written or electronic comments and requests for a public hearing must be received by December 4, 2002.

ADDRESSES: Send submissions to: CC:ITA:RU (REG-103829-99), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:ITA:RU (REG-103829-99), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC. Alternatively, tax-

payers may submit electronic comments directly to the IRS Internet site at www.irs.gov/regs.

SUPPLEMENTARY INFORMATION:

On June 6, 2002, a notice of proposed rulemaking (REG-103829-99) was published in the **Federal Register** (67 FR 38913) relating to the definition of highway vehicle requesting submissions of comments and requests for a public hearing on September 4, 2002. The deadline for submitting comments and requests for a public hearing is extended to December 4, 2002.

Cynthia E. Grigsby,
Chief, Regulations Unit,
Associate Chief Counsel
(*Income Tax and Accounting*).

(Filed by the Office of the Federal Register on August 15, 2002, 8:45 a.m., and published in the issue of the Federal Register for August 16, 2002, 67 F.R. 53539)

Required Distributions From Retirement Plans; Hearing

Announcement 2002-84

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of public hearing on proposed rulemaking.

SUMMARY: This document contains a notice of public hearing on proposed regulations (REG-108697-02, 2002-19 I.R.B. 918) relating to required minimum distributions for defined benefit plans and annuity contracts providing benefits under qualified plans, individual retirement plans, and section 403(b) contracts.

DATES: The public hearing is being held on Wednesday, October 9, 2002, at 10 a.m. The IRS must receive outlines of the topics to be discussed at the hearing by Wednesday, September 25, 2002.

ADDRESSES: The public hearing is being held in room 4718, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC. Due to building security procedures, visitors must enter at the Constitution Avenue entrance. In addition, all visitors must present photo identification to enter the building.

Mail outlines to: Regulations Unit CC: ITA:RU, (REG-108697-02), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Hand deliver outlines Monday through Friday between the hours of 8 a.m. and 5 p.m. to: Regulations Unit CC:ITA:RU, (REG-108697-02), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC. Submit electronic outlines of oral comments directly to the IRS Internet site at www.irs.gov/regs.

FOR FURTHER INFORMATION CONTACT: Concerning submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing contact Sonya M. Cruse (202) 622-7805 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

The subject of the public hearing is the notice of proposed regulations (REG-108697-02) that was published in the **Federal Register** on Wednesday, April 17, 2002 (67 FR 18834).

Persons who have submitted written comments and wish to present oral comments at the hearing, must submit an outline of the topics to be discussed and the amount of time to be devoted to each topic (signed original and eight (8) copies) by Wednesday, September 25, 2002.

A period of 10 minutes is allotted to each person for presenting oral comments.

After the deadline for receiving outlines has passed, the IRS will prepare an agenda containing the schedule of speakers. Copies of the agenda will be made available, free of charge, at the hearing.

Because of access restrictions, the IRS will not admit visitors beyond the immediate entrance area more than 30 minutes before the hearing starts. For information about having your name placed on the building access list to attend the hearing, see the "FOR FURTHER INFORMATION CONTACT" section of this document.

Cynthia E. Grigsby,
Chief, Regulations Unit,
Associate Chief Counsel
(Income Tax and Accounting).

(Filed by the Office of the Federal Register on August 29, 2002, 11:51 a.m., and published in the issue of the Federal Register for September 4, 2002, 67 F.R. 56509)

Announcement of Disciplinary Actions Involving Attorneys, Certified Public Accountants, Enrolled Agents, and Enrolled Actuaries—Suspensions, Disbarments, and Resignations

Under Title 31, Code of Federal Regulations, Part 10, attorneys, certified public accountants, enrolled agents, and enrolled actuaries may not accept assistance from, or assist, any person who is under disbarment or suspension from practice before the Internal Revenue Service if the assistance relates to a matter constituting practice before the Internal Revenue Service and may

not knowingly aid or abet another person to practice before the Internal Revenue Service during a period of suspension, disbarment, or ineligibility of such other person.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify persons to whom these restrictions apply, the Director of Practice will announce in the Internal Revenue Bul-

letin their names, their city and state, their professional designation, the effective date of disciplinary action, and the period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks.

Suspensions From Practice Before the Internal Revenue Service After Notice and an Opportunity for a Proceeding

Under Title 31, Code of Federal Regulations, Part 10, after notice and an opportunity for a proceeding before an

administrative law judge, the following individuals have been placed under suspen-

sion from practice before the Internal Revenue Service:

Name	Address	Designation	Effective Date
McKnight, James A.	Tequesta, FL	Enrolled Agent	April 12, 2001 to October 11, 2002
Donnelly, Edward	Melville, NY	CPA	April 17, 2002 to July 16, 2003

Disbarments From Practice Before the Internal Revenue Service After Notice and an Opportunity for a Proceeding

Under Title 31, Code of Federal Regulations, Part 10, after notice and an opportunity for a proceeding before an administrative law judge, the following individuals have been disbarred from practice before the Internal Revenue Service:

Name	Address	Designation	Effective Date
Schmeiser, Larry W.	Limon, CO	Attorney	September 1, 2000
Sayre, Charles L.	Ann Arbor, MI	Attorney	January 2, 2001
Young, Dennis	Lewiston, ID	CPA	January 2, 2001
Buckley, Francis M.	Marlborough, CT	Attorney	January 18, 2001
Dugovich, Frank A.	Middleburg Heights, OH	CPA	January 29, 2001
Kiss, Philip M.	Libertyville, IL	Enrolled Agent	March 1, 2001
Mellner, Michael	Scranton, PA	CPA	June 11, 2001
Davis, Jerry A.	Leonard, TX	CPA	June 13, 2001
Thornton, John L.	Fayetteville, AR	CPA	June 21, 2001
Campbell, David G.	Reading, PA	Attorney	July 10, 2001
Schlabach, John J.	Colbert, WA	CPA	July 16, 2001
Belin, Leon	Southfield, MI	CPA	August 7, 2001
Simpson, James	Elmhurst, IL	Attorney	September 24, 2001
Berg, Richard L.	Vadnais Heights, MN	CPA	October 3, 2001
Riesenmy, David	Joplin, MO	Attorney	October 15, 2001
Andrade, Rodrigo	El Paso, TX	Enrolled Agent	November 20, 2001
Miller, Larry Charles	Philadelphia, PA	Attorney	January 10, 2002
Melton, Andrew I.	Detroit, MI	CPA	February 13, 2002
Daily, J. Michael	Clearwater, FL	CPA	March 29, 2002
Klimkowski, Joseph R.	Florham, NJ	CPA	March 29, 2002
Greene, William M.	Center Sandwich, NH	Attorney	March 29, 2002
Bart, Adrian	Tulsa, OK	CPA	April 17, 2002

Consent Suspensions From Practice Before the Internal Revenue Service

Under Title 31, Code of Federal Regulations, Part 10, an attorney, certified public accountant, enrolled agent, or enrolled actuary, in order to avoid the institution or conclusion of a proceeding for his or her disbarment or suspension from practice before the Internal Revenue Service, may offer

his or her consent to suspension from such practice. The Director of Practice, in his discretion, may suspend an attorney, certified public accountant, enrolled agent or enrolled actuary in accordance with the consent offered.

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

Name	Address	Designation	Date of Suspension
McDaniel III, Troy J.	Atlanta, GA	CPA	Indefinite from June 6, 2000
Levine, Paul	Los Angeles, CA	CPA	February 1, 2001 to January 31, 2003
Hammons, Patrick B.	Mesa, AZ	Enrolled Agent	February 1, 2001 to January 31, 2004
Price, Russell S.	Washington, DC	CPA	February 17, 2001 to August 16, 2003
Donohue, Robert M.	Ellicott City, MD	CPA	May 15, 2001 to May 14, 2005
Havranek, Ronald J.	Deerfield, IL	CPA	July 30, 2001 to July 29, 2003
Harding III, Leon H.	Roanoke, VA	CPA	Indefinite from August 7, 2001
Noone, Patrick	Orland Park, IL	CPA	August 23, 2001 to February 22, 2004
Sefton, David L.	Austin, TX	CPA	August 31, 2001 to February 27, 2003
Zuccarelli, Silvio	Coconut Creek, FL	Enrolled Agent	September 18, 2001 to December 17, 2004
DeFazio, James P.	Sacramento, CA	CPA	October 1, 2001 to March 31, 2003
Levenson, Martin J.	New York, NY	CPA	October 15, 2001 to April 14, 2004
Donchatz, Charles	Columbia, SC	CPA	October 25, 2001 to October 24, 2004
Smith, Virga A.	Rochester, IN	CPA	November 1, 2001 to October 31, 2003
Fuller, Don B.	Minneapolis, MN	Attorney	November 15, 2001 to November 14, 2004
Retzlaff, Gene A.	Hortonville, WI	Enrolled Agent	Indefinite from December 27, 2001
Kime, Robert L.	Collinsville, IL	CPA	December 6, 2001 to December 5, 2003
King, John C.	Wichita, KS	Attorney	January 1, 2002 to June 30, 2003

Name	Address	Designation	Date of Suspension
Carter, Lloyd C.	St. George, UT	CPA	January 15, 2002 to October 14, 2002
Dennis, Paul J.	Milwaukee, WI	Enrolled Agent	January 28, 2002 to January 27, 2005
Jones, Ricky A.	Greenfield, OH	CPA	March 15, 2002 to March 14, 2003
Price, Richard A.	Novato, CA	CPA	May 1, 2002 to April 30, 2005
Burnett, Bradley P.	Wheat Ridge, CO	Attorney	May 1, 2002 to April 30, 2004
Leone, Anthony	Des Plaines, IL	CPA	April 1, 2002 to September 30, 2003
Groskin, Lawrence J.	Tuxedo Park, NY	Attorney	May 1, 2002 to April 30, 2003
Homnick, Cory	San Diego, CA	CPA	June 1, 2002 to May 31, 2003
Herring, Chester L.	University Park, IL	CPA	June 1, 2002 to November 30, 2003
Cutcher, Edward W.	Clinton, OH	CPA	June 1, 2002 to February 28, 2003
Gisser, Arthur S.	Glenwood Landing, NY	CPA	July 1, 2002 to December 31, 2002
Garlikov, Mark B.	Dayton, OH	Attorney	July 1, 2002 to October 30, 2005
Foust, John Franklin	Des Moines, IA	CPA	July 1, 2002 to June 30, 2003
Byock, Matthew I.	Red Bank, NJ	CPA	August 1, 2002 to March 31, 2003

Expedited Suspensions From Practice Before the Internal Revenue Service

Under Title 31, Code of Federal Regulations, Part 10, the Director of Practice is authorized to immediately suspend from practice before the Internal Revenue Service any practitioner who, within five years from the date the expedited proceeding is

instituted (1) has had a license to practice as an attorney, certified public accountant, or actuary suspended or revoked for cause or (2) has been convicted of certain crimes.

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

Name	Address	Designation	Date of Suspension
Brenner, William A.	Grahamsville, NY	Attorney	Indefinite from February 2, 2001
Pope, Ray P.	Pensacola, FL	Attorney	Indefinite from February 23, 2001
Dudnick, Howard A.	Princeton, NY	CPA	Indefinite from June 25, 2001
Griffiths, Brian D.	North Andover, MA	CPA	Indefinite from June 25, 2001
Yerardi, Michael J.	East Walpole, MA	Attorney	Indefinite from June 25, 2001
Cheesman, Michael S.	Mill Creek, WA	CPA	Indefinite from July 20, 2001
Devereaux, Ross	Jackson, MI	CPA	Indefinite from July 20, 2001
Gaskill, Todd	Lompoc, CA	Attorney	Indefinite from July 20, 2001
Gross, Peter Sam	Kerrville, TX	Attorney	Indefinite from July 20, 2001
Hausman, Stanley	Livingston, NJ	Attorney	Indefinite from July 20, 2001
Jones, Peter C.	Seattle, WA	CPA	Indefinite from July 20, 2001
Koss, Lewis M.	Calabasas, CA	Attorney	Indefinite from July 20, 2001
Maxey, Michael	Mishawaka, IN	CPA	Indefinite from July 20, 2001
Meaney, Richard A.	Harwich Port, MA	Attorney	Indefinite from July 20, 2001
Shaver, Howard D.	Leawood, KS	Attorney	Indefinite from July 20, 2001
Sims, Thomas	Tonka Bay, MN	CPA	Indefinite from July 20, 2001
Wallin, Hans	Arthur, ND	Attorney	Indefinite from July 20, 2001
Freeman, Dale L.	North Royalton, OH	CPA	Indefinite from August 6, 2001

Name	Address	Designation	Date of Suspension
Huffman, Richard E.	Riverside, CA	CPA	Indefinite from August 6, 2001
Lawrence, William E.	Salinas, CA	CPA	Indefinite from August 6, 2001
Marks, William J.	New York, NY	CPA	Indefinite from August 6, 2001
Parker, George	Honolulu, HI	Attorney	Indefinite from August 6, 2001
Pham, Van Luong	Houston, TX	Enrolled Agent	Indefinite from August 6, 2001
Pirro, Jr., Albert J.	Rye, NY	Attorney	Indefinite from August 6, 2001
Pollacheck, Mark E.	Califon, NJ	Enrolled Agent	Indefinite from August 6, 2001
Price, Padget C.	Corona, CA	Attorney	Indefinite from August 6, 2001
Ragusa, Sebastian	Hicksville, NY	Attorney	Indefinite from August 6, 2001
Ranum, Karl M.	Stillwater, MN	Attorney	Indefinite from August 6, 2001
Ross, Daniel P.	Ashtabula, OH	CPA	Indefinite from August 6, 2001
Shea, Michael P.	Myrtle Beach, SC	CPA	Indefinite from August 6, 2001
Tatman, Elizabeth A.	Mission Viejo, CA	CPA	Indefinite from August 6, 2001
Taylor, Murray E.	Houston, TX	CPA	Indefinite from August 6, 2001
Truex, Anthony J.	Port Hueneme, CA	CPA	Indefinite from August 6, 2001
Utterback, Thomas M.	Gerald, MO	Attorney	Indefinite from August 6, 2001
Zauft, Steven J.	San Antonio, TX	Attorney	Indefinite from August 6, 2001
Hancock, George B.	New Bern, NC	CPA	Indefinite from June 24, 2002

Name	Address	Designation	Date of Suspension
Nadale, Richard D.	Petaluma, CA	CPA	Indefinite from June 24, 2002

Resignations of Enrolled Agents

Under Title 31, Code of Federal Regulations, Part 10, an enrolled agent, in order to avoid the institution or conclusion of a proceeding for his or her disbarment or suspension from practice before the Inter-

nal Revenue Service, may offer his or her resignation as an enrolled agent. The Director of Practice, in his discretion, may accept the offered resignation.

The Director of Practice has accepted offers of resignation as an enrolled agent from the following individuals:

Name	Address	Date of Resignation
Fuener, Donald C.	Springfield, IL	Effective December 31, 2001
Clark, Robert A.	Chico, CA	Effective January 1, 2002
Sarmiento, Romulo B.	San Francisco, CA	Effective March 31, 2002
Goetz, Roger H.	Waseca, MN	Effective June 24, 2002

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 law or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in the new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the

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

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

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

Abbreviations

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

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.

E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance 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.—Statements of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2002–1 through 2002–25 is in Internal Revenue Bulletin 2002–26, dated July 1, 2002.

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