

ISSUES SUBMISSIONS FOR THE IIR PROGRAM REVIEWED - 2003 IIR PROJECT SELECTIONS

Banking Industry

Submitter's Issue Description: Application of IRC § 382 to U.S. Branches of Acquired International Banks

Guidance is needed on how to value the U.S. branch operations of international banks for purposes of IRC § 382, limitation on net operating loss carry forwards, including (1) how to identify and value the goodwill of the U.S. operations, and (2) how to determine whether, and to what extent, any goodwill premium paid for the shares of the bank is attributable to U.S. operations.

IRS Contact:

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Submitted by:

Institute of International Bankers

Insurance Industry

Submitter's Issue Description: Guidance on Health Care Provider Incentive Payments

HMOs pay their physicians under a plan designed to give the physicians an incentive to hold costs down. Under this plan, a portion of the physician's fees is held back and paid after the end of the year. For statutory accounting purposes, the "provider holdbacks" are reflected in the HMOs' incurred but not paid (IBNP) reserve. The submitter proposes that the "provider holdbacks" be deductible as part of the IBNP reserve in accordance with industry practice.

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Submitted by:

Blue Cross Blue Shield Association

Retail Industry

Submitter's Issue Description: Vendor Allowance

Guidance, consistent with new accounting standards, on how different types of vendor allowances should be classified and their income tax treatment.

Selected with Modification: Guidance on the tax treatment of Vendor Allowances involving buildouts and image upgrades.

IRS Contact:

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Submitted by

International Mass Retail Association

Trucking Industry

Submitter's Issue Description: Guidance under Section IRC 4051(a)(2) and (3) regarding "Suitable for Use"

Guidance is requested to assist in the determination as to what makes a truck body "suitable for use" on a vehicle 33,000 lbs. gross vehicle weight or less under IRC § 4051(a)(2).

IRS Contact:

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Submitted by:

National Truck Equipment Association

Cross Industry

Submitter's Issue Description: Reporting Employment Taxes in Context of Mergers, Consolidations, etc.

The procedures for reporting employment tax in the context of mergers, acquisitions, consolidations, reorganizations and other restructurings are antiquated and cumbersome. Rev. Rul. 62-60 and Rev. Proc. 96-60 need to be updated to reflect current environment and systems capabilities and made more consistent.

Selected with Modification:

Guidance on reporting procedures for successor organizations following Rev. Proc. 96-60

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Submitted by:

American Society for Payroll
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