

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. 2006-62, page 1142.

LIFO; price indexes; department stores. The October 2006 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, October 31, 2006.

Rev. Rul. 2006-63, page 1143.

Interest rates; underpayments and overpayments. The rate of interest determined under section 6621 of the Code for the calendar quarter beginning January 1, 2007, will be 8 percent for overpayments (7 percent in the case of a corporation), 8 percent for underpayments, and 10 percent for large corporate underpayments. The rate of interest paid on the portion of a corporate overpayment exceeding \$10,000 will be 5.5 percent.

Rev. Proc. 2006-55, page 1151.

Specifications are set forth for the private printing of paper and laser-printed substitutes for tax year 2006 Form W-2, *Wage and Tax Statement*, and Form W-3, *Transmittal of Wage and Tax Statements*. Rev. Proc. 2005-65 superseded.

EMPLOYEE PLANS

Notice 2006-111, page 1150.

Weighted average interest rate update; corporate bond indices; 30-year Treasury securities. The weighted average interest rate for December 2006 and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution are set forth.

EXEMPT ORGANIZATIONS

Announcement 2006-101, page 1181.

A list is provided of organizations now classified as private foundations.

EMPLOYMENT TAX

Rev. Proc. 2006-55, page 1151.

Specifications are set forth for the private printing of paper and laser-printed substitutes for tax year 2006 Form W-2, *Wage and Tax Statement*, and Form W-3, *Transmittal of Wage and Tax Statements*. Rev. Proc. 2005-65 superseded.

ADMINISTRATIVE

Rev. Proc. 2006-56, page 1169.

Nonaccrual-experience method of accounting. This procedure provides the exclusive procedures under which a taxpayer may request the consent of the Commissioner to make certain changes to, from, or within a nonaccrual-experience (NAE) method of accounting and to adopt certain NAE methods. Final regulations on the NAE method of accounting are effective August 31, 2006. Rev. Proc. 2002-9 modified and amplified.

(Continued on the next page)

Announcements of Disbarments and Suspensions begin on page 1171.
Finding Lists begin on page ii.
Index for July through December begins on page vi.



Announcement 2006–102, page 1184.

This document contains corrections to final regulations (T.D. 9273, 2006–37 I.R.B. 394) addressing the carryover of certain tax attributes, such as earnings and profits and foreign income tax accounts, when two corporations combine in a corporate reorganization or liquidation that is described in both sections 367(b) and 381 of the Code.

Announcement 2006–103, page 1185.

This document contains corrections to final and temporary regulations (T.D. 9293, 2006–48 I.R.B. 957) concerning the amendments made by the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) to section 199 of the Code.

Announcement 2006–104, page 1186.

This document contains corrections to final regulations (T.D. 9292, 2006–47 I.R.B. 914) regarding the allocation of creditable foreign tax expenditures by partnerships.

Announcement 2006–105, page 1186.

This document contains corrections to temporary regulations (T.D. 9286, 2006–43 I.R.B. 750) providing rules for claiming the railroad track maintenance credit under section 45G of the Code for qualified railroad track maintenance expenditures paid or incurred by a Class II or Class III railroad and other eligible taxpayers during the taxable year.

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.

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

Section 446.—General Rule for Methods of Accounting

This revenue procedure provides the exclusive procedures under which a taxpayer may request the consent of the Commissioner to make certain changes to, from, or within a nonaccrual-experience (NAE) method of accounting and to adopt certain NAE methods. See Rev. Proc. 2006-56, page 1169.

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

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

LIFO; price indexes; department stores. The October 2006 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, October 31, 2006.

Rev. Rul. 2006-62

The following Department Store Inventory Price Indexes for October 2006 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, October 31, 2006.

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	2005	2006	Percent Change from Oct. 2005 to Oct. 2006 ¹
1. Piece Goods	488.1	460.3	-5.7
2. Domestic and Draperies	512.4	488.0	-4.8
3. Women's and Children's Shoes	710.9	697.7	-1.9
4. Men's Shoes	884.9	886.7	0.2
5. Infants' Wear	566.9	582.1	2.7
6. Women's Underwear	542.9	551.3	1.5
7. Women's Hosiery	337.1	339.8	0.8
8. Women's and Girls' Accessories	578.4	538.8	-6.8
9. Women's Outerwear and Girls' Wear	374.0	383.0	2.4
10. Men's Clothing	538.4	533.9	-0.8
11. Men's Furnishings	571.2	581.1	1.7
12. Boys' Clothing and Furnishings	405.4	408.4	0.7
13. Jewelry	873.8	907.3	3.8
14. Notions	806.3	818.3	1.5
15. Toilet Articles and Drugs	1003.6	1011.6	0.8
16. Furniture and Bedding	598.1	600.8	0.5
17. Floor Coverings	606.4	612.1	0.9
18. Housewares	706.7	691.8	-2.1
19. Major Appliances	203.7	206.7	1.5
20. Radio and Television	38.3	34.9	-8.9
21. Recreation and Education ²	77.8	76.6	-1.5
22. Home Improvements ²	137.3	141.0	2.7
23. Automotive Accessories ²	116.3	121.8	4.7
Groups 1-15: Soft Goods	565.3	568.7	0.6
Groups 16-20: Durable Goods	377.4	371.6	-1.5
Groups 21-23: Misc. Goods ²	93.2	94.0	0.9

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

Groups	2005	2006	Percent Change from Oct. 2005 to Oct. 2006 ¹
Store Total ³	498.4	499.5	0.2

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

²Indexes on a January 1986 = 100 base.

³The 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 John Roman Faron of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Mr. Faron at (202) 622-8142 (not a toll-free call).

Section 481.—Adjustments Required by Changes in Method of Accounting

This revenue procedure provides the exclusive procedures under which a taxpayer may make certain changes to, from, or within a nonaccrual-experience (NAE) method of accounting with an adjustment under section 481(a) of the Code and changes that may be made using a cut-off method. See Rev. Proc. 2006-56, page 1169.

Section 6621.—Determination of Rate of Interest

26 CFR 301.6621-1: Interest rate.

Interest rates; underpayments and overpayments. The rate of interest determined under section 6621 of the Code for the calendar quarter beginning January 1, 2007, will be 8 percent for overpayments (7 percent in the case of a corporation), 8 percent for underpayments, and 10 percent for large corporate underpayments. The rate of interest paid on the portion of a corporate overpayment exceeding \$10,000 will be 5.5 percent.

Rev. Rul. 2006-63

Section 6621 of the Internal Revenue Code establishes the rates for interest

on tax overpayments and tax underpayments. Under section 6621(a)(1), the overpayment rate is the sum of the federal short-term rate plus 3 percentage points (2 percentage points in the case of a corporation), except the rate for the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the sum of the federal short-term rate plus 0.5 of a percentage point for interest computations made after December 31, 1994. Under section 6621(a)(2), the underpayment rate is the sum of the federal short-term rate plus 3 percentage points.

Section 6621(c) provides that for purposes of interest payable under section 6601 on any large corporate underpayment, the underpayment rate under section 6621(a)(2) is determined by substituting “5 percentage points” for “3 percentage points.” See section 6621(c) and section 301.6621-3 of the Regulations on Procedure and Administration for the definition of a large corporate underpayment and for the rules for determining the applicable date. Section 6621(c) and section 301.6621-3 are generally effective for periods after December 31, 1990.

Section 6621(b)(1) provides that the Secretary will determine the federal short-term rate for the first month in each calendar quarter.

Section 6621(b)(2)(A) provides that the federal short-term rate determined under section 6621(b)(1) for any month applies during the first calendar quarter beginning after such month.

Section 6621(b)(2)(B) provides that in determining the addition to tax under section 6654 for failure to pay estimated tax for any taxable year, the federal short-term rate that applies during the third month following such taxable year also applies dur-

ing the first 15 days of the fourth month following such taxable year.

Section 6621(b)(3) provides that the federal short-term rate for any month is the federal short-term rate determined during such month by the Secretary in accordance with § 1274(d), rounded to the nearest full percent (or, if a multiple of 1/2 of 1 percent, the rate is increased to the next highest full percent).

Notice 88-59, 1988-1 C.B. 546, announced that, in determining the quarterly interest rates to be used for overpayments and underpayments of tax under section 6621, the Internal Revenue Service will use the federal short-term rate based on daily compounding because that rate is most consistent with section 6621 which, pursuant to section 6622, is subject to daily compounding.

Rounded to the nearest full percent, the federal short-term rate based on daily compounding determined during the month of October 2006 is 5 percent. Accordingly, an overpayment rate of 8 percent (7 percent in the case of a corporation) and an underpayment rate of 8 percent are established for the calendar quarter beginning January 1, 2007. The overpayment rate for the portion of a corporate overpayment exceeding \$10,000 for the calendar quarter beginning January 1, 2007, is 5.5 percent. The underpayment rate for large corporate underpayments for the calendar quarter beginning January 1, 2007, is 10 percent. These rates apply to amounts bearing interest during that calendar quarter.

The 8 percent rate also applies to estimated tax underpayments for the first calendar quarter in 2007 and for the first 15 days in April 2007.

Interest factors for daily compound interest for annual rates of 5.5 percent, 7 per-

cent, 8 percent, and 10 percent are published in Tables 16, 19, 21, and 25 of Rev. Proc. 95-17, 1995-1 C.B. 556, 570, 573, 575, and 579.

Annual interest rates to be compounded daily pursuant to section 6622 that apply

for prior periods are set forth in the tables accompanying this revenue ruling.

DRAFTING INFORMATION

The principal author of this revenue ruling is Crystal Foster of the Office of Asso-

ciate Chief Counsel (Procedure & Administration). For further information regarding this revenue ruling, contact Ms. Foster at (202) 622-7198 (not a toll-free call).

TABLE OF INTEREST RATES		
PERIODS BEFORE JUL. 1, 1975 — PERIODS ENDING DEC. 31, 1986		
OVERPAYMENTS AND UNDERPAYMENTS		
PERIOD	RATE	In 1995-1 C.B. DAILY RATE TABLE
Before Jul. 1, 1975	6%	Table 2, pg. 557
Jul. 1, 1975—Jan. 31, 1976	9%	Table 4, pg. 559
Feb. 1, 1976—Jan. 31, 1978	7%	Table 3, pg. 558
Feb. 1, 1978—Jan. 31, 1980	6%	Table 2, pg. 557
Feb. 1, 1980—Jan. 31, 1982	12%	Table 5, pg. 560
Feb. 1, 1982—Dec. 31, 1982	20%	Table 6, pg. 560
Jan. 1, 1983—Jun. 30, 1983	16%	Table 37, pg. 591
Jul. 1, 1983—Dec. 31, 1983	11%	Table 27, pg. 581
Jan. 1, 1984—Jun. 30, 1984	11%	Table 75, pg. 629
Jul. 1, 1984—Dec. 31, 1984	11%	Table 75, pg. 629
Jan. 1, 1985—Jun. 30, 1985	13%	Table 31, pg. 585
Jul. 1, 1985—Dec. 31, 1985	11%	Table 27, pg. 581
Jan. 1, 1986—Jun. 30, 1986	10%	Table 25, pg. 579
Jul. 1, 1986—Dec. 31, 1986	9%	Table 23, pg. 577

TABLE OF INTEREST RATES						
FROM JAN. 1, 1987 — DEC. 31, 1998						
	OVERPAYMENTS			UNDERPAYMENTS		
	1995-1 C.B.			1995-1 C.B.		
	RATE	TABLE	PG	RATE	TABLE	PG
Jan. 1, 1987—Mar. 31, 1987	8%	21	575	9%	23	577
Apr. 1, 1987—Jun. 30, 1987	8%	21	575	9%	23	577
Jul. 1, 1987—Sep. 30, 1987	8%	21	575	9%	23	577
Oct. 1, 1987—Dec. 31, 1987	9%	23	577	10%	25	579
Jan. 1, 1988—Mar. 31, 1988	10%	73	627	11%	75	629
Apr. 1, 1988—Jun. 30, 1988	9%	71	625	10%	73	627
Jul. 1, 1988—Sep. 30, 1988	9%	71	625	10%	73	627
Oct. 1, 1988—Dec. 31, 1988	10%	73	627	11%	75	629
Jan. 1, 1989—Mar. 31, 1989	10%	25	579	11%	27	581
Apr. 1, 1989—Jun. 30, 1989	11%	27	581	12%	29	583
Jul. 1, 1989—Sep. 30, 1989	11%	27	581	12%	29	583
Oct. 1, 1989—Dec. 31, 1989	10%	25	579	11%	27	581
Jan. 1, 1990—Mar. 31, 1990	10%	25	579	11%	27	581
Apr. 1, 1990—Jun. 30, 1990	10%	25	579	11%	27	581
Jul. 1, 1990—Sep. 30, 1990	10%	25	579	11%	27	581
Oct. 1, 1990—Dec. 31, 1990	10%	25	579	11%	27	581
Jan. 1, 1991—Mar. 31, 1991	10%	25	579	11%	27	581
Apr. 1, 1991—Jun. 30, 1991	9%	23	577	10%	25	579
Jul. 1, 1991—Sep. 30, 1991	9%	23	577	10%	25	579
Oct. 1, 1991—Dec. 31, 1991	9%	23	577	10%	25	579
Jan. 1, 1992—Mar. 31, 1992	8%	69	623	9%	71	625
Apr. 1, 1992—Jun. 30, 1992	7%	67	621	8%	69	623
Jul. 1, 1992—Sep. 30, 1992	7%	67	621	8%	69	623

TABLE OF INTEREST RATES
FROM JAN. 1, 1987 — DEC. 31, 1998 – Continued

	OVERPAYMENTS			UNDERPAYMENTS		
	1995-1 C.B.			1995-1 C.B.		
	RATE	TABLE	PG	RATE	TABLE	PG
Oct. 1, 1992—Dec. 31, 1992	6%	65	619	7%	67	621
Jan. 1, 1993—Mar. 31, 1993	6%	17	571	7%	19	573
Apr. 1, 1993—Jun. 30, 1993	6%	17	571	7%	19	573
Jul. 1, 1993—Sep. 30, 1993	6%	17	571	7%	19	573
Oct. 1, 1993—Dec. 31, 1993	6%	17	571	7%	19	573
Jan. 1, 1994—Mar. 31, 1994	6%	17	571	7%	19	573
Apr. 1, 1994—Jun. 30, 1994	6%	17	571	7%	19	573
Jul. 1, 1994—Sep. 30, 1994	7%	19	573	8%	21	575
Oct. 1, 1994—Dec. 31, 1994	8%	21	575	9%	23	577
Jan. 1, 1995—Mar. 31, 1995	8%	21	575	9%	23	577
Apr. 1, 1995—Jun. 30, 1995	9%	23	577	10%	25	579
Jul. 1, 1995—Sep. 30, 1995	8%	21	575	9%	23	577
Oct. 1, 1995—Dec. 31, 1995	8%	21	575	9%	23	577
Jan. 1, 1996—Mar. 31, 1996	8%	69	623	9%	71	625
Apr. 1, 1996—Jun. 30, 1996	7%	67	621	8%	69	623
Jul. 1, 1996—Sep. 30, 1996	8%	69	623	9%	71	625
Oct. 1, 1996—Dec. 31, 1996	8%	69	623	9%	71	625
Jan. 1, 1997—Mar. 31, 1997	8%	21	575	9%	23	577
Apr. 1, 1997—Jun. 30, 1997	8%	21	575	9%	23	577
Jul. 1, 1997—Sep. 30, 1997	8%	21	575	9%	23	577
Oct. 1, 1997—Dec. 31, 1997	8%	21	575	9%	23	577
Jan. 1, 1998—Mar. 31, 1998	8%	21	575	9%	23	577
Apr. 1, 1998—Jun. 30, 1998	7%	19	573	8%	21	575
Jul. 1, 1998—Sep. 30, 1998	7%	19	573	8%	21	575
Oct. 1, 1998—Dec. 31, 1998	7%	19	573	8%	21	575

TABLE OF INTEREST RATES
FROM JANUARY 1, 1999 — PRESENT
NONCORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	RATE	1995-1 C.B.	
		TABLE	PG
Jan. 1, 1999—Mar. 31, 1999	7%	19	573
Apr. 1, 1999—Jun. 30, 1999	8%	21	575
Jul. 1, 1999—Sep. 30, 1999	8%	21	575
Oct. 1, 1999—Dec. 31, 1999	8%	21	575
Jan. 1, 2000—Mar. 31, 2000	8%	69	623
Apr. 1, 2000—Jun. 30, 2000	9%	71	625
Jul. 1, 2000—Sep. 30, 2000	9%	71	625
Oct. 1, 2000—Dec. 31, 2000	9%	71	625
Jan. 1, 2001—Mar. 31, 2001	9%	23	577
Apr. 1, 2001—Jun. 30, 2001	8%	21	575
Jul. 1, 2001—Sep. 30, 2001	7%	19	573
Oct. 1, 2001—Dec. 31, 2001	7%	19	573
Jan. 1, 2002—Mar. 31, 2002	6%	17	571
Apr. 1, 2002—Jun. 30, 2002	6%	17	571
Jul. 1, 2002—Sep. 30, 2002	6%	17	571
Oct. 1, 2002—Dec. 31, 2002	6%	17	571
Jan. 1, 2003—Mar. 31, 2003	5%	15	569
Apr. 1, 2003—Jun. 30, 2003	5%	15	569
Jul. 1, 2003—Sep. 30, 2003	5%	15	569
Oct. 1, 2003—Dec. 31, 2003	4%	13	567
Jan. 1, 2004—Mar. 31, 2004	4%	61	615

TABLE OF INTEREST RATES
FROM JANUARY 1, 1999 — PRESENT
NONCORPORATE OVERPAYMENTS AND UNDERPAYMENTS – Continued

	RATE	1995-1 C.B. TABLE	PG
Apr. 1, 2004—Jun. 30, 2004	5%	63	617
Jul. 1, 2004—Sep. 30, 2004	4%	61	615
Oct. 1, 2004—Dec. 31, 2004	5%	63	617
Jan. 1, 2005—Mar. 31, 2005	5%	15	569
Apr. 1, 2005—Jun. 30, 2005	6%	17	571
Jul. 1, 2005—Sep. 30, 2005	6%	17	571
Oct. 1, 2005—Dec. 31, 2005	7%	19	573
Jan. 1, 2006—Mar. 31, 2006	7%	19	573
Apr. 1, 2006—Jun. 30, 2006	7%	19	573
Jul. 1, 2006—Sep. 30, 2006	8%	21	575
Oct. 1, 2006—Dec. 31, 2006	8%	21	575
Jan. 1, 2007—Mar. 31, 2007	8%	21	575

TABLE OF INTEREST RATES
FROM JANUARY 1, 1999 — PRESENT
CORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	OVERPAYMENTS			UNDERPAYMENTS		
	1995-1 C.B.			1995-1 C.B.		
	RATE	TABLE	PG	RATE	TABLE	PG
Jan. 1, 1999—Mar. 31, 1999	6%	17	571	7%	19	573
Apr. 1, 1999—Jun. 30, 1999	7%	19	573	8%	21	575
Jul. 1, 1999—Sep. 30, 1999	7%	19	573	8%	21	575
Oct. 1, 1999—Dec. 31, 1999	7%	19	573	8%	21	575
Jan. 1, 2000—Mar. 31, 2000	7%	67	621	8%	69	623
Apr. 1, 2000—Jun. 30, 2000	8%	69	623	9%	71	625
Jul. 1, 2000—Sep. 30, 2000	8%	69	623	9%	71	625
Oct. 1, 2000—Dec. 31, 2000	8%	69	623	9%	71	625
Jan. 1, 2001—Mar. 31, 2001	8%	21	575	9%	23	577
Apr. 1, 2001—Jun. 30, 2001	7%	19	573	8%	21	575
Jul. 1, 2001—Sep. 30, 2001	6%	17	571	7%	19	573
Oct. 1, 2001—Dec. 31, 2001	6%	17	571	7%	19	573
Jan. 1, 2002—Mar. 31, 2002	5%	15	569	6%	17	571
Apr. 1, 2002—Jun. 30, 2002	5%	15	569	6%	17	571
Jul. 1, 2002—Sep. 30, 2002	5%	15	569	6%	17	571
Oct. 1, 2002—Dec. 31, 2002	5%	15	569	6%	17	571
Jan. 1, 2003—Mar. 31, 2003	4%	13	567	5%	15	569
Apr. 1, 2003—Jun. 30, 2003	4%	13	567	5%	15	569
Jul. 1, 2003—Sep. 30, 2003	4%	13	567	5%	15	569
Oct. 1, 2003—Dec. 31, 2003	3%	11	565	4%	13	567
Jan. 1, 2004—Mar. 31, 2004	3%	59	613	4%	61	615
Apr. 1, 2004—Jun. 30, 2004	4%	61	615	5%	63	617
Jul. 1, 2004—Sep. 30, 2004	3%	59	613	4%	61	615
Oct. 1, 2004—Dec. 31, 2004	4%	61	615	5%	63	617
Jan. 1, 2005—Mar. 31, 2005	4%	13	567	5%	15	569
Apr. 1, 2005—Jun. 30, 2005	5%	15	569	6%	17	571
Jul. 1, 2005—Sep. 30, 2005	5%	15	569	6%	17	571
Oct. 1, 2005—Dec. 31, 2005	6%	17	571	7%	19	573

TABLE OF INTEREST RATES
FROM JANUARY 1, 1999 — PRESENT
CORPORATE OVERPAYMENTS AND UNDERPAYMENTS – Continued

	OVERPAYMENTS			UNDERPAYMENTS		
	1995-1 C.B.			1995-1 C.B.		
	RATE	TABLE	PG	RATE	TABLE	PG
Jan. 1, 2006—Mar. 31, 2006	6%	17	571	7%	19	573
Apr. 1, 2006—Jun. 30, 2006	6%	17	571	7%	19	573
Jul. 1, 2006—Sep. 30, 2006	7%	19	573	8%	21	575
Oct. 1, 2006—Dec. 31, 2006	7%	19	573	8%	21	575
Jan. 1, 2007—Mar. 31, 2007	7%	19	573	8%	21	575

TABLE OF INTEREST RATES FOR
LARGE CORPORATE UNDERPAYMENTS

FROM JANUARY 1, 1991 — PRESENT

	RATE	1995-1 C.B.	PG
		TABLE	
Jan. 1, 1991—Mar. 31, 1991	13%	31	585
Apr. 1, 1991—Jun. 30, 1991	12%	29	583
Jul. 1, 1991—Sep. 30, 1991	12%	29	583
Oct. 1, 1991—Dec. 31, 1991	12%	29	583
Jan. 1, 1992—Mar. 31, 1992	11%	75	629
Apr. 1, 1992—Jun. 30, 1992	10%	73	627
Jul. 1, 1992—Sep. 30, 1992	10%	73	627
Oct. 1, 1992—Dec. 31, 1992	9%	71	625
Jan. 1, 1993—Mar. 31, 1993	9%	23	577
Apr. 1, 1993—Jun. 30, 1993	9%	23	577
Jul. 1, 1993—Sep. 30, 1993	9%	23	577
Oct. 1, 1993—Dec. 31, 1993	9%	23	577
Jan. 1, 1994—Mar. 31, 1994	9%	23	577
Apr. 1, 1994—Jun. 30, 1994	9%	23	577
Jul. 1, 1994—Sep. 30, 1994	10%	25	579
Oct. 1, 1994—Dec. 31, 1994	11%	27	581
Jan. 1, 1995—Mar. 31, 1995	11%	27	581
Apr. 1, 1995—Jun. 30, 1995	12%	29	583
Jul. 1, 1995—Sep. 30, 1995	11%	27	581
Oct. 1, 1995—Dec. 31, 1995	11%	27	581
Jan. 1, 1996—Mar. 31, 1996	11%	75	629
Apr. 1, 1996—Jun. 30, 1996	10%	73	627
Jul. 1, 1996—Sep. 30, 1996	11%	75	629
Oct. 1, 1996—Dec. 31, 1996	11%	75	629
Jan. 1, 1997—Mar. 31, 1997	11%	27	581
Apr. 1, 1997—Jun. 30, 1997	11%	27	581
Jul. 1, 1997—Sep. 30, 1997	11%	27	581
Oct. 1, 1997—Dec. 31, 1997	11%	27	581
Jan. 1, 1998—Mar. 31, 1998	11%	27	581
Apr. 1, 1998—Jun. 30, 1998	10%	25	579
Jul. 1, 1998—Sep. 30, 1998	10%	25	579
Oct. 1, 1998—Dec. 31, 1998	10%	25	579
Jan. 1, 1999—Mar. 31, 1999	9%	23	577
Apr. 1, 1999—Jun. 30, 1999	10%	25	579
Jul. 1, 1999—Sep. 30, 1999	10%	25	579
Oct. 1, 1999—Dec. 31, 1999	10%	25	579
Jan. 1, 2000—Mar. 31, 2000	10%	73	627
Apr. 1, 2000—Jun. 30, 2000	11%	75	629

TABLE OF INTEREST RATES FOR
LARGE CORPORATE UNDERPAYMENTS

FROM JANUARY 1, 1991 — PRESENT — Continued

	RATE	1995-1 C.B. TABLE	PG
Jul. 1, 2000—Sep. 30, 2000	11%	75	629
Oct. 1, 2000—Dec. 31, 2000	11%	75	629
Jan. 1, 2001—Mar. 31, 2001	11%	27	581
Apr. 1, 2001—Jun. 30, 2001	10%	25	579
Jul. 1, 2001—Sep. 30, 2001	9%	23	577
Oct. 1, 2001—Dec. 31, 2001	9%	23	577
Jan. 1, 2002—Mar. 31, 2002	8%	21	575
Apr. 1, 2002—Jun. 30, 2002	8%	21	575
Jul. 1, 2002—Sep. 30, 2002	8%	21	575
Oct. 1, 2002—Dec. 30, 2002	8%	21	575
Jan. 1, 2003—Mar. 31, 2003	7%	19	573
Apr. 1, 2003—Jun. 30, 2003	7%	19	573
Jul. 1, 2003—Sep. 30, 2003	7%	19	573
Oct. 1, 2003—Dec. 31, 2003	6%	17	571
Jan. 1, 2004—Mar. 31, 2004	6%	65	619
Apr. 1, 2004—Jun. 30, 2004	7%	67	621
Jul. 1, 2004—Sep. 30, 2004	6%	65	619
Oct. 1, 2004—Dec. 31, 2004	7%	67	621
Jan. 1, 2005—Mar. 31, 2005	7%	19	573
Apr. 1, 2005—Jun. 30, 2005	8%	21	575
Jul. 1, 2005—Sep. 30, 2005	8%	21	575
Oct. 1, 2005—Dec. 31, 2005	9%	23	577
Jan. 1, 2006—Mar. 31, 2006	9%	23	577
Apr. 1, 2006—Jun. 30, 2006	9%	23	577
Jul. 1, 2006—Sep. 30, 2006	10%	25	579
Oct. 1, 2006—Dec. 31, 2006	10%	25	579
Jan. 1, 2007—Mar. 31, 2007	10%	25	579

TABLE OF INTEREST RATES FOR CORPORATE
OVERPAYMENTS EXCEEDING \$10,000

FROM JANUARY 1, 1995 — PRESENT

	RATE	1995-1 C.B. TABLE	PG
Jan. 1, 1995—Mar. 31, 1995	6.5%	18	572
Apr. 1, 1995—Jun. 30, 1995	7.5%	20	574
Jul. 1, 1995—Sep. 30, 1995	6.5%	18	572
Oct. 1, 1995—Dec. 31, 1995	6.5%	18	572
Jan. 1, 1996—Mar. 31, 1996	6.5%	66	620
Apr. 1, 1996—Jun. 30, 1996	5.5%	64	618
Jul. 1, 1996—Sep. 30, 1996	6.5%	66	620
Oct. 1, 1996—Dec. 31, 1996	6.5%	66	620
Jan. 1, 1997—Mar. 31, 1997	6.5%	18	572
Apr. 1, 1997—Jun. 30, 1997	6.5%	18	572
Jul. 1, 1997—Sep. 30, 1997	6.5%	18	572
Oct. 1, 1997—Dec. 31, 1997	6.5%	18	572
Jan. 1, 1998—Mar. 31, 1998	6.5%	18	572
Apr. 1, 1998—Jun. 30, 1998	5.5%	16	570
Jul. 1, 1998—Sep. 30, 1998	5.5%	16	570
Oct. 1, 1998—Dec. 31, 1998	5.5%	16	570
Jan. 1, 1999—Mar. 31, 1999	4.5%	14	568
Apr. 1, 1999—Jun. 30, 1999	5.5%	16	570
Jul. 1, 1999—Sep. 30, 1999	5.5%	16	570

TABLE OF INTEREST RATES FOR CORPORATE
OVERPAYMENTS EXCEEDING \$10,000
FROM JANUARY 1, 1995 — PRESENT — Continued

	RATE	1995-1 C.B. TABLE	PG
Oct. 1, 1999—Dec. 31, 1999	5.5%	16	570
Jan. 1, 2000—Mar. 31, 2000	5.5%	64	618
Apr. 1, 2000—Jun. 30, 2000	6.5%	66	620
Jul. 1, 2000—Sep. 30, 2000	6.5%	66	620
Oct. 1, 2000—Dec. 31, 2000	6.5%	66	620
Jan. 1, 2001—Mar. 31, 2001	6.5%	18	572
Apr. 1, 2001—Jun. 30, 2001	5.5%	16	570
Jul. 1, 2001—Sep. 30, 2001	4.5%	14	568
Oct. 1, 2001—Dec. 31, 2001	4.5%	14	568
Jan. 1, 2002—Mar. 31, 2002	3.5%	12	566
Apr. 1, 2002—Jun. 30, 2002	3.5%	12	566
Jul. 1, 2002—Sep. 30, 2002	3.5%	12	566
Oct. 1, 2002—Dec. 31, 2002	3.5%	12	566
Jan. 1, 2003—Mar. 31, 2003	2.5%	10	564
Apr. 1, 2003—Jun. 30, 2003	2.5%	10	564
Jul. 1, 2003—Sep. 30, 2003	2.5%	10	564
Oct. 1, 2003—Dec. 31, 2003	1.5%	8	562
Jan. 1, 2004—Mar. 31, 2004	1.5%	56	610
Apr. 1, 2004—Jun. 30, 2004	2.5%	58	612
Jul. 1, 2004—Sep. 30, 2004	1.5%	56	610
Oct. 1, 2004—Dec. 31, 2004	2.5%	58	612
Jan. 1, 2005—Mar. 31, 2005	2.5%	10	564
Apr. 1, 2005—Jun. 30, 2005	3.5%	12	566
Jul. 1, 2005—Sep. 30, 2005	3.5%	12	566
Oct. 1, 2005—Dec. 31, 2005	4.5%	14	568
Jan. 1, 2006—Mar. 31, 2006	4.5%	14	568
Apr. 1, 2006—Jun. 30, 2006	4.5%	14	568
Jul. 1, 2006—Sep. 30, 2006	5.5%	16	570
Oct. 1, 2006—Dec. 31, 2006	5.5%	16	570
Jan. 1, 2007—Mar. 31, 2007	5.5%	16	570

Part III. Administrative, Procedural, and Miscellaneous

Weighted Average Interest Rates Update

Notice 2006-111

This notice provides guidance as to the corporate bond weighted average interest rate and the permissible range of interest rates specified under § 412(b)(5)(B)(ii)(II) of the Internal Revenue Code. In addition, it provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II).

CORPORATE BOND WEIGHTED AVERAGE INTEREST RATE

Sections 412(b)(5)(B)(ii) and 412(l)(7)(C)(i), as amended by the Pension Funding

Equity Act of 2004 and by the Pension Protection Act of 2006, provide that the interest rates used to calculate current liability and to determine the required contribution under § 412(l) for plan years beginning in 2004 through 2007 must be within a permissible range based on the weighted average of the rates of interest on amounts invested conservatively in long term investment grade corporate bonds during the 4-year period ending on the last day before the beginning of the plan year.

Notice 2004-34, 2004-1 C.B. 848, provides guidelines for determining the corporate bond weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability. That notice establishes that the corpo-

rate bond weighted average is based on the monthly composite corporate bond rate derived from designated corporate bond indices. The methodology for determining the monthly composite corporate bond rate as set forth in Notice 2004-34 continues to apply in determining that rate. See Notice 2006-75, 2006-36 I.R.B. 366.

The composite corporate bond rate for November 2006 is 5.77 percent. Pursuant to Notice 2004-34, the Service has determined this rate as the average of the monthly yields for the included corporate bond indices for that month.

The following corporate bond weighted average interest rate was determined for plan years beginning in the month shown below.

Month	For Plan Years Beginning in:	Year	Corporate Bond Weighted Average	90% to 100% Permissible Range
December		2006	5.79	5.21 to 5.79

30-YEAR TREASURY SECURITIES INTEREST RATE

Section 417(e)(3)(A)(ii)(II) defines the applicable interest rate, which must be used for purposes of determining the minimum present value of a participant's benefit under § 417(e)(1) and (2), as the annual rate of interest on 30-year Treasury securities for the month before the date of distribution or such other time as the Secretary may by regulations prescribe. Section 1.417(e)-1(d)(3) of the Income Tax Regulations provides that the applicable interest rate for a month is the annual interest rate on 30-year Treasury securi-

ties as specified by the Commissioner for that month in revenue rulings, notices or other guidance published in the Internal Revenue Bulletin.

The rate of interest on 30-year Treasury securities for November 2006 is 4.69 percent. The Service has determined this rate as the monthly average of the daily determination of yield on the 30-year Treasury bond maturing in February 2036.

Drafting Information

The principal authors of this notice are Paul Stern and Tony Montanaro of the Employee Plans, Tax Exempt and Govern-

ment Entities Division. For further information regarding this notice, please contact the Employee Plans' taxpayer assistance telephone service at 877-829-5500 (a toll-free number), between the hours of 8:30 a.m. and 4:30 p.m. Eastern time, Monday through Friday. Mr. Stern may be reached at 202-283-9703. Mr. Montanaro may be reached at 202-283-9714. The telephone numbers in the preceding sentences are not toll-free.

Note. This revenue procedure will be reproduced as the next revision of IRS Publication 1141, General Rules and Specifications for Substitute Forms W-2 and W-3.

26 CFR 601.602: Tax forms and instructions.

(Also Part I, Sections 6041, 6051, 6071, 6081, 6091; 1.6041-1, 1.6041-2, 31.6051-1, 31.6051-2, 31.6071(a)-1, 31.6081(a)-1, 31.6091-1.)

Rev. Proc. 2006-55

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Part A. General

Section 1. Purpose

.01 The purpose of this revenue procedure is to state the requirements of the Internal Revenue Service (IRS) and the Social Security Administration (SSA) regarding the preparation and use of substitute forms for Form W-2, Wage and Tax Statement, and Form W-3, Transmittal of Wage and Tax Statements, for wages paid during the 2006 calendar year.

.02 For purposes of this revenue procedure, substitute Form W-2 (Copy A) and substitute Form W-3 are forms that are not printed by the IRS. Copy A or any other copies of a substitute Form W-2 or a substitute Form W-3 must conform to the specifications in this revenue procedure to be acceptable to the IRS and the SSA. No IRS office is authorized to allow deviations from this revenue procedure. Preparers should also refer to the separate 2006 Instructions for Forms W-2 and W-3 for details on how to complete these forms. See Part C, Section 4, for information on obtaining the official IRS forms and instructions. See Part B, Section 2, for requirements for the copies of substitute forms furnished to employees.

.03 For purposes of this revenue procedure, the official, IRS-printed red dropout ink Forms W-2 (Copy A) and W-3 and their exact substitutes are referred to as "red-ink." The SSA-approved, laser-printed, black-and-white Forms W-2 (Copy A) and W-3 are referred to as "laser-printed."

Any questions about the red-ink Form W-2 (Copy A) and Form W-3 and the substitute employee statements should be emailed to *taxforms@irs.gov (the asterisk must be included in the address). Please enter "Substitute Forms" on the subject line. Or send your questions to:

Internal Revenue Service
Attn: Substitute Forms Program
SE:W:CAR:MP:T:T:SP, IR 6406
1111 Constitution Ave., NW
Washington DC 20224

Any questions about the black-and-white laser-printed Form W-2 (Copy A) and Form W-3 should be emailed to laser.forms@ssa.gov or sent to:

Social Security Administration
Data Operations Center
Attn: Laser Forms Approval, Room 235
1150 E. Mountain Drive
Wilkes-Barre PA 18702-7997

Also, see Sections 3.05 and 3.06 of Part A.

Note. You should receive a response within 30 days from either the IRS or the SSA.

.04 The IRS maintains a centralized call site at its Enterprise Computing Center — Martinsburg (ECC) to answer questions related to information returns (Forms W-2, W-3, 1099 series, 1096, etc.). You can reach the call site at 304-263-8700 (not a toll-free number) or 1-866-455-7438 (toll-free). The Telecommunication Device for the Deaf (TDD) number is 304-267-3367 (not a toll-free number). The hours of operation are Monday through Friday from 8:30 a.m. to 4:30 p.m. Eastern time. You may also send questions to the call site via the Internet at mccirp@irs.gov. IRS/ECC does not process Forms W-2 (Copy A). Forms W-2 (Copy A) prepared on paper and/or electronically must be filed with the SSA. IRS/ECC does, however, process waiver requests (Form 8508, Request for Waiver From Filing Information Returns Electronically/Magnetically) and extension of time to file requests (Form 8809, Application for Extension of Time To File Information Returns) for Forms W-2 (Copy A) and requests for an extension of time to furnish the employee copies of Form W-2. See Publication 1220, Specifications for Filing Forms 1098, 1099, 5498 and W-2G Electronically or Magnetically, for information on waivers and extensions of time.

.05 The following form instructions and publications provide more detailed filing procedures for certain information returns:

- 2006 Instructions for Forms W-2 and W-3,
- Instructions for Forms W-2c and W-3c (Rev. January 2006), and
- Publication 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c.

Section 2. What's New

.01 The SSA will no longer accept magnetic media submissions of wage and tax information. The last year for filing Forms W-2 on tapes and cartridges was tax year 2004 (forms timely filed with the SSA in 2005). The last year for filing Forms W-2 on 3 1/2 inch diskette was tax year 2005 (forms timely filed with the SSA in 2006).

.02 We added a checkbox for Form 944, Employer's ANNUAL Federal Tax Return, to box b of Form W-3. Form 944 for 2006 is a newly developed form. References to Form 944 have been included as appropriate.

.03 We added a separate entry field to box e (employee's name) on Form W-2 for employee suffix names such as "Jr." or "Sr."

.04 We made the employee instructions on the back of Copy C easier to read by increasing their type size and continuing the instructions on the back of Copy 2. See Section 1.05 of Part C.

.05 As a reminder, payee statements (Copies B, C, and 2 of Form W-2) may be furnished electronically if employees give their consent. See also Publication 15-A, Employer's Supplemental Tax Guide.

.06 We added two new codes (AA and BB) for use in box 12 of Form W-2. See the 2006 Instructions for Forms W-2 and W-3 for details.

.07 Form W-3PR is 7.3 inches wide and should be printed on 8.5 by 11-inch paper using a **.5-inch top margin with .6-inch left and right margins.**

.08 We are soliciting comments concerning the use of logos and advertising on substitute employee statements. See Section 3.01 of Part A.

.09 We made editorial changes. Redundancies were eliminated as much as possible.

Section 3. General Rules for Paper Forms W-2 and W-3

.01 Employers not filing electronically must file paper Forms W-2 (Copy A) along with Form W-3 with the SSA by using either the official IRS form or a substitute form that exactly meets the specifications shown in Parts B and C of this revenue procedure.

Note. Substitute territorial forms (W-2AS, W-2GU, W-2VI) should also conform to the specifications as outlined in this revenue procedure. These forms require the form designation (“W-2AS,” “W-2GU,” “W-2VI”) on Copy A to be in black ink. If you are an employer in the Commonwealth of the Northern Mariana Islands, you must contact the Division of Revenue and Taxation, Capitol Hill, Saipan, MP, 96950, to get Form W-2CM and instructions for completing and filing the form.

Employers who file with the SSA electronically or on paper may design their own statements to furnish to employees. These employee statements designed by employers must comply with the requirements shown in Parts B and C.

The IRS has received questions concerning whether a logo or an identifying slogan for an employer or other preparer is acceptable on the substitute employee statements. We were also asked whether an advertisement for tax preparation software or other marketing materials are acceptable on, or attached to, the substitute employee statements. The IRS is soliciting comments regarding these questions. The IRS anticipates responding to these questions, after the comments have been considered, in a future update of this revenue procedure. Send your comments to the IRS at the address provided in Section 1.03 of Part A.

.02 Red-ink substitute forms that completely conform to the specifications contained in this revenue procedure may be privately printed without prior approval from the IRS or the SSA. Only the black-and-white laser-printed forms need to be submitted to the SSA for approval (see Section 1B of Part B).

.03 As in the past, Form W-2 (Copy A) and Form W-3 may be generated using a laser-printer by following all guidelines and specifications (also see Section 1B of Part B). In general, regardless of the method of entering data, using black ink on Forms W-2 and W-3 provides better readability for processing by scanning equipment. Colors other than black are not easily read by the scanner and may result in delays or errors in the processing of Forms W-2 (Copy A) and W-3. The printing of the data should be centered within the boxes. The size of the variable data must be printed in a font no smaller than 10-point.

Note. With the exception of the identifying number and the corner register marks, the preprinted form layout for the red-ink Forms W-2 (Copy A) and W-3, must be in Flint J-6983 red OCR dropout ink or an exact match. (See Section 1A.03 of Part B.)

.04 Substitute forms filed with the SSA and substitute copies furnished to employees that do not conform to these specifications are unacceptable. Forms W-2 (Copy A) and W-3 filed with the SSA that do not conform may be returned. In addition, penalties may be assessed for not complying with the form specifications.

.05 Substitute red-ink forms should not be submitted to either the IRS or the SSA for specific approval. If you are uncertain of any specification and want clarification, do the following.

- (1) Submit a letter or email citing the specification to the appropriate address in section 3.06.
- (2) State your understanding of the specification.
- (3) Enclose an example (if appropriate) of how the form would appear if produced using your understanding.
- (4) Be sure to include your name, complete address, phone number, and if applicable, your email address with your correspondence.

.06 Any questions about the specifications, especially those for the red-ink Form W-2 (Copy A) and Form W-3, should be emailed to *taxforms@irs.gov (the asterisk must be included in the address). Please enter “Substitute Forms” on the subject line. Or send your questions to:

Internal Revenue Service
Attn: Substitute Forms Program
SE:W:CAR:MP:T:T:SP, IR 6406
1111 Constitution Ave., NW
Washington DC 20224

Any questions about the black-and-white laser-printed Form W-2 (Copy A) and Form W-3 should be emailed to laser.forms@ssa.gov or sent to:

Social Security Administration
Data Operations Center
Attn: Laser Forms Approval, Room 235
1150 E. Mountain Drive
Wilkes-Barre PA 18702-7997

Note. You should receive a response within 30 days from either the IRS or the SSA.

.07 Forms W-2 and W-3 are subject to annual review and possible change. Therefore, employers are cautioned against overstocking supplies of privately-printed substitutes.

.08 Separate instructions for Forms W-2 and W-3 are provided in the 2006 Instructions for Forms W-2 and W-3. Form W-3 should be used only to transmit paper Forms W-2 (Copy A). Form W-3 is a single sheet including only essential filing information. Be sure to make a copy of your completed Form W-3 for your records. Copies of the current year official IRS Forms W-2 and W-3, and the instructions for those forms, may be obtained from most IRS offices or by calling 1-800-829-3676. The IRS provides only cutsheet sets of Forms W-2 and cutsheets of Form W-3. The instructions and information copies of the forms may also be found on the IRS website at www.irs.gov.

.09 Because substitute Forms W-2 (Copy A) and W-3 are machine-imaged and scanned by the SSA, the forms must meet the same specifications as the official IRS Forms W-2 and W-3 (as shown in the exhibits).

Section 4. General Rules for Filing Forms W-2 (Copy A) Electronically

.01 Employers must file Forms W-2 (Copy A) with the SSA electronically if they file 250 or more calendar year 2006 Forms W-2 (Copy A) during a calendar year unless the IRS granted a waiver. For details, get the 2006 Instructions for Forms W-2 and W-3. The SSA publication MMREF-1, Magnetic Media Reporting and Electronic Filing, contains specifications and procedures for electronic filing of Form W-2 information with the SSA. Employers are cautioned to obtain the most recent revision of MMREF-1 (and supplements) due to any subsequent changes in specifications and procedures.

.02 You may obtain a copy of the MMREF-1 by:

- Accessing the SSA website at www.socialsecurity.gov/employer/pub.htm,

- Writing to:

Social Security Administration
OCO, DES; Attn: Employer Reporting Services Center
300 North Greene Street
Baltimore MD 21290-0300

- Calling your local SSA Employer Services Liaison Officer (ESLO) (the ESLOs' phone numbers are available at www.socialsecurity.gov/employer/empcontacts.htm), or

- Calling the SSA's Employer Reporting Services staff at 1-800-772-6270.

.03 Electronic filers do not file a paper Form W-3. See the SSA publication MMREF-1 for guidance on transmitting Form W-2 (Copy A) information to SSA electronically.

.04 Employers with fewer than 250 Forms W-2 are encouraged to electronically file Forms W-2 (Copy A) with the SSA. Doing so will enhance the timeliness and accuracy of forms processing.

.05 Employers who do not comply with the electronic filing requirements for Form W-2 (Copy A) and who are not granted a waiver by the IRS may be subject to penalties. Employers who file Form W-2 information with the SSA electronically must not send the same data to the SSA on paper Forms W-2 (Copy A). Any duplicate reporting may subject filers to unnecessary contacts by the SSA or the IRS.

Part B. Specifications for Substitute Forms W-2 and W-3

Section 1A. Specifications for Red-Ink Substitute Form W-2 (Copy A) and Form W-3 Filed with the SSA

.01 The official IRS-printed red dropout ink Form W-2 (Copy A) and W-3 and their exact substitutes are referred to as red-ink in this revenue procedure. Employers may file substitute Forms W-2 (Copy A) and W-3 with the SSA. The substitute forms must be exact replicas of the official IRS forms with respect to layout and content because they will be read by scanner equipment.

.02 Paper used for cutsheets and continuous-pinfed forms for substitute Form W-2 (Copy A) and Form W-3 that are to be filed with the SSA must be white 100% bleached chemical wood, 18-20 pound paper only, optical character recognition (OCR) bond produced in accordance with the following specifications:

- Acidity: Ph value, average, not less than..... 4.5
- Basis weight: 17 x 22 inch 500 cut sheets, pound..... 18-20

• Metric equivalent—gm./sq. meter (a tolerance of +5 pct. is allowed)	68-75
• Stiffness: Average, each direction, not less than—milligrams	
Cross direction	50
Machine direction	80
• Tearing strength: Average, each direction, not less than—grams	40
• Opacity: Average, not less than—percent	82
• Reflectivity: Average, not less than—percent	68
• Thickness: Average—inch	0.0038
Metric equivalent—mm	0.097
(a tolerance of +0.0005 inch (0.0127 mm) is allowed) Paper cannot vary more than 0.0004 inch (0.0102 mm) from one edge to the other.	
• Porosity: Average, not less than—seconds	10
• Finish (smoothness): Average, each side—seconds	20-55
(for information only) the Sheffield equivalent—units	170-d200
• Dirt: Average, each side, not to exceed—parts per million	8

Note. Reclaimed fiber in any percentage is permitted, provided the requirements of this standard are met.

.03 All printing of substitute Forms W-2 (Copy A) and W-3 must be in Flint red OCR dropout ink except as specified below. The following must be printed in nonreflective black ink:

- Identifying number “22222” or “33333” at the top of the forms.
- Tax year at the bottom of the forms.
- The four (4) corner register marks on the forms.
- The form identification number (“W-3”) at the bottom of Form W-3.
- All the instructions below Form W-3 beginning with “Send this entire page....” line to the bottom of Form W-3.

.04 The vertical and horizontal spacing for all federal payment and data boxes on Forms W-2 and W-3 must meet specifications. On Form W-3 and Form W-2 (Copy A), all the perimeter rules must be 1-point (0.014-inch), while all other rules must be one-half point (0.007-inch). Vertical rules must be parallel to the left edge of the form; horizontal rules parallel to the top edge.

.05 The official red-ink Form W-3 and Form W-2 (Copy A) are 7.5 inches wide. Employers filing Forms W-2 (Copy A) with the SSA on paper must also file a Form W-3. Form W-3 must be the same width (7.5 inches) as the Form W-2. One Form W-3 is printed on a standard-size, 8.5 x 11-inch page. Two official Forms W-2 (Copy A) are contained on a single 8.5 x 11-inch page (exclusive of any snap-stubs).

.06 The top, left, and right margins for the Form W-2 (Copy A) and Form W-3 are .5 inches (1/2 inch). All margins must be free of printing except for the words “DO NOT STAPLE” on red-ink Form W-3. The space between the two Forms W-2 (Copy A) is 1.33 inches.

.07 The identifying numbers are “22222” for Form W-2 (Copies A (and 1)) and “33333” for Form W-3. No printing should appear anywhere near the identifying numbers. For both Form W-2 (Copy A) and Form W-3, the combination width of box a (Control number) and the box containing the identifying number must be 2.5 inches.

Note. The identifying number must be printed in nonreflective black ink in OCR-A font of 10 characters per inch.

.08 The depth of the individual scannable image on a page must be the same as that on the official IRS forms. The depth from the top line to the bottom line of an individual Form W-2 (Copy A) must be 4.17 inches and the depth from the top line to the bottom line of Form W-3 must be 4.67 inches. (See Exhibits A and B.)

.09 Continuous-pinfed Forms W-2 (Copy A) must be separated into 11-inch deep pages. The pinfed strips must be removed when Forms W-2 (Copy A) are filed with the SSA. The two Forms W-2 (Copy A) on the 11-inch page must not be separated (only the pages are to be separated (burst)). The words “Do Not Cut, Fold, or Staple Forms on This Page” must be printed twice between the

two Forms W-2 (Copy A) in Flint red OCR dropout ink. Perforations are required on all other copies (Copies 1, B, C, 2, and D) to enable the separation of individual forms.

.10 Box 12 of Form W-2 (Copy A) contains four entry boxes – 12a, 12b, 12c, and 12d. Do not make more than one entry per box. Enter your first code in box 12a (for example, enter Code D in box 12a, not 12d, if it is your first entry). If more than four items need to be reported in box 12, use a second Form W-2 to report the additional items (see “Multiple forms” in the 2006 Instructions for Forms W-2 and W-3). Do not report the same federal tax data to the SSA on more than one Form W-2 (Copy A). However, repeat the identifying information (employee’s name, address, and SSN; employer’s name, address, and EIN) on each additional form.

.11 The checkboxes in box 13 of Form W-2 (Copy A) must be .14 inches each; the space before the first checkbox is .20 inches; the spacing on each remaining side of the 3 checkboxes is .36 inches (see Exhibit A). The checkboxes in box b of Form W-3 must also be .14 inches (see Exhibit B for other dimensions in box b).

Note. More than 50% of an applicable checkbox must be covered by an “X.”

.12 All substitute Forms W-2 (Copy A) and W-3 in the red-ink format must have the tax year, form number, and form title printed on the bottom face of each form using type identical to that of the official IRS form. The red-ink substitute Form W-2 (Copy A) and Form W-3 must have the form producer’s EIN entered directly to the left of “Department of the Treasury,” in red.

.13 The words “For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.” must be printed in Flint red OCR dropout ink in the same location as on the official Form W-2 (Copy A). The words “For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D of Form W-2.” must be printed at the bottom of the page of Form W-3 in black ink.

.14 The Office of Management and Budget (OMB) Number must be printed on substitute Forms W-3 and W-2 (on each ply) in the same location as on the official IRS forms.

.15 All substitute Forms W-3 must include the instructions that are printed on the same sheet below the official IRS form.

.16 The back of substitute Form W-2 (Copy A) and Form W-3 must be free of all printing.

.17 All copies must be clearly legible. Hot wax and cold carbon spots are not permitted for Form W-2 (Copy A). Interleaved carbon should be black and must be of good quality to assure legibility on all copies and to avoid smudging. Fading must be minimized to assure legibility.

.18 Chemical transfer paper is permitted for Form W-2 (Copy A) only if the following standards are met:

- Only chemically-backed paper is acceptable for Form W-2 (Copy A). Front and back chemically-treated paper cannot be processed properly by scanning equipment.
- Chemically-transferred images must be black.
- Carbon-coated forms are not permitted.

.19 The Government Printing Office (GPO) symbol and the Catalog Number (Cat. No.) must be deleted from substitute Form W-2 (Copy A) and Form W-3.

Section 1B. Specifications for Laser-Printed Substitute Form W-2 (Copy A) and Form W-3 Filed with the SSA

.01 The SSA-approved, laser-printed, black-and-white Forms W-2 (Copy A) and W-3 are referred to as laser-printed. Specifications for the laser-printed black-and-white Forms W-2 (Copy A) and W-3 are similar to the red-ink forms (Part B, Section 1A) except for the items that follow (see Exhibits E and F). Exhibits are samples only and must not be downloaded to meet tax obligations.

(1) Forms must be printed on 8.5 x 11-inch single-sheet paper only, not on continuous-feed using a laser printer. There must be two Forms W-2 (Copy A) printed on a page. There must be no horizontal perforations between the two Forms W-2 (Copy A) on each page.

(2) All forms and data must be printed in nonreflective black ink only.

(3) The data and forms must be programmed to print simultaneously. Forms cannot be produced separately from wage data entries.

(4) The forms must not contain corner register marks.

(5) The forms must not contain any shaded areas including those boxes that are entirely shaded on the red-ink forms.

(6) Identifying numbers on both Form W-2 (“22222”) and Form W-3 (“33333”) must be preprinted in 14-point Arial bold font or a close approximation.

(7) The form numbers (“W-2” and “W-3”) must be in 18-point Arial font or a close approximation. The tax year (“2006”) on Forms W-2 (Copy A) and W-3 must be in 20-point Arial font or a close approximation.

(8) No part of the box titles or the data printed on the forms may touch any of the vertical or horizontal lines, nor should any of the data intermingle with the box titles. The data should be centered in the boxes.

(9) Do not print any information in the margins of the laser-printed forms (for example, do not print "DO NOT STAPLE" in the top margin of Form W-3).

(10) The word "Code" must not appear in box 12 on Form W-2 (Copy A).

(11) A 4-digit vendor code preceded by four zeros and a slash (for example, 0000/1234) must appear in 12-point Arial font, or a close approximation, under the tax year in place of the Cat. No. on Form W-2 (Copy A) and in the bottom right corner of the "For Official Use Only" box at the bottom of Form W-3. Do not display the form producer's EIN to the left of "Department of the Treasury." The vendor code will be used to identify the form producer.

(12) Do not print Catalog Numbers (Cat. No.) on either Form W-2 (Copy A) or Form W-3.

(13) Do not print the checkboxes in:

- Box (b) of Form W-3. The "X" should be programmed to be printed and centered directly below the applicable "Kind of Payer."
- The "Void" box of Form W-2 (Copy A). The "X" should be programmed to be printed to the right of "Void" because of space limitations.
- Box 13 of Form W-2 (Copy A). The "X" should be programmed to be printed and centered directly below the applicable box title.

(14) Do not print dollar signs. If there are no money amounts being reported, the entire field should be left blank.

(15) The space between the two Forms W-2 (Copy A) is 1.33 inches.

.02 You must submit samples of your laser-printed substitute forms to the SSA. Only laser-printed, black-and-white substitute Forms W-2 (Copy A) and W-3 for tax year 2006 will be accepted for approval by the SSA. Questions regarding other forms (that is, red-ink Forms W-2c, W-3c, 1099 series, 1096, etc.) must be directed to the IRS.

.03 You will be required to send one set of blank and one set of dummy-data, laser-printed substitute Forms W-2 (Copy A) and W-3 for approval. Sample data entries should be filled in to the maximum length for each box entry, preferably using numeric data or alpha data, depending upon the type required to be entered. Include in your submission the name, telephone number, fax number, and email address of a contact person who can answer questions regarding your sample forms.

.04 To receive approval, you may first contact the SSA at laser.forms@ssa.gov to obtain a template and further instructions in PDF or Excel format. You may also send your 2006 sample, laser-printed substitute forms to:

Social Security Administration
Data Operations Center
Attn: Laser Forms Approval, Room 235
1150 E. Mountain Drive
Wilkes-Barre PA 18702-7997

Send your sample forms via private mail carrier or certified mail in order to verify their receipt. You can expect approval (or disapproval) by the SSA within 30 days of receipt of your sample forms.

.05 The 4-digit vendor code preceded by four zeros and a slash (0000/) must be preprinted on the sample, laser-printed substitute forms. Forms not containing a vendor code will be rejected and will not be submitted for testing or approval. If you do not have a vendor code, you may contact the National Association of Computerized Tax Processors via email at president@nactp.org.

.06 If you use forms produced by a vendor and have questions concerning approval, do not send the forms to the SSA for approval. Instead, you may contact the software vendor to obtain a copy of SSA's dated approval notice supplied to that vendor.

Section 2. Requirements for Substitute Forms Furnished to Employees (Copies B, C, and 2 of Form W-2)

Note. Printers are cautioned that the **rules in Part B, Section 2 (this section), apply only to employee copies of Form W-2 (Copies B, C, and 2)**. Paper filers who send Forms W-2 (Copy A) to the SSA must follow the requirements in Part B, Sections 1A and/or 1B above.

.01 All employers (including those who file electronically) must furnish employees with at least two copies of Form W-2 (three or more for employees required to file a state, city, or local income tax return). The following rules are guidelines for preparing employee copies.

The dimensions of these copies (Copies B, C, and 2), but not Copy A, may differ from the dimensions of the official IRS form to allow space for reporting additional information, including additional entries such as withholding for health insurance, union dues, bonds, or charity in box 14. The limitation of a maximum of four items in box 12 of Form W-2 applies only to Copy A, which is filed with the SSA.

Note. Payee statements (Copies B, C, and 2 of Form W-2) may now be furnished electronically, if employees give their consent (as described in Treasury Regulations Section 31.6051-1(j)). See also Publication 15-A, Employer's Supplemental Tax Guide.

.02 The minimum dimensions for employee copies only (not Copy A) of Form W-2 should be 2.67 inches deep by 4.25 inches wide. The maximum dimensions should be no more than 6.5 inches deep by no more than 8.5 inches wide.

Note. The maximum and minimum size specifications are for tax year 2006 only and may change in future years.

.03 Either horizontal or vertical format is permitted (see Exhibit D).

.04 The paper for all copies must be white and printed in black ink. The substitute Copy B, which employees are instructed to attach to their federal income tax returns, should be at least 9-pound paper (basis 17 x 22-500). Other copies furnished to employees should also be at least 9-pound paper (basis 17 x 22-500).

.05 Employee copies of Form W-2 (Copies B, C, and 2), including those that are printed on a single sheet of paper, must be easily separated. Providing perforations between the individual copies satisfies this requirement, but using scissors to separate Copies B, C, and 2 does not.

Note. The perforation requirement in this section does not apply to printouts of copies of Forms W-2 that are furnished electronically to employees (as described in Treasury Regulations Section 31.6051-1(j)). However, these employees should be cautioned to carefully separate the copies of Form W-2. See Publication 15-A, Employer's Supplemental Tax Guide, for information on electronically furnishing Forms W-2 to employees.

.06 Interleaved carbon and chemical transfer paper employee copies must be clearly legible. Hot wax and cold-carbon spots are not permitted for employee copies. All copies must be able to be photocopied. Interleaved carbon should be black and must be of good quality to assure legibility on all copies and to avoid smudging. Fading must be minimized to assure legibility.

.07 The electronic tax logo on the IRS official employee copies is not required on any of the substitute form copies. To avoid confusion and questions by employees, employers are encouraged to delete the identifying number ("22222") and the word "Void" and its associated checkbox from the employee copies of Form W-2.

.08 All substitute employee copies must contain boxes, box numbers, and box titles that match the official IRS Form W-2. Boxes that do not apply can be deleted. However, certain core boxes must be included. The placement, numbering, and size of this information is specified as follows:

- The items and box numbers that constitute the core data are:

Box 1 — Wages, tips, other compensation,

Box 2 — Federal income tax withheld,

Box 3 — Social security wages,

Box 4 — Social security tax withheld,

Box 5 — Medicare wages and tips, and

Box 6 — Medicare tax withheld.

The core boxes must be printed in the exact order shown on the official IRS form.

- The core data boxes (1 through 6) must be placed in the upper right of the form. Substitute vertical-format copies may have the core data across the top of the form (see Exhibit D). In no instance, will boxes or other information be permitted to the right of the core data.
- The form title, number, or copy designation (B, C, or 2) may be at the top of the form. Also, a reversed or blocked-out area to accommodate a postal permit number or other postal considerations is allowed in the upper-right.
- Boxes 1 through 6 must each be a minimum of 1¹/₈ inches wide x 1/4 inch deep.
- Other required boxes are:

- b) Employer identification number (EIN),
- c) Employer's name, address, and ZIP code,
- d) Employee's social security number,
- e) Employee's name, and
- f) Employee's address and ZIP code.

Identifying items must be present on the form and be in boxes similar to those on the official IRS form. However, they may be placed in any location other than the top or upper right. You do not need to use the lettering system (b-f) used on the official IRS form. The employer identification number (EIN) may be included with the employer's name and address and not in a separate box.

Note. Box a ("Control number") is not required.

.09 All copies of Form W-2 furnished to employees must clearly show the form number, the form title, and the tax year prominently displayed together in one area of the form. The title of Form W-2 is "Wage and Tax Statement." It is recommended (but not required) that this be located on the bottom left of substitute Forms W-2. The reference to the "Department of the Treasury — Internal Revenue Service" must be on all copies of substitute Forms W-2 furnished to employees. It is recommended (but not required) that this be located on the bottom right of Form W-2.

.10 If the substitute employee copies are labeled, the forms must contain the applicable description:

- "Copy B, To Be Filed With Employee's FEDERAL Tax Return."
- "Copy C, For EMPLOYEE'S RECORDS."
- "Copy 2, To Be Filed With Employee's State, City, or Local Income Tax Return."

It is recommended (but not required) that these be located on the lower left of Form W-2. If the substitute employee copies are not labeled as to the disposition of the copies, then written notification using similar wording must be provided to each employee.

.11 The tax year (2006) must be clearly printed on all copies of substitute Form W-2. It is recommended (but not required) that this information be in the middle at the bottom of the Form W-2. The use of 24-pt. OCR-A font is recommended (but not required).

.12 Boxes 1, 2, and 9 (if applicable) on Copy B must be outlined in bold 2-point rule or highlighted in some manner to distinguish them. If "Allocated tips" are being reported, it is recommended (but not required) that box 8 also be outlined. If reported, "Social security tips" (box 7) must be shown separately from "Social security wages" (box 3).

Note. Boxes 8 and 9 may be omitted if not applicable.

.13 If employers are required to withhold and report state or local income tax, the applicable boxes are also considered core information and must be placed at the bottom of the form. State information is included in:

- Box 15 (State, Employer's state ID number)
- Box 16 (State wages, tips, etc.)
- Box 17 (State income tax)
Local information is included in:
- Box 18 (Local wages, tips, etc.)
- Box 19 (Local income tax)
- Box 20 (Locality name)

.14 Boxes 7 through 14 may be omitted from substitute employee copies unless the employer must report any of that information to the employee. For example, if an employee did not have "Social security tips" (box 7), the form could be printed without that box. But if an employer provided dependent care benefits, the amount must be reported separately, shown in box 10, and labeled "Dependent care benefits."

.15 Employers may enter more than four codes in box 12 of substitute Copies B, C, and 2 (and 1 and D) of Form W-2, but each entry must use Codes A-BB (see the 2006 Instructions for Forms W-2 and W-3).

.16 If an employer has employees in any of the three categories in box 13, all checkbox headings must be shown and the proper checkmark made, when applicable.

.17 Employers may use box 14 for any other information that they wish to give to their employees. Each item must be labeled. (See the instructions for box 14 in the 2006 Instructions for Forms W-2 and W-3.)

.18 The front of Copy C of a substitute Form W-2 must contain the note “This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.”

.19 Instructions similar to those contained on the back of Copies B, C, and 2 of the official IRS Form W-2 must be provided to each employee. An employer may modify or delete instructions that do not apply to its employees. (For example, remove Railroad Retirement Tier 1 and Tier 2 compensation information for nonrailroad employees or information about dependent care benefits that the employer does not provide.)

.20 Employers must notify their employees who have no income tax withheld that they may be able to claim a tax refund because of the earned income credit (EIC). They will meet this notification requirement if they furnish a substitute Form W-2 with the EIC notice on the back of Copy B, IRS Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC), or on their own statement containing the same wording. They may also change the font on Copies B, C, and 2 so that the EIC notification and Form W-2 instructions fit differently. For more information about notification requirements, see Notice 1015, Have You Told Your Employees About the Earned Income Credit (EIC)?

Note. An employer does not have to notify any employee who claimed exemption from withholding on Form W-4, Employee’s Withholding Allowance Certificate, for the calendar year.

Part C. Additional Instructions

Section 1. Additional Instructions for Form Printers

.01 If electronic media is not used for filing with the SSA, the substitute copies of Forms W-2 (either red-ink or laser-printed) should be assembled in the same order as the official IRS Forms W-2. Copy A should be first, followed sequentially by perforated sets (Copies 1, B, C, 2, and D).

.02 The substitute form to be filed by the employer with the SSA must carry the designation “Copy A.”

Note. Electronic filers do not submit either red-ink or laser-printed paper Form W-2 (Copy A) or Form W-3 to the SSA.

.03 Substitute forms (red-ink or laser-printed) do not require a copy to be retained by employers (Copy D of Form W-2). However, employers must be prepared to verify or duplicate the information if it is requested by the IRS or the SSA. Paper filers who do not keep a Form W-2 (Copy D) should be able to generate a facsimile of Form W-2 (Copy A) in case of loss.

.04 Except for copies in the official assembly, no additional copies that may be prepared by employers should be placed ahead of Form W-2 (Copy C) “For EMPLOYEE’S RECORDS.”

.05 You must provide instructions similar to those contained on the back of Copies B, C, and 2 of the official IRS Form W-2 to each employee. You may print them on the back of the substitute Copies B, C, and 2 or provide them to employees on a separate statement. You do not need to use the back of Copy 2. If you do not use Copy 2, you may include all the information, which is on the back of the official Copies B, C, and 2, on the back of your substitute Copies B and C only. As an example, you may use the “Note” on the back of the official Copy C as the dividing point between the text for your substitute Copies B and C. Do not print these instructions on the back of Copy 1. Any Forms W-2 (Copy A) and W-3 that are filed with the SSA must have no printing on the reverse side.

Section 2. Instructions for Employers

.01 Only originals of Form W-2 (Copy A) and Form W-3 may be filed with the SSA. Carbon copies and photocopies are unacceptable.

.02 Employers should type or machine-print data entries on the non-laser-generated forms whenever possible. Ensure good quality by using a high-quality type face, inserting data in the middle of blocks that are well separated from other printing and guidelines, and taking any other measures that will guarantee clear, sharp images. Black ink must be used with no script type, inverted font, italics or dual-case alpha characters.

Note. 12-point Courier font is preferred by the SSA.

.03 Form W-2 (Copy A) requires decimal entries for wage data. Dollar signs should not be printed with money amounts on the Forms W-2 (Copy A) and W-3.

.04 The employer must provide a machine-scannable Form W-2 (Copy A). The employer must also provide employee copies (Copies B, C, and 2) that are legible and able to be photocopied (by the employee). Do not print any data in the top margin of the payee copies of the forms.

.05 Any printing in box a (Control number) on Forms W-2 or W-3 may not touch any vertical or horizontal lines and should be centered in the box.

.06 The filer's employer identification number (EIN) must be entered in box b of Form W-2 and box e of Form W-3. The EIN entered on Form(s) W-2 (box b) and Form W-3 (box e) must be the same as on Forms 941, 943, 944, CT-1, Schedule H (Form 1040), or any other corresponding forms filed with the IRS. Be sure to use EIN format (00-0000000) rather than SSN format (000-00-0000).

.07 The employer's name, address, and EIN may be preprinted.

.08 If available, employers should use the official IRS-preprinted Form W-3 that they received with Publication 393 or Publication 2184 when filing red-ink Forms W-2 (Copy A) with the SSA.

Section 3. OMB Requirements for Both Red-Ink and Laser-Printed Substitute Forms

.01 The Paperwork Reduction Act (the Act) of 1995 (Public Law 104-13) requires the following:

- The Office of Management and Budget (OMB) approves all IRS tax forms that are subject to the Act.
- Each IRS form contains (in or near the upper right corner) the OMB approval number, if assigned. (The official OMB numbers may be found on the official IRS printed forms and are also shown on the forms in Exhibits A, B, C, E, and F.)
- Each IRS form (or its instructions) states:
 - (1) Why the IRS needs the information,
 - (2) How it will be used, and
 - (3) Whether or not the information is required to be furnished to the IRS.

.02 This information must be provided to any users of official or substitute IRS forms or instructions.

.03 The OMB requirements for substitute IRS Form W-2 (Copy A) and Form W-3 are the following.

- Any substitute form or substitute statement to a recipient must show the OMB number as it appears on the official IRS form.
- The OMB number (1545-0008) must appear exactly as shown on the official IRS form.
- For any copy of Form W-2 other than Copy A, the OMB number must use one of the following formats:
 - (1) OMB No. 1545-0008 (preferred) or
 - (2) OMB # 1545-0008 (acceptable).

.04 Any substitute Form W-2 (Copy A only) must state "For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D." Any substitute Form W-3 must state "For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D of Form W-2." If no instructions are provided to users of your forms, you must furnish them with the exact text of the Privacy Act and Paperwork Reduction Act Notice.

Section 4. Reproducible Copies of Forms

.01 You can obtain official IRS forms and information copies of federal tax materials at local IRS offices or by calling the IRS Distribution Center at 1-800-829-3676. Other ways to get federal tax material include the following.

- The IRS website at www.irs.gov.
- The IRS' CD-ROM (Publication 1796).
Only contact the IRS, not the SSA, for IRS forms.

Note. Many IRS forms are provided on the IRS website and on the Federal Tax Forms CD-ROM. But copies of Form W-2 (Copy A) and Form W-3 cannot be used for filing with the IRS or SSA when obtained by these methods because the forms do not meet the specific printing specifications as described in this publication. Copies of Forms W-2 and W-3 obtained from these sources are for information purposes only.

.02 The IRS also offers an alternative to downloading electronic files and provides current and prior-year access to tax forms and instructions through its Federal Tax Forms CD-ROM. The CD will be available for the upcoming filing season. Order Publication 1796, IRS Federal Tax Products CD-ROM, by using the IRS website at www.irs.gov/cdorders or by calling 1-877-CDFORMS (1-877-233-6767).

Section 5. Effect on Other Documents

.01 Revenue Procedure 2005–65, 2005–38 I.R.B. 564, dated September 19, 2005 (reprinted as Publication 1141, Revised 10–2005), is superseded.

List of Exhibits

Exhibit A — Form W–2 (Copy A) (Red-Ink)

Exhibit B — Form W–3 (Red-Ink)

Exhibit C — Form W–2 (Copy B)

Exhibit D — Form W–2 (Alternative Employee Copies) (Illustrating Horizontal and Vertical Formats)

Exhibit E — Form W–2 (Copy A) (Laser-Printed)

Exhibit F — Form W–3 (Laser-Printed)

Exhibit A
Form W-2
(Copy A)
(Red-Ink)

a Control number 22222		Void <input type="checkbox"/>		For Official Use Only OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Employee's social security number		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial		Last name		Suff.	
f Employee's address and ZIP code		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
		14 Other		12c	
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax	
		18 Local wages, tips, etc.		19 Local income tax	
				20 Locality name	

Form **W-2 Wage and Tax Statement** 2006 Department of the Treasury—Internal Revenue Service
Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable. For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.
 Cat. No. 10134D

Do Not Cut, Fold, or Staple Forms on This Page — Do Not Cut, Fold, or Staple Forms on This Page

a Control number 22222		Void <input type="checkbox"/>		For Official Use Only OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Employee's social security number		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial		Last name		Suff.	
f Employee's address and ZIP code		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
		14 Other		12c	
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax	
		18 Local wages, tips, etc.		19 Local income tax	
				20 Locality name	

Form **W-2 Wage and Tax Statement** 2006 Department of the Treasury—Internal Revenue Service
Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable. For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.
 Cat. No. 10134D

Exhibit B
Form W-3
(Red-Ink)

DO NOT STAPLE

a Control number 33333		For Official Use Only OMB No. 1545-0008	
b Kind of Payer <input type="checkbox"/> 941 Military <input type="checkbox"/> CT-1 <input type="checkbox"/> 943 Hshld. emp. <input type="checkbox"/> 944 Medicare gov. emp. <input type="checkbox"/> Third-party sick pay		1 Wages, tips, other compensation	2 Federal income tax withheld
c Total number of Forms W-2 1.1	d Establishment number 1.6	3 Social security wages	4 Social security tax withheld
e Employer identification number (EIN) 3.2		5 Medicare wages and tips	6 Medicare tax withheld
f Employer's name 7.5		7 Social security tips	8 Allocated tips
		9 Advance EIC payments	10 Dependent care benefits
		11 Nonqualified plans	12 Deferred compensation
		13 For third-party sick pay use only	
		14 Income tax withheld by payer of third-party sick pay	
g Employer's address and ZIP code			
h Other EIN used this year			
15 State .6	Employer's state ID number 2.6	16 State wages, tips, etc.	17 State income tax
		18 Local wages, tips, etc.	19 Local income tax
Contact person	Telephone number ()	For Official Use Only	
Email address	Fax number ()		

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature _____ Title _____ Date _____

W-3 Transmittal of Wage and Tax Statements 2006

Department of the Treasury
Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration. Photocopies are not acceptable.

Do not send any payment (cash checks, money orders, etc.) with Forms W-2 and W-3.

What's New

New checkbox for box b on Form W-3. Use the "944" checkbox in box b if you file Form 944, Employer's Annual Federal Tax Return. Form 944 for 2006 is a newly developed form.

Magnetic media filing is discontinued. The Social Security Administration (SSA) will no longer accept any magnetic media reporting of Forms W-2.

Reminder


Separate instructions. See the 2006 Instructions for Forms W-2 and W-3 for information on completing this form.

Purpose of Form

Use Form W-3 to transmit Copy A of Form(s) W-2, Wage and Tax Statement. Make a copy of Form W-3 and keep it with Copy D (For Employer) of Form(s) W-2 for your records. Use Form W-3 for the correct year. **File Form W-3 even if only one Form W-2 is being filed.** If you are filing Form(s) W-2 electronically, do not file Form W-3.

For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D of Form W-2.

**Exhibit
C
Form
W-2
(Copy B)**

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile .	
b Employer identification number (EIN)				1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code				3 Social security wages		4 Social security tax withheld	
				5 Medicare wages and tips		6 Medicare tax withheld	
				7 Social security tips		8 Allocated tips	
d Employee's social security number				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans	
f Employee's address and ZIP code		15 State		Employer's state ID number		12a See instructions for box 12	
						12b	
						12c	
						12d	
13 Statutory employee <input type="checkbox"/>		Retirement plan <input type="checkbox"/>		Third-party sick pay <input type="checkbox"/>			
14 Other							
16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.		19 Local income tax	
20 Locality name							

Form **W-2 Wage and Tax Statement** **2006** Department of the Treasury—Internal Revenue Service
Copy B—To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

**Exhibit D
Form W-2
Alternative Employee Copies**

(Illustrating Horizontal and Vertical Formats)

Form W-2 Wage and Tax Statement

b Employer identification number (EIN)		1 Wage, tips, other compensation	2 Federal income tax withheld			
c Employer's name, address, and ZIP code		3 Social security wages	4 Social security tax withheld			
		5 Medicare wages and tips	6 Medicare tax withheld			
d Employee's social security number						
e Employee's name						
f Employee's address and ZIP code						
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Copy C For EMPLOYEE'S RECORDS.

2006

Department of the Treasury—Internal Revenue Service

Horizontal Format

1 Wage, tips, other compensation	2 Federal income tax withheld	
3 Social security wages	4 Social security tax withheld	
5 Medicare wages and tips	6 Medicare tax withheld	
Employer identification number (EIN)		
Employer's name, address, and ZIP code		
Employee's social security number		
Employee's name		
Employee's address and ZIP code		
15 State	Employer's state ID number	18 Local wages, tips, etc.
16 State wages, tips, etc.		19 Local income tax
17 State income tax		20 Locality name

Copy B To Be Filed With Employee's FEDERAL Tax Return.

Form W-2
Wage and Tax
Statement

2006

Department of the Treasury—
Internal Revenue Service

Vertical Format

Note: Exhibit D provides examples of employee copies of Form W-2 only. For examples of Copy A, see Exhibit A or Exhibit E. For the specifications of Copy A, which must be filed with the SSA, see Part B, sections 1A and 1B.

The core data boxes are 1 through 6 and, if applicable, 15 through 20. The core data must be similarly positioned, exactly numbered, and exactly titled as shown for each format. Other data may be placed in unoccupied areas based upon the employer's needs. Form identification may be placed before or after the core data. However, the employer's non-core elements may be positioned only between the sections of core data.

**Exhibit E
Form W-2
(Copy A)**

(Laser-Printed)

This form may be subject to change.

a Control number 1.6" → 22222 ← .7" → Void ←		For Official Use Only OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation	2 Federal income tax withheld
c Employer's name, address, and ZIP code 4.1" →		3 Social security wages	4 Social security tax withheld
		5 Medicare wages and tips	6 Medicare tax withheld
		7 Social security tips	8 Allocated tips
d Employee's social security number		9 Advance EIC payment	10 Dependent care benefits
e Employee's first name and initial 1.9" →		Last name 1.9" →	
f Employee's address and ZIP code		11 Nonqualified plans	
		12a See instructions for box 12	
16 State wages, tips, etc. 1.2" →		17 State income tax 1.1" →	
18 Local wages, tips, etc. 1.2" →		19 Local income tax 1.1" →	
20 Locality name .7" →			

Form **W-2** Wage & Tax Statement **2006** Department of the Treasury--Internal Revenue Service
 Copy A for Social Security Administration - Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable. 0000/0000 For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.
 Do Not Cut, Fold, or Staple Forms on This Page

a Control number 22222		Void		For Official Use Only OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation	2 Federal income tax withheld		
c Employer's name, address, and ZIP code		3 Social security wages	4 Social security tax withheld		
		5 Medicare wages and tips	6 Medicare tax withheld		
		7 Social security tips	8 Allocated tips		
d Employee's social security number		9 Advance EIC payment	10 Dependent care benefits		
e Employee's first name and initial		Last name			
f Employee's address and ZIP code		11 Nonqualified plans			
		12a See instructions for box 12			
16 State wages, tips, etc.		17 State income tax			
18 Local wages, tips, etc.		19 Local income tax			
20 Locality name					

Form **W-2** Wage & Tax Statement **2006** Department of the Treasury--Internal Revenue Service
 Copy A for Social Security Administration - Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable. 0000/0000 For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.

**Exhibit
F
Form
W-3**

(Laser-Printed)

This form may be subject to change.

a Control number		33333		For Official Use Only	
1.6"		.9"		5.0"	
b Kind of Payer		941	Military	943	944
3.2"		CT-1		Hshld. emp. Medicare gov't emp. Third-party sick pay	
c Total number of Forms W-2		d Establishment number		1 Wages, tips, other compensation	
1.6"		1.6"		2 Federal income tax withheld	
e Employer identification number (EIN)		3.2"		3 Social security wages	
3.2"		7 Social security tips		4 Social security tax withheld	
f Employer's name		7.5"		5 Medicare wages and tips	
4.67"		7.5"		6 Medicare tax withheld	
g Employer's address and ZIP code		7.5"		7 Social security tips	
h Other EIN used this year		7.5"		8 Allocated tips	
15 State		Employer's state ID number		9 Advance EIC payments	
16 State wages, tips, etc.		17 State income tax		10 Dependent care benefits	
18 Local wages, tips, etc.		19 Local income tax		11 Nonqualified plans	
Contact person		Telephone number		12 Deferred compensation	
Email address		Fax number		13 For third-party sick pay use only	
				14 Income tax withheld by payer of third-party sick pay	
				0000/0000	

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature _____ Title _____ Date _____

Form **W-3 Transmittal of Wage and Tax Statements** **2006** Department of the Treasury Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration. Photocopies are not acceptable.

Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

What's New

New checkbox for box b on Form W-3. Use the "944" checkbox in box b if you file Form 944, Employer's Annual Federal Tax Return. Form 944 for 2006 is a newly developed form.

Magnetic media filing is discontinued. The Social Security Administration (SSA) will no longer accept any magnetic media reporting of Forms W-2.

Reminder

Separate instructions. See the 2006 Instructions for Forms W-2 and W-3 for information on completing this form.

Purpose of Form

Use Form W-3 to transmit Copy A of Form(s) W-2, Wage and Tax Statement. Make a copy of Form W-3 and keep it with Copy D (For Employer) of Form(s) W-2 for your records. Use Form W-3 for the correct year. **File Form W-3 even if only one Form W-2 is being filed.** If you are filing Form(s) W-2 electronically, **do not** file Form W-3.

When To File

File Form W-3 with Copy A of Form(s) W-2 by February 28, 2007.

Where To File

Send this entire page with the entire Copy A page of Form(s) W-2 to:

**Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001**

Note. If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS-approved private delivery service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Publication 15 (Circular E), Employer's Tax Guide, for a list of IRS-approved private delivery services.

For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D of Form W-2.

Rev. Proc. 2006-56

SECTION 1. PURPOSE

This revenue procedure provides the exclusive procedures under which a taxpayer may request the consent of the Commissioner to make certain changes to, from, or within a nonaccrual-experience (NAE) method of accounting and to adopt certain NAE methods.

SECTION 2. BACKGROUND

.01 Section 448(d)(5) of the Internal Revenue Code provides a special NAE method of accounting with respect to amounts to be received by certain taxpayers for the performance of services.

.02 The NAE method is available only to a taxpayer using an accrual method of accounting that either provides services in a field described in § 448(d)(2)(A) (health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting), or that meets the \$5 million annual gross receipts test of § 448(c). The taxpayer may not charge interest or penalties for failure to timely pay the amount charged for the performance of services.

.03 On September 6, 2006, the Internal Revenue Service and Treasury Department published final regulations under § 1.448-2 of the Income Tax Regulations (T.D. 9285, 71 FR 52430, 2006-41 I.R.B. 656). The final regulations apply to taxable years ending on or after August 31, 2006. The preamble to the final regulations states that the Service and Treasury Department intend to issue administrative guidance providing procedures for changes in a NAE method of accounting and to adopt certain NAE methods of accounting.

.04 Sections 446(e) and 1.446-1(e)(2) state that, except as otherwise provided, a taxpayer must secure the consent of the Commissioner before changing a method of accounting for federal income tax purposes. Section 1.446-1(e)(3)(ii) authorizes the Commissioner to prescribe administrative procedures setting forth the limitations, terms, and conditions necessary to permit a taxpayer to obtain consent

to change a method of accounting in accordance with § 446(e).

.05 Section 1.446-1(e)(1) states that a taxpayer filing its first return may adopt any permissible method of accounting and that a taxpayer may adopt any permissible method in connection with each separate and distinct trade or business, the income from which is reported for the first time.

.06 Rev. Proc. 2002-9, 2002-1 C.B. 327 (as modified and clarified by Announcement 2002-17, 2002-1 C.B. 561, modified and amplified by Rev. Proc. 2002-19, 2002-1 C.B. 696, and amplified, clarified and modified by Rev. Proc. 2002-54, 2002-2 C.B. 432,) provides procedures for a taxpayer to obtain automatic consent of the Commissioner to change to a method of accounting described in the Appendix of Rev. Proc. 2002-9.

.07 Rev. Proc. 97-27, 1997-1 C.B. 680 (as modified and amplified by Rev. Proc. 2002-19, 2002-1 C.B. 696, and amplified and clarified by Rev. Proc. 2002-54, 2002-2 C.B. 432), provides procedures for a taxpayer to obtain advance consent of the Commissioner to change its method of accounting.

.08 Section 481(a) requires the adjustments necessary to prevent amounts from being duplicated or omitted when a taxpayer's taxable income is determined under a method of accounting different from the method used to determine taxable income for the preceding taxable year.

SECTION 3. SCOPE

.01 This revenue procedure applies to a taxpayer that wants to make one or more of the following changes or adoptions:

(1) Change to a safe harbor NAE method provided in § 1.448-2(f)(1) (the revenue-based moving average method), (f)(2) (the actual experience method), (f)(3) (the modified Black Motor method), (f)(4) (the modified moving average method), or (f)(5) (the alternative nonaccrual-experience method);

(2) Change to a periodic system (for further guidance, see, for example, Notice 88-51, 1988-1 C.B. 535);

(3) Change from a NAE method to a specific charge-off method;

(4) Change from a sub-method of its current NAE method provided in § 1.448-2 regarding applicable periods to another sub-method regarding applicable

periods that is permitted under § 1.448-2, other than a change to exclude taxable years from an applicable period under § 1.448-2(d)(6);

(5) Change from a sub-method of its current NAE method provided in § 1.448-2 regarding tracing of recoveries to another sub-method regarding tracing of recoveries permitted under § 1.448-2(f)(2)(iii);

(6) Change a sub-method unrelated to the applicable period or to the tracing of recoveries for a taxpayer currently using a NAE method provided in § 1.448-2(f);

(7) Change to a NAE method other than a safe harbor method provided in § 1.448-2(f)(1) through (5); or

(8) Adopt a NAE method other than a safe harbor method provided in § 1.448-2(f)(1) through (5).

.02 This revenue procedure does not apply to a taxpayer that seeks to adopt one of the safe harbor NAE methods provided in § 1.448-2(f)(1) through (f)(5). A taxpayer that seeks to adopt a safe harbor NAE method provided in § 1.448-2(f)(1) through (5) must follow the general rules for adoption of a method of accounting in § 1.446-1(e)(1). Generally, a taxpayer is not required to request advance consent or file a Form 3115, *Application for Change in Accounting Method*, to adopt a method of accounting for the first time.

SECTION 4. APPLICATION

.01 *Automatic change in method of accounting.*

(1) *In general.* A taxpayer seeking to make a change within the scope of section 3.01(1) through (5) of this revenue procedure, in accordance with section 6.01 of Rev. Proc. 2002-9, is granted the consent of the Commissioner to change to a method of accounting provided in the final regulations, to a periodic system, or to a specific charge-off method, as applicable, provided that the taxpayer follows the automatic change in method of accounting provisions in Rev. Proc. 2002-9, or its successor, subject to the following modifications:

(a) The scope limitations in section 4.02 of Rev. Proc. 2002-9 do not apply for the taxpayer's first taxable year ending on or after August 31, 2006. However, if the taxpayer's NAE method of accounting is an issue under consideration for tax-

able years under examination, before an appeals office, or before a federal court, at the time the Form 3115 is filed with the national office, the audit protection of section 7 of Rev. Proc. 2002-9 does not apply. A taxpayer's NAE method of accounting is an issue under consideration for the taxable years under examination if the taxpayer receives written notification (for example, by examination plan, information document request, or notification of proposed adjustments or income tax examination changes) from the examining agent(s) specifically citing the treatment of the NAE method of accounting as an issue under consideration.

(b) The designated automatic accounting method change number for changes in method of accounting made pursuant to this revenue procedure is No. 35; and

(c) A change in method of accounting within section 3.01(1), (2), (3), or (5) of this revenue procedure results in a § 481(a) adjustment. A change in method of accounting within section 3.01(4) of this revenue procedure is made on a cut-off basis.

(2) *Concurrent change to overall accrual method and a NAE method of accounting.*

(a) *First § 448 year.* A taxpayer that is within the scope of section 3.01(1) through (5) of this revenue procedure that wants to change to a NAE method of accounting (with or without also changing to a periodic system) and is required to change to an overall accrual method of accounting under § 448 and the regulations thereunder must request to make both changes by filing one Form 3115, and the taxpayer must follow the change in method of accounting provisions of § 1.448-1(h)(2). The taxpayer must complete all applicable sections of Form 3115, including sections that apply to the change to an overall accrual method and to the change to the NAE method, and must enter the automatic accounting method change numbers for both changes on Form 3115.

(b) *Other automatic consent changes to overall accrual method.* A taxpayer that is within the scope of section 3.01(1) through (5) of this revenue procedure that wants

to change to a NAE method of accounting (with or without also changing to a periodic system) and is eligible to change to an overall accrual method of accounting under Appendix section 5.01 of Rev. Proc. 2002-9, or its successor, must request to make both changes by filing one Form 3115, and must follow the change in method of accounting provisions under Rev. Proc. 2002-9, or its successor. The taxpayer must complete all applicable sections of Form 3115, including sections that apply to the change to an overall accrual method and to the change to the NAE method, and must enter the automatic accounting method change numbers for both changes on Form 3115.

.02 Advance consent change in method of accounting.

(1) *In general.* A taxpayer within the scope of sections 3.01(6) or (7) of this revenue procedure must follow the advance consent change in method of accounting procedures in Rev. Proc. 97-27, or its successor.

(2) *Concurrent change to an overall accrual method of accounting and a NAE method of accounting.* A taxpayer within the scope of section 3.01(6) or (7) of this revenue procedure that wants to change to a NAE method of accounting (with or without also changing to a periodic system) and also wants to change to an overall accrual method of accounting or to an overall accrual method in conjunction with the recurring item exception for which the change to the overall accrual method is not allowed under an automatic consent procedure, must request to make both changes by filing one Form 3115, and must follow the change in method of accounting provisions in Rev. Proc. 97-27, or its successor. Only one user fee is required for these changes. The taxpayer must complete all applicable sections of Form 3115, including the sections that apply to the change to an overall accrual method, and to the change to the NAE method.

.03 Procedures for certain adoptions by taxpayers.

(1) *In general.* Normally, taxpayers are not required to obtain advance consent in

order to adopt a method of accounting for the first time. However, a taxpayer within the scope of section 3.01(8) of this revenue procedure must obtain advance consent of the Commissioner in order to adopt a NAE method other than a safe harbor method provided in § 1.448-2(f)(1) through (5). In order to obtain advance consent, a taxpayer must follow the procedures for a change in method of accounting. Specifically, a taxpayer must file a Form 3115 and must comply with the following provisions of Rev. Proc. 97-27:

(a) Section 3, Definitions;

(b) Section 5, Procedures for Taxpayers not under Examination;

(c) Section 8, General Application Procedures;

(d) Section 10, Effect of Consent; and

(e) Section 11, Review by District Director.

(2) *Year of change.* The year in which the taxpayer adopts the NAE method under this section 4.03 is treated as the "year of change" for purposes of the rules, filing deadlines, and procedures under Rev. Proc. 97-27.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2002-9 is modified and amplified to include these automatic changes to a NAE method of accounting in the APPENDIX.

SECTION 6. EFFECTIVE DATE

This revenue procedure is effective for taxable years ending on or after August 31, 2006.

SECTION 7. DRAFTING INFORMATION

The principal author of this revenue procedure is W. Thomas McElroy, Jr., of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue procedure, contact Mr. McElroy at (202) 622-4970 (not a toll-free call).

Part IV. Items of General Interest

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

Announcement 2006-94

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, Office of Professional Responsibility, will announce in the Internal Revenue Bulletin

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.

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, Office of Professional Responsibility, 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
Tomasulo, Maria V.	Wantagh, NY	CPA	Indefinite from August 7, 2006
Maloy, Jr., Robert J.	Galion, OH	CPA	Indefinite from August 15, 2006
Pate, Janet M.	Broadview, NM	CPA	Indefinite from August 15, 2006
Scott, Howard	Miami, FL	Attorney	Indefinite from August 15, 2006
Adamic, Jonathan E.	San Lorenzo, CA	CPA	Indefinite from August 18, 2006

Name	Address	Designation	Date of Suspension
Becker, Ira S.	Wilmette, IL	CPA	August 22, 2006 to August 21, 2008
Snigur, Virginia Iaquinta	Warwick, NY	Attorney	Indefinite from August 31, 2006
Galpern, Joel G.	North Miami, FL	CPA	Indefinite from September 1, 2006
DiSiena, Frank E.	Katonah, NY	CPA	Indefinite from September 4, 2006
Carusona, Thomas M.	Huntington, NY	Attorney	Indefinite from September 15, 2006
Shaikh, Firoz A.	Melville, NY	CPA	Indefinite from September 15, 2006
Wickline, Ella L.	Ronceverte, WV	Enrolled Agent	Indefinite from September 15, 2006
Smith, Daniel B.	Garden City, NY	CPA	Indefinite from September 18, 2006
Carlin, Charles R.	South Bend, IN	CPA	Indefinite from October 1, 2006
Devine, Daniel M.	Boca Raton, FL	CPA	Indefinite from October 1, 2006
Dupont, Hewitt, J.	Daytona Beach, FL	CPA	Indefinite from October 1, 2006
Farrell, Raymond J.	Matawan, NJ	Attorney	Indefinite from October 1, 2006
Kelligrew, John R.	White Plains, NY	Attorney	Indefinite from October 1, 2006
Klein, Robert B.	Bardonia, NY	Enrolled Agent	Indefinite from October 1, 2006
Long, Gregory S.	Hutchinson, KS	Attorney	Indefinite from October 1, 2006

Name	Address	Designation	Date of Suspension
Moore, Ronald L.	Cayce, SC	CPA	Indefinite from October 1, 2006
Schaffer, Robert J.	Calverton, NY	CPA	Indefinite from October 1, 2006
Berlin, Stanley	Erie, PA	Attorney	Indefinite from October 15, 2006
Briscoe, Jack	Drexel Hill, PA	Attorney	Indefinite from October 15, 2006
Buzzeo, Michael V.	New Canaan, CT	CPA	Indefinite from October 15, 2006
Sacco, John M.	Pound Ridge, NY	CPA	Indefinite from October 15, 2006
Sheiman, Alan P.	Sherman Oaks, CA	Enrolled Agent	Indefinite from October 15, 2006
Tourin, Mark	Miami, FL	CPA	Indefinite from October 15, 2006
Burns, William J.	Randolph, MA	Attorney	Indefinite from October 16, 2006
Webb, Norman R.	Daphne, AL	CPA	Indefinite from October 16, 2006
Brown, Guia EP	Hobe Sound, FL	Enrolled Agent	October 20, 2006 to April 19, 2008
Gram, John A.	Gainesville, GA	Attorney	Indefinite from November 1, 2006
Herzog, Samuel A.	Jericho, NY	CPA	Indefinite from November 1, 2006
Kellicker, John F.	Cleveland, OH	CPA	Indefinite from November 1, 2006
Krieger, Robert M.	Hampton, NH	CPA	Indefinite from November 1, 2006
Minsky, Neil J.	Randolph, NJ	CPA	Indefinite from November 1, 2006

Name	Address	Designation	Date of Suspension
O'Brien, Timothy	Newton Center, MA	Attorney	Indefinite from November 1, 2006
Sukenik, Martin	Kew Gardens, NY	Attorney	Indefinite from November 1, 2006
Savoy, Cassandra	East Orange, NJ	Attorney	Indefinite from November 7, 2006
Bonner, Charles B.	Athens, GA	CPA	Indefinite from November 15, 2006
Levine, Barton P.	New York, NY	Attorney	Indefinite from November 15, 2006
Taves, Joseph G.	Provincetown, MA	CPA	Indefinite from November 15, 2006
Young, Ronald	Fairfield, CT	CPA	Indefinite from November 16, 2006
Brush, Charles, H.	Southbury, CT	CPA	Indefinite from December 1, 2006
Jacob, Robert T.	Tucson, AZ	CPA	Indefinite from December 15, 2006

Expedited Suspensions From Practice Before the Internal Revenue Service

Under Title 31, Code of Federal Regulations, Part 10, the Director, Office of Professional Responsibility, 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
Williams, Donna M.	York, PA	CPA	Indefinite from July 25, 2006
Foushee, Wayne H.	Winston-Salem, NC	Attorney	Indefinite from August 3, 2006

Name	Address	Designation	Date of Suspension
Kronegold, Sheldon H.	Englewood, NJ	Attorney	Indefinite from August 3, 2006
Norman, Clarence	Brooklyn, NY	Attorney	Indefinite from August 3, 2006
Chin, Arnold	San Francisco, CA	Attorney	Indefinite from August 31, 2006
McCann, Thomas	Des Moines, IA	Attorney	Indefinite from August 31, 2006
Whaley, Daniel P.	Hood, CA	Attorney	Indefinite from August 31, 2006
Chukumba, Stephen C.	Montclair, NJ	Attorney	Indefinite from September 12, 2006
Katz, Edward C.	New York, NY	Attorney	Indefinite from September 12, 2006
Kadunce, Darrell L.	Butler, PA	Attorney	Indefinite from September 18, 2006
Allen, Robert W.	Torrance, CA	CPA	Indefinite from September 21, 2006
Brown, Davin W.	Raleigh, NC	CPA	Indefinite from September 21, 2006
Cunningham, R. Scott	Dalton, GA	Attorney	Indefinite from September 21, 2006
Eilers, Tom D.	Raleigh, NC	CPA	Indefinite from September 21, 2006
Gerdes, Roger A.	Carpinteria, CA	Attorney	Indefinite from September 21, 2006
Kurth, Richard Frederick	Danville, IL	Attorney	Indefinite from September 21, 2006
Mitchell, McArthur D.	Charlotte, NC	CPA	Indefinite from September 21, 2006

Name	Address	Designation	Date of Suspension
Ragusa, Patricia A.	Spring, TX	CPA	Indefinite from September 21, 2006
Wulfsberg, David E.	Murrieta, CA	Attorney	Indefinite from September 21, 2006
Cox, Brian J.	Plymouth, MI	CPA	Indefinite from September 25, 2006
Mandelman, Michael D.	Mequon, WI	Attorney	Indefinite from September 25, 2006
Miller, Steven L.	Canal Winchester, OH	Attorney	Indefinite from September 25, 2006
Felli, Jay A.	Mequon, WI	Attorney	Indefinite from October 2, 2006
Schoch V, Arch K.	High Point, NC	Attorney	Indefinite from October 2, 2006
Andre, Patrick F.	Manchester, MO	Attorney	Indefinite from October 12, 2006
Brill, Kevin Michael	Downers Grove, IL	Attorney	Indefinite from October 12, 2006
Day, Richard G.	Largo, FL	Attorney	Indefinite from October 12, 2006
Dull, Kay E.	Miami Shores, FL	Attorney	Indefinite from October 12, 2006
Frank, Arthur J.	Chicago, IL	Attorney	Indefinite from October 12, 2006
Gackle, Thomas E.	Plymouth, MI	Attorney	Indefinite from October 12, 2006
Hamilton, Howard D.	Fort Dodge, IA	Attorney	Indefinite from October 12, 2006
Hodge, Robert M.	Lafayette, LA	Attorney	Indefinite from October 12, 2006
Lesyshen, Donna P.	Waterloo, IA	Attorney	Indefinite from October 12, 2006

Name	Address	Designation	Date of Suspension
Peiss, John H.	Downers Grove, IL	Attorney	Indefinite from October 12, 2006
Petty, James E.	Austin, TX	CPA	Indefinite from October 12, 2006
Ruffin-Hudson, Linda C.	Saint Louis, MO	Attorney	Indefinite from October 12, 2006
Schaefer, James E.	St. Louis Park, MN	Attorney	Indefinite from October 12, 2006
Schmitt, Martha G.	Minneapolis, MN	Attorney	Indefinite from October 12, 2006
Shannon, Terrance J.	Mission Viejo, CA	Attorney	Indefinite from October 12, 2006
Smith, Matthew S.	Denver, CO	Attorney	Indefinite from October 12, 2006
Swanson, Richard	West Chicago, IL	CPA	Indefinite from October 12, 2006
Thomas, Kenneth A.	Farmers Branch, TX	Attorney	Indefinite from October 12, 2006
Tomasa, Ryan H.	Honolulu, HI	Attorney	Indefinite from October 12, 2006
Williams, Jr., Harry D.	San Antonio, TX	Attorney	Indefinite from October 12, 2006
Wilson, Jr., Robert N.	Ayer, MA	Attorney	Indefinite from October 12, 2006
Yum, Chris Chulho	Woodbridge, VA	Attorney	Indefinite from October 12, 2006
Dunham, Richard G.	Irvine, CA	Enrolled Agent	Indefinite from October 15, 2006
Housman, David	Albuquerque, NM	Attorney	Indefinite from October 15, 2006
Malitz, Charles P.	Beachwood, OH	CPA	Indefinite from October 15, 2006

Name	Address	Designation	Date of Suspension
Emig, Robert W.	Houston, TX	CPA	Indefinite from October 24, 2006
Freese, Scott D.	Norfolk, NE	Attorney	Indefinite from October 24, 2006
Rambo, Byron L.	Sanford, FL	EA	Indefinite from October 24, 2006
Ask, Ronald W.	Riverside, CA	Attorney	Indefinite from October 30, 2006
Berry, Richard S.	Tempe, AZ	Attorney	Indefinite from October 30, 2006
Burkhardt, William R.	Canyon Lake, TX	CPA	Indefinite from October 30, 2006
Callaway, Jr., Paul F.	Greensboro, NC	CPA	Indefinite from October 30, 2006
Doyle, David W.	Arvada, CO	Attorney	Indefinite from October 30, 2006
Elmore, III, Virgil	Birmingham, AL	Attorney	Indefinite from October 30, 2006
Grandt, Lawrence E.	Gurnee, IL	CPA	Indefinite from October 30, 2006
Hanson, Steven G.	Lodi, CA	Attorney	Indefinite from October 30, 2006
Omodele, Boluwaji	Houston, TX	CPA	Indefinite from October 30, 2006
Rahden, Horst R.	Fort Wayne, IN	CPA	Indefinite from October 30, 2006
Censoprano, Salvatore	Foster City, CA	CPA	Indefinite from October 31, 2006
Powell, James S.	Lakewood, CO	Attorney	Indefinite from October 31, 2006
Allen, Leonard G.	Mesa, AZ	CPA	Indefinite from November 1, 2006

Name	Address	Designation	Date of Suspension
Parker, Donald A.	Benson, NC	Attorney	Indefinite from November 6, 2006
Rogers, James M.	Tulsa, OK	Attorney	Indefinite from November 6, 2006
Coopet, Michael W.	Saint Paul, MN	Attorney	Indefinite from November 8, 2006
Day, Jr., John Taylor	Hingham, MA	Attorney	Indefinite from November 8, 2006
Grella, Paul J.	Canton, MA	Attorney	Indefinite from November 8, 2006
Meggers, Theodore M.	Des Moines, IA	Attorney	Indefinite from November 8, 2006
Tolbert, James L.	Los Angeles, CA	Attorney	Indefinite from November 8, 2006

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 suspension from practice before the Internal Revenue Service:

Name	Address	Designation	Effective Date
Lazaro, Charles	Visalia, CA	Attorney	July 20, 2006 to January 19, 2010
Wasilowski, Ronald	Natrona Heights, PA	CPA	July 21, 2006 to July 20, 2011
Wellbery, William J.	Deerfield Beach, FL	CPA	October 12, 2006 to October 11, 2008
Clapper, Gary L.	La Mesa, CA	Enrolled Agent	November 2, 2006 to November 1, 2008

Consent Disbarments 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 institution or conclusion of a proceeding for his or her disbarment or suspension from practice be-

fore the Internal Revenue Service, may offer his or her consent to disbarment from such practice. The Director, Office of Professional Responsibility, in his discretion, may disbar an attorney, certified public ac-

countant, enrolled agent, or enrolled actuary in accordance with the consent offered.

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

Name	Address	Designation	Date of Disbarment
Grossman, Robert S.	Ardmore, PA	Attorney	Indefinite from October 4, 2006

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 oppor-

tunity for a proceeding before an administrative law judge, the following individu-

als have been disbarred from practice before the Internal Revenue Service:

Name	Address	Designation	Effective Date
Hubbard, Murphy	Springfield, MO	CPA	September 20, 2006
Kardos, Sandra E.	Van Nuys, CA	CPA	October 2, 2006
Jewett, Jerry A.	Fremont, OH	Enrolled Agent	November 2, 2006

Censure Issued by Consent

Under Title 31, Code of Federal Regulations, Part 10, in lieu of a proceeding being instituted or continued, an attorney, certified public accountant, enrolled agent,

or enrolled actuary, may offer his or her consent to the issuance of a censure. Censure is a public reprimand.

The following individuals have consented to the issuance of a Censure:

Name	Address	Designation	Date of Censure
Applegate, William F.	Madison, NJ	CPA	September 12, 2006
Vigliotti, Anthony J.	East Haven, CT	Enrolled Agent	September 12, 2006
Bolgiani, Janette A.	Brooklyn, NY	Enrolled Agent	September 14, 2006
Cheney, James E.	Phelps, NY	CPA	September 18, 2006
Dollinger, Douglas	Middletown, NY	Attorney	October 2, 2006
Reeves, Zak E.	Denver, CO	Enrolled Agent	October 2, 2006

Name	Address	Designation	Date of Censure
Castiglione, John	Pittsfield, MA	Attorney	October 4, 2006
Shannon, James P.	Rochester, NH	Attorney	October 4, 2006
Kuller, Mark A.	Bethesda, MD	Attorney	October 6, 2006

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 In-

ternal Revenue Service, may offer his or her resignation as an enrolled agent. The Director, Office of Professional Responsibility, in his discretion, may accept the offered resignation.

The Director, Office of Professional Responsibility, has accepted offers of resignation as an enrolled agent from the following individuals:

Name	Address	Date of Resignation
Schwartz, Judy	Las Vegas, NV	October 13, 2006

Foundations Status of Certain Organizations

Announcement 2006-101

The following organizations have failed to establish or have been unable to maintain their status as public charities or as operating foundations. Accordingly, grantors and contributors may not, after this date, rely on previous rulings or designations in the Cumulative List of Organizations (Publication 78), or on the presumption arising from the filing of notices under section 508(b) of the Code. This listing does *not* indicate that the organizations have lost their status as organizations described in section 501(c)(3), eligible to receive deductible contributions.

Former Public Charities. The following organizations (which have been treated as organizations that are not private foundations described in section 509(a) of the Code) are now classified as private foundations:

3 Dimension Developers, Inc., Houston, TX	Atrium a Choice Community, Inc., Indiana, PA
Accokeek Community Development Corporation, Waldorf, MD	Avalon R & D, Inc., Williamsville, NY
Acts of Hope, Inc., Duluth, GA	Barton Springs Heritage Association, Inc., Austin, TX
Advisory Credit Management, Inc., East Brunswick, NJ	Beacon Ridge a Choice Community, Inc., Indiana, PA
AESOP, Inc., Cedar Hill, TX	Beautify American Roads Foundation, Inc., Sharon, CT
African Education Development Agency, Inc. (AEDA), Brooklyn Park, MN	Beulah Land Community Development Center, Houston, TX
Ahepa 59, Inc., Canton, OH	Blue Meadows, Inc., Rose, OK
Aina Hookupu O Kilauea, Kilauea, HI	Borders Farm Preservation, Inc., Foster, RI
Alliance Health of Fall River, Inc., Newton, MA	Brain Synchrony, Incorporated, Encinitas, CA
Alsharco, Inc., Gretna, LA	Brick Foundation, Raleigh, NC
American African Foundation Against Torture, Inc., Schenectady, NY	Broom Tree Center for Clergy Renewal, Inc., Wausau, WI
American Farm Center Foundation, San Diego, CA	Brothers Keeper, Inc., Tuscaloosa, AL
Amit Discounted Living of America, Pasadena, CA	Caboose Springs, Incorporated, La Crescenta, CA
Andover's Future Housing Corporation, Andover, MA	Called to Care, Kalamazoo, MI
Arc of Passaic County, Hackensack, NJ	Capital City Teen Production, Savannah, GA
Artscore, Columbus, OH	Catalyst, Paonia, CO
Artsreach America, Inc., Chicago, IL	Cathedral of Praise Community Development, Inc., Camden, SC
Assist By Knight, Inc., Philadelphia, PA	Celebrity Luncheons, Wilkes-Barre, PA
Astorling Sanctuary, Inc., Tampa, FL	

Center for Creative Leadership and
Renewal, Ogunquit, ME

Centro Pre Escolar Mundo Chico, Inc.,
Salinas, PR

Chaplain Memorial Endowment
Corporation, Church Creek, MD

Children's Preschool Corporation,
Corona, CA

Childrens Stewardship Fund,
New York, NY

Christian Alternative, Inc.,
Gainesville, FL

Christian Home Area Ministry Partners,
Micanopy, FL

City of Hope Missions of Kentucky, Inc.,
Richmond, KY

Cloven Flame Ministries,
Center Point, TX

Community Concerns Alliance, Inc.,
Detroit, MI

Community Family Development
Foundation, Inc., Baltimore, MD

Community Health Care Services,
Oakland, CA

Community Outreach Program of
Enrichment, Inc., Houston, TX

Concerned Citizens for 25A, Inc.,
Cold Spring Harbor, NY

Concerned Veterans, Philadelphia, PA

Conjuring Arts Research Center,
Las Vegas, NV

Continuum of Care Ministry, Ruston, LA

Crosby Family Foundation,
Los Angeles, CA

Cuddlecare a New Jersey Nonprofit
Corporation, Neptune, NJ

CWA Local 1033 James W. Gallagher
Scholarship Fund, Trenton, NJ

Daily Retreat Adult Care, Inc., Dallas, TX

Deeval U Educational Center,
Greenville, MS

Delta Regional Foundation, Jackson, MS

Developmental Institute for Rural
& Urban Excellence, Inc.,
Natchitoches, LA

DFW Chinese Culture Center, Inc.,
Lewisville, TX

Divine Call, Dallas, TX

Doves Link, Inc., Beech Island, SC

DuPont Theater, Inc., Grove City, PA

Ecocosm Dynamics, Ltd., Tucker, GA

Ecospirit Institute for Physical
and Metaphysical Ecology, Inc.,
Scotts Valley, CA

Edheads, Hilliard, OH

Educacion Para Todos, Inc., Durham, NC

Education Empowerment Fund,
Lake Oswego, OR

El Segundo Youth Football &
Cheerleading, Inc., El Segundo, CA

Empowering People & Communities
Together CDC, Itta Bena, MS

Empowering Students and Parents, Inc.,
Columbia, MD

E M P T Y, Cincinnati, OH

Ensamble America Chamber Music and
Orchestral Society, New York, NY

Epiphany Training and Empowerment
Corp., Ford Heights, IL

Evangelistic Temple Foundation C E D C,
Inc., Simpsonville, SC

Evangelizing for Christ Ministry, Inc.,
Arlington, TX

Everywhere & Now Public Hous
Resid Organizing Natl Together, Inc.,
Far Rockaway, NY

Families Doing Time, Compton, CA

Family and Youth Achievement Center,
Inc., Durham, NC

Family Support Centers, Lakeside, CA

Fathers on Rights for Custody Equality,
Louisville, KY

Feral Feline Sanctuary, Inc., Ocala, FL

Finlion Center for Nonprofit Boards, Inc.,
Sioux Falls, SD

Foothill Boys Baseball Association, Inc.,
Salt Lake City, UT

For Gods Glory Ministries, Inc.,
Orange Park, FL

Foundation for Sustainable Development
With Human Values, Inc.,
Washington, DC

Foundation of Grace Respite Care, Inc.,
Chicago, IL

Freeborn Foundation, Inc., Stamford, CT

Friends of Artistry in Motion,
Westland, MI

Friends of Friendship House Fund, Inc.,
Garland, TX

Friends of the Elliott Museum, Inc.,
Palm City, FL

Friends of the Farnsworth House,
Chicago, IL

Friends of the Louisiana Museum
of Modern Art in Denmark, Inc.,
New York, NY

Gallagher Foundation for Youth Sports,
Inc., Palm Desert, CA

Gambrell Ministries, Long Beach, CA

Gate City Golf Association Foundation,
Inc., Greensboro, NC

Gifts for Jesus, North Huntingdon, PA

Girlspirit-Womensong, Inc.,
New York City, NY

Gods Way Homeless Recovery, Inc.,
West Palm Beach, FL

Golden Hill Development Foundation III,
Inc., New Haven, CT

Good Cause, Inc., Oakland, CA

Great Basin Foundation,
Salt Lake City, UT

Great Minds of Tomorrow, Inc.,
Kalamazoo, MI

Greater Faith Community Services, Inc.,
Petersburg, VA

Greater Harvest Housing Corp., Inc.,
Baltimore, MD

Greater Image Ministries, Seattle, WA

Greater Whites Development Center,
Nashville, TN

Gumbo Krewe, Inc., Norco, LA

Harlem United Community HIV/AIDS
Prevention Center, Inc., New York, NY

Harvest Community Development
Corporation, Detroit, MI

Hasidigraphix, Inc., Boca Raton, FL

Hellgate Management Corp., Bronx, NY

Helping Hands of Charleston, Inc.,
North Charleston, SC

Helping Hands of Winnsboro,
Winnsboro, LA

Henry Evans Housing Corporation,
Fayetteville, NC

HFERIBS, Inc., Tomahawk, WI

Holt Family Help Center, Centerville, UT

Home of the Eagle Shelter, Inc.,
Thibodaux, LA

Hope Community Economic
Development, Inc., Jacksonville, FL

Hope for Children, Inc., Pueblo, CO

Hope Treatment Center, Reno, NV

Hosts Faith Ministries, Inc.,
Friendswood, TX

Hot Fudge Social Ventures, Inc.,
Atlanta, GA

Housing for the Future, Inc., Elizabeth, NJ

Housing Works Harlem Housing
Development Fund Corporation,
Brooklyn, NY

Howard Thurman Library, New York, NY

Howl, Inc., Georgetown, KY

Humans Preservation & Protection Fund,
Los Angeles, CA

Illinois Affordable Housing, NFP,
Charleston, IL

Immaculate Conception Ministries of
Charity, Inc., Washington, DC

Immanuel Development Center,
Akron, OH

In the Beginning Ministries,
Los Angeles, CA

Institute for Science and Health,
St. Louis, MO

International Photoacoustic and
Photothermal Association,
Providence, RI

International Royal Crescent Education
Foundation, Inc., Warner Robins, GA

J. R. Richards Kids Foundation, Inc.,
Houston, TX

Jeffersonian Society, Inc.,
Jacksonville, FL

Jersey City Community Resource Center,
Jersey City, NJ

Joey Cushman Memorial Scholarship
Fund, Fort Worth, TX

Journey of Life Services,
Baton Rouge, LA

Jowers Foundation, Inc., Southfield, MI

Kansas Resource Alliance for Families,
Inc., Topeka, KS

Kays, Inc., Independent Group Home for
Young Ladies, Atlanta, GA

Keichange Foundation, Catonsville, MD

Keystone Community Concepts,
Roanoke, TX

K. I. C. (Kids in Christ), Inc.,
Montgomery, AL

Knowledge I Trust, Inc., Darien, CT

L A S Therapy Network and Development
Group, Inc., Nashville, TN

Lakeland Cardinals Booster Club,
Fox Lake, IL

Last Day Outreach Christian Center, Inc.,
Covington, GA

Legacy Multicultural Center,
Glendale, CA

Letitia Pratt Foundation, Inc., Nashua, NH

Liberated Word Community Development
Corporation, Westampton, NJ

Little Mountain Community Outreach,
Inc., Appling, GA

Living Bread of Life, Inc.,
New Port Richey, FL

Logos Foundation, Inc., Baltimore, MD

Los Angeles Tenpoint Coalition,
Los Angeles, CA

Los Angeles Williams Family Childrens
Foundation, Gardena, CA

Lynchburg Charitable Construction Trust,
Lynchburg, VA

Malibu Paradise, Inc., Stockbridge, GA

Marriage and Parenting Institute,
Salt Lake City, UT

Mcrae & Hall Family Learning Center,
Clio, AL

Metro Group, Hompton, GA

Mid-Del Charitable Foundation,
Harrington, DE

Middlesex Health Services, Inc.,
Middlesex, NC

Mighty Vine Wellness Club,
Cincinnati, OH

Millennium City Technology, Inc.,
Detroit, MI

Mind Body & Soul of New Orleans, Inc.,
Marrero, LA

Ministry of Jesus Christ, Temecula, CA

Minnesota Hmong Youth Crime
Prevention and Educational Support,
Inc., St. Paul, MN

Minority Help, Inc., Chandler, AZ

Miracle Kids, St. Louis, MO

Miracle Valley Community Development
Corporation, Inc., Tuscaloosa, AL

MM Cybertech Group, Inc., Midland, TX

Mothers Network, Saint Monica, CA

Mt. Pilgrim Foundation, Inc., Lugoff, SC

MTC Senior Housing, Inc., Jamaica, NY

Museum Domain Management
Association, Los Angeles, CA

Museum on Fire, New London, MO

MVA, Incorporated, Tulsa, OK

National Association of Disabled
Asian-American, Los Angeles, CA

National Grazing Lands Conservation,
Bowie, TX

National Institute for Archives, Inc.,
Portland, OR

National Latinas Caucus, Incorporated,
New York, NY

Native Community Action Counsel,
Ely Nevada, NV

Natural Hormone Research Institute, Inc.,
Dallas, TX

Natural Talents Arts Foundation, Inc.,
Farmington, NM

Naval Heritage Group, Inc.,
Far Rockaway, NY

NBA Foundation, Washington, DC

Nehemiah Restoration Center, Inc.,
Aiken, SC

Nerriaet, Ojai, CA

New Age News, Incorporated,
New York, NY

New American Policy Institute, Inc.,
Shorewood, WI

New Beginnings Transitional Housing
for Women & Women With Child, Inc.,
Stone Mountain, GA

New Development House, Inc.,
Cleveland, OH

New First Community Development
Corporation, Chicago Heights, IL

New York State Police Chiefs Foundation,
Inc., Yorktown, NY

Nigerian American Federation,
Grand Terrace, CA

Noble Heart Services, Inc., Torrance, CA

Northern California Community Housing
Services, Inc., Hayward, CA

Norway/Paris Community Television,
Norway, ME

Oasis in the Desert Economic
Development District, Inc.,
College Park, GA

Olive Branch Home for Neglected
Abused and Abandoned Children,
Stone Mountain, GA

On the Wings of Eagles, Inc.,
Copperhill, TN

Operation Rebound, Grand Blanc, MI

Orange County Medical Foundation, Inc.,
Hillsborough, NC

Oxford Shake-Speare Company,
Huntsville, TX

P Js Wings Programs, Dearborn, MI

Pacific Ocean Wave Energy Research,
Inc., San Diego, CA

Patriot a Choice Community, Inc.,
Indiana, PA

Peacekeepers, Abilene, TX

People Helping People of Detroit,
Detroit, MI

Phase Nu, Inc., Ypsilanti, MI

Philam Society of CPA's, Los Angeles, CA

Philidia Corporation, Long Beach, CA

Pi Lambda Chi Latina Sorority
Scholarship Fund, Denver, CO

Pooh Bear Community Child Care Center,
Hamburg, AR

Prescott College Alumni Association,
Prescott, AZ

Reaching Out Ministries, Inc.,
Plant City, FL

Ready to Fly Ministries, Inc., Mena, AR

Reliable Man Ministries, Inc., Orlando, FL

Rest for All Nations, Inc., Leawood, KS

Restoring Wounded Soldiers Outreach
Ministries, Decatur, GA

Right for Harvest Ministries,
Columbus, OH

Roberta S. Kaufman Memorial
Scholarship Fund, Inc., Plainview, NY

Rocky Mountain Reintegration Services,
Inc., Colorado Springs, CO

Rosebuds to Roses, Inc., Harvey, LA

Rotary Club of Amherst East Foundation,
Williamsville, NY

Salem Police Volunteer and Citizen
Association, Inc., Salem, OR

San Diego Post 6 Activities Foundation,
San Diego, CA

Sankofa Foundation, Inc., Chicago, IL

Santa Maria Club, Inc.,
Southampton, NY

Second Henry Street Housing
Development Fund Corp.,
New York, NY

Seniors on the Move, Inc.,
Stone Mountain, GA

Single Parents Association, Compton, CA

Society of Mannequins, Chicago, IL

Southern Gospel Radio Partners, Inc.,
Delhi, LA

Spider Webb Services, Inc., Miami, FL

Spiritual Power Development, Inc.,
Whistle, AL

Sports Interface, Inc., Oakland, CA

St. Benedict the Moor Development
Corporation, Savannah, GA

Stanley L. Johnson Young Fathers
Young Men Organization, Inc.,
Jacksonville, FL

Stillson Memorial Medical Center
Associates, Inc., Windsor, NY

Stop Hazing, Inc., Orono, ME

Students – Staff Honored for Success,
Spencerville, OH

Succor Haven, Inc., Indianapolis, IN

Sunrise Housing Foundation, McLean, VA

Sunset Companions Agency, Oakland, CA

Sunshine Factory, Inc., Fayetteville, GA

Supreme Court Media Center,
Mendham, NJ

Teach All Nations Fund, Inc.,
Quarryville, PA

Texas Early Education Heritage Society,
League City, TX

Texas Philanthropic Corporation,
Houston, TX

Three Rivers Foundation for the Arts and
Sciences, Inc., Crowell, TX

Tindalls School No. 3 Restoration, Inc.,
Ramsey, IN

Titus House, Inc., Pickerington, OH

Touching Hands of Life, Los Angeles, CA

Trees for Life, Inc., Orlando, FL

Tri Alpha Omega Ministries, Inc.,
Houston, TX

Troy Lions Charities, Royal Oak, MI

Tucson Cultural Development and
Community Improvement Association,
Tucson, AZ

Turnerpoint Akwaaba House, Inc.,
Detroit, MI

Ucan International, Inc., Maryknoll, NY

UMA Foundation, Inc., Dorchester, MA

Umoja Group, Inc., Los Angeles, CA

United in Peace, Inc., Chicago, IL

Universal Medical Association of USA,
Inc., Rosemead, CA

Up and Away, Inc., Dorchester, MA

Urgent Nest Ministries Life Care Center,
Raleigh, NC

VB Alba Foundation, Inc.,
Fawn Grove, PA

Virginia Living Histories, Inc.,
St. Louis, MO

Visions of Rose Outreach Ministries,
Missouri City, TX

Voices of the Next Generation Educational
Association, Oklahoma City, OK

Volunteer Today, Castle Rock, CO

Warren Avenue Community Development
Corporation, Southfield, MI

Westbridge, Inc., Manchester, NH

Williamsburg Trails and Greenways
Association, Inc., Haydenville, MA

Windmill Foundation, Rego Park, NY

Winning Ways, Inc., Raleigh, NC

Wisconsin Champions for Arts
Education Business and Community,
Oconomowoc, WI

Wisdom and Heart Ministry, Inc.,
Jacksonville, FL

Womens Empowerment Movement, Inc.,
Jonesboro, GA

Word Faith Center Ministry, Inc.,
Ontario, CA

World of Motorcycles Museum, Inc.,
North Judson, IN

World Peace Through Technology
Organization, San Francisco, CA

Y O U Youth Opportunities Unlimited,
Inc., Pearland, TX

You-Turn Project, Inc., Lawndale, CA

Youth Development Organization, Inc.,
Lawrence, MA

If an organization listed above submits information that warrants the renewal of its classification as a public charity or as a private operating foundation, the Internal Revenue Service will issue a ruling or determination letter with the revised classification as to foundation status. Grantors and contributors may thereafter rely upon such ruling or determination letter as provided in section 1.509(a)-7 of the Income Tax Regulations. It is not the practice of the Service to announce such revised classification of foundation status in the Internal Revenue Bulletin.

Stock Transfer Rules: Carryover of Earnings and Taxes; Correction

Announcement 2006-102

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains corrections to final regulations (T.D. 9273, 2006-37 I.R.B. 394) that were published in the **Federal Register** on Tuesday, August 8, 2006 (71 FR 44887) addressing the carryover of certain tax attributes, such as earnings and profits and foreign income tax accounts, when two corporations combine in a corporate reorganization or liquidation that is described in both sections 367(b) and section 381 of the Internal Revenue Code.

DATES: The correction is effective August 8, 2006.

FOR FURTHER INFORMATION CONTACT: Jeffrey L. Parry, (202) 622-3850 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of this correction are under sections 367(b) and 381 of the Internal Revenue Code.

Need for Correction

As published, final regulations (T.D. 9273) contain errors that may prove to be misleading and are in need of clarification.

* * * * *

Correction of Publication

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

PART 1—INCOME TAXES

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

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

Par. 7. Section 1.367(b)-7(f)(1)(iii) *Example 1* (ii) is amended by revising the

last sentence of paragraph (A) and paragraph (B) to read as follows:

§ 1.367(b)-7 *Carryover of earnings and profits and foreign income taxes in certain foreign-to-foreign non-recognition transactions.*

(f) ***

(1) ***
(iii) ***

Example (1) ***
(A) *** The 100u offset under section 952(c)(1)(B) does not result in a reduction of the hovering deficit for purposes of section 316 or section 902.

(B) Foreign surviving corporation A's 100u of subpart F income not included in income by USP will accumulate and be added to its post-1986 undistributed earnings as of the beginning of 2009. This

100u of post-transaction earnings will be offset by the (100u) hovering deficit. Because the amount of earnings offset by the hovering deficit is 100% of the total amount of the hovering deficit, all \$25 of the related taxes are added to the post-1986 foreign income taxes pool as well. Accordingly, foreign surviving corporation A has the following post-1986 undistributed earnings and post-1986 foreign income taxes on January 1, 2009:

Separate category	Earnings & profits		Foreign taxes	
	Positive E&P	Hovering deficit	Foreign taxes available	Foreign taxes associated with hovering deficit
General	0u	(0u)	\$45	\$0

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

(Filed by the Office of the Federal Register on December 6, 2006, 8:45 a.m., and published in the issue of the Federal Register for December 7, 2006, 71 F.R. 70875)

TIPRA Amendments to Section 199; Correction Announcement 2006-103

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains corrections to final and temporary regulations (T.D. 9293, 2006-48 I.R.B. 957) that were published in the **Federal Register** on Thursday, October 19, 2006 (71 FR 61662) concerning the amendments made by the Tax Increase Prevention and Reconciliation Act of 2005 to section 199 of the Internal Revenue Code.

DATES: This correction is effective October 19, 2006.

FOR FURTHER INFORMATION CONTACT: Concerning §§ 1.199-2T(e)(2) and 1.199-8T(i)(5), Paul Handleman or Lauren Ross Taylor, (202) 622-3040; concerning §§ 1.199-3T(i)(7) and (8), and 1.199-5T, Martin Schaffer, (202) 622-3080; and concerning §§ 1.199-7T(b)(4) and 1.199-8T(i)(6), Ken Cohen, (202) 622-7790 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

The final and temporary regulations that are the subject of this correction are under section 199 of the Internal Revenue Code.

Need for Correction

As published, final and temporary regulations (T.D. 9293) contain errors that may prove to be misleading and are in need of clarification.

Correction of Publication

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

PART 1—INCOME TAXES

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

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

Section 1.199-5T also issued under 26 U.S.C. 199(d). ***

Section 1.199-7T also issued under 26 U.S.C. 199(d). ***

Par. 4. Section 1.199-2T(e)(2) is amended by revising the eleventh sentence of *Example 2* paragraph (i) and the seventh sentence of *Example 5* paragraph (iv) to read as follows:

§ 1.199-2T *Wage limitation (temporary).*

Example 2. ***

(i) *** For Y's taxable year ending April 30, 2011, the total square footage of Y's headquarters is 8,000 square feet, of which 2,000 square feet is set aside for domestic production activities. ***

Example 5. ***

(iv) *** The EAG's tentative section 199 deduction is \$360,000 (.09 X (lesser of combined QPAI of \$4,000,000 (B's QPAI of \$4,000,000 + S's QPAI of \$0) or combined taxable income of \$4,200,000 (B's taxable income of \$4,000,000 + S's taxable income of \$200,000))) subject to the W-2 wage limitation of \$50,000 (50% x (\$100,000 (B's W-2 wages) + \$0 (S's W-2 wages))). ***

Par. 8. Section 1.199-5T is amended by revising sentences eight through ten of paragraph (e)(4)(ii)(A) and revising paragraph (g) to read as follows:

§ 1.199-5T *Application of section 199 to pass-thru entities for taxable years beginning after May 17, 2006, the enactment date of the Tax Increase Prevention and Reconciliation Act of 2005 (temporary).*

(e) ***

(4) ***

(ii) ***

(A) * * * In this step, in this example, the portion of the trustee commissions not directly attributable to the rental operation (\$2,000) is directly attributable to non-trade or business activities. In addition, the state income and personal property taxes are not directly attributable under § 1.652(b)–3(a) to either trade or business or non-trade or business activities, so the portion of those taxes not attributable to either the PRS interests or the rental operation is not a trade or business expense and, thus, is not taken into account in computing QPAI. The portion of the state income and personal property taxes that is treated as an other trade or business expense is \$3,000 (\$5,000 x \$30,000 total trade or business gross receipts/\$50,000 total gross receipts). * * *

(g) *No attribution of qualified activities.* Except as provided in § 1.199–3T(i)(7) regarding qualifying in-kind partnerships and § 1.199–3T(i)(8) regarding EAG partnerships, an owner of a pass-thru entity is not treated as conducting the qualified production activities of the pass-thru entity, and vice versa. This rule applies to all partnerships, including partnerships that have elected out of subchapter K under section 761(a). Accordingly, if a partnership manufactures QPP within the United States, or produces a qualified film or produces utilities in the United States, and distributes or leases, rents, licenses, sells, exchanges, or otherwise disposes of such property to a partner who then, without performing its own qualifying activity, leases, rents, licenses, sells, exchanges, or otherwise disposes of such property, then the partner's gross receipts from this latter lease, rental, license, sale, exchange, or other disposition are treated as non-DPGR. In addition, if a partner manufactures QPP within the United States, or produces a qualified film or produces utilities in the United States, and contributes or leases, rents, licenses, sells, exchanges, or otherwise disposes of such property to a partnership which then, without performing its own qualifying activity, leases, rents, licenses, sells, exchanges, or otherwise disposes of such property, then the partnership's gross receipts from this latter disposition are treated as non-DPGR.

* * * * *

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

(Filed by the Office of the Federal Register on December 6, 2006, 8:45 a.m., and published in the issue of the Federal Register for December 7, 2006, 71 F.R. 70876)

Partner's Distributive Share: Foreign Tax Expenditures; Correction

Announcement 2006–104

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains correction to final regulations (T.D. 9292, 2006–47 I.R.B. 914) that were published in the **Federal Register** on Thursday, October 19, 2006 (71 FR 61648) regarding the allocation of creditable foreign tax expenditures by partnerships.

DATES: The correction is effective October 19, 2006.

FOR FURTHER INFORMATION CONTACT: Timothy J. Leska, (202) 622–3050 or Michael I. Gilman (202) 622–3850 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

The correction notice that is the subject of this document is under section 704 of the Internal Revenue Code.

Need for Correction

As published, final regulations (T.D. 9292) contain errors that may prove to be misleading and are in need of clarification.

* * * * *

Correction of Publication

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

PART 1—INCOME TAXES

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

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

Par. 2. Section 1.704–1 is amended by revising instructional Par. 2, number 2 to read as follows:

1. * * *

2. The heading and text of paragraphs (b)(1)(ii)(b), and (b)(5) *Examples 25* through 27 are revised.

* * * * *

Par. 3. Section 1.704–1(d)(5) is amended by revising *Example 25* paragraph (ii), the ninth sentence and *Example 26* paragraph (ii), the eighth sentence to read as follows:

§ 1.704–1 *Partner's distributive share.*

* * * * *

Example 25. * * *

(ii) * * * Accordingly, the country X taxes will be reallocated according to the partners' interests in the partnership.

Example 26. * * *

(ii) * * * Because AB's partnership agreement allocates the \$80,000 of country X taxes and \$40,000 of country Y taxes in proportion to the distributive shares of income to which such taxes relate, the allocations are deemed to be in accordance with the partners' interests in the partnership under paragraph (b)(4)(viii) of this section.

* * * * *

LaNita Van Dyke,
*Chief, Publications and
Regulations Branch,
Legal Processing Division,
Associate Chief Counsel
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(Filed by the Office of the Federal Register on December 6, 2006, 8:45 a.m., and published in the issue of the Federal Register for December 7, 2006, 71 F.R. 70877)

Railroad Track Maintenance Credit; Correction

Announcement 2006–105

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document corrects temporary regulations (T.D. 9286, 2006-43 I.R.B. 750) that were published in the **Federal Register** on Friday, September 8, 2006 (71 FR 53009) providing rules for claiming the railroad track maintenance credit under section 45G of the Internal Revenue Code for qualified railroad track maintenance expenditures paid or incurred by a Class II railroad or Class III railroad and other eligible taxpayers during the taxable year.

DATES: This correction is effective September 8, 2006.

FOR FURTHER INFORMATION CONTACT: Winston H. Douglas, (202) 622-3110 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The temporary regulations (T.D. 9286) that is the subject of this document is under section 45G of the Internal Revenue Code.

Need for Correction

As published, the temporary regulations (T.D. 9286) contain errors that may prove to be misleading and are in need of clarification.

* * * * *

Correction of Publication

Accordingly, 26 CFR parts 1 and 602 are corrected by making the following correcting amendments:

PART 1—INCOME TAXES

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

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

Par. 2. Section 1.45G-0T is amended by removing the entry for § 1.45G-1T(e) and (e)(2) and redesignating the entries for § 1.45G-1T(e)(1) and § 1.45G-1T(e)(1)(i), (ii) and (iii) as the entries for (e), (e)(1), (e)(2) and (e)(3) respectively.

Par. 3. Section 1.45G-1T is amended by:

1. Removing paragraph (e)(2);
2. Redesignating paragraphs (e)(1)(i), (e)(1)(ii), and (e)(1)(iii) as paragraphs (e)(1), (e)(2), and (e)(3), respectively;
3. Revising paragraph (a), sixth sentence, paragraph (b)(9), paragraph (d)(6) *Example 2.(ii)*, last sentence, paragraph headings (e), (e)(1), (e)(2) and (e)(3), paragraph (e)(2), second and fifth sentences, paragraph (e)(3), first sentence, *Example 1.(i)*, third sentence, *Example 1.(iii)*, second sentence, *Example 2.(iii)*, fourth sentence, and paragraph (g)(3). The revisions read as follows:

§ 1.45G-1T Railroad track maintenance credit (temporary).

(a) * * * Paragraph (e) of this section contains rules for adjusting basis for the amount of the RTMC claimed by an eligible taxpayer. * * *

(b) * * *

(9) Except as provided in paragraph (e)(2) of this section, *railroad track* is property described in STB property accounts 8 (ties), 9 (rails and other track material), and 11 (ballast) in 49 CFR part 1201, subpart A.

* * * * *

(d) * * *

(6) * * *

Example 2. * * *

(ii) * * * Because O's tentative amount of RTMC does not exceed O's credit limitation amount for the taxable year ending March 31, 2007, O may claim a RTMC for the taxable year ending March 31, 2007, in the amount of \$75,000.

* * * * *

(e) *Adjustments to basis*— * * *

(1) *In general.* * * *

(2) *Basis adjustment made to railroad track.* * * * For purposes of section 45G(e)(3) and this paragraph (e)(2), the adjusted basis of any railroad track with respect to which the eligible taxpayer claims the RTMC is limited to the amount of QRTME, if any, that is required to be capitalized into the qualifying railroad structure or an intangible asset. * * * If all or some of the QRTME paid or incurred by an eligible taxpayer during the taxable year is capitalized under section 263(a) to more than one asset, whether tangible

or intangible (for example, railroad track and bridges), the reduction to the basis of these assets under this paragraph (e)(2) is allocated among each of the assets subject to the reduction in proportion to the unadjusted basis of each asset at the time the QRTME is paid or incurred during that taxable year.

(3) *Examples.* The application of this paragraph (e) is illustrated by the following examples. * * *

Example 1. * * *

(i) * * * X uses the track maintenance allowance method for track structure expenditures (for further guidance, see Rev. Proc. 2002-65, 2002-2 C.B. 700, and § 601.601(d)(2)(ii)(b) of this chapter). * * *

(iii) * * * In accordance with paragraph (e)(2) of this section, X reduces the capitalized amount of \$250,000 by the RTMC of \$500,000 claimed by X for 2006, but not below zero. * * *

Example 2. * * *

(iii) * * * In accordance with paragraph (e)(2) of this section, Z reduces the capitalized amount of \$1 million by the RTMC of \$500,000 claimed by Z for 2006. * * *

* * * * *

(g) * * *

(3) *Special rules for 2005 returns.* If a taxpayer's Federal income tax return for a taxable year beginning after December 31, 2004, and ending before September 7, 2006, is filed before October 10, 2006, and the taxpayer is not filing an amended Federal income tax return for that taxable year pursuant to paragraph (g)(2) of this section before the taxpayer's next filed original Federal income tax return, see paragraphs (d)(4)(iv) and (f)(7) of this section for the statements that must be attached to the taxpayer's next filed original Federal income tax return.

PART 602 — OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT

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 revising the following entry in 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.
* * * * *	
1.45G-1T	1545-2031
* * * * *	

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

(Filed by the Office of the Federal Register on December 7,
 2006, 8:45 a.m., and published in the issue of the Federal
 Register for December 8, 2006, 71 F.R. 71039)

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.
Z—Corporation.

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2006–1 through 2006–26 is in Internal Revenue Bulletin 2006–26, dated June 26, 2006.

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Ann	Announcement
CD	Court Decision
DO	Delegation Order
EO	Executive Order
PL	Public Law
PTE	Prohibited Transaction Exemption
RP	Revenue Procedure
RR	Revenue Ruling
SPR	Statement of Procedural Rules
TC	Tax Convention
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