

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. 2004-99, page 720.

2004 base period T-bill rate. The “base period T-bill rate” for the period ending September 30, 2004, is published as required by section 995(f) of the Code.

Rev. Rul. 2004-100, page 718.

Low-income housing credit; satisfactory bond; “bond factor” amounts for the period January through December 2004. This ruling announces the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period January through December 2004.

Rev. Rul. 2004-101, page 719.

LIFO; price indexes; department stores. The August 2004 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, August 31, 2004.

Notice 2004-70, page 724.

This document provides guidance regarding the treatment as qualified dividend income, for purposes of section 1(h)(11) of the Code, of distributions, inclusions, and other amounts from foreign corporations subject to certain anti-deferral regimes.

EXEMPT ORGANIZATIONS

Announcement 2004-88, page 779.

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

ADMINISTRATIVE

Rev. Proc. 2004-62, page 728.

Substitute tax forms and schedules. Requirements are set forth for privately designed and printed federal tax forms and conditions under which the Service will accept computer-prepared, and computer-generated tax forms and schedules. Rev. Proc. 2003-73 superseded.

Finding Lists begin on page ii.



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 42.—Low-Income Housing Credit

Low-income housing credit; satisfactory bond; “bond factor” amounts for the period January through December 2004. This ruling announces the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period January through December 2004.

Rev. Rul. 2004–100

In Rev. Rul. 90–60, 1990–2 C.B. 3, the Internal Revenue Service provided

guidance to taxpayers concerning the general methodology used by the Treasury Department in computing the bond factor amounts used in calculating the amount of bond considered satisfactory by the Secretary under § 42(j)(6) of the Internal Revenue Code. It further announced that the Secretary would publish in the Internal Revenue Bulletin a table of bond factor amounts for dispositions occurring during each calendar month.

Rev. Proc. 99–11, 1999–1 C.B. 275, established a collateral program as an alternative to providing a surety bond for taxpayers to avoid or defer recapture of the low-income housing tax credits under § 42(j)(6). Under this program, taxpayers

may establish a Treasury Direct Account and pledge certain United States Treasury securities to the Internal Revenue Service as security.

This revenue ruling provides in Table 1 the bond factor amounts for calculating the amount of bond considered satisfactory under § 42(j)(6) or the amount of United States Treasury securities to pledge in a Treasury Direct Account under Rev. Proc. 99–11 for dispositions of qualified low-income buildings or interests therein during the period January through December 2004.

Table 1 Rev. Rul. 2004–100 Monthly Bond Factor Amounts for Dispositions Expressed As a Percentage of Total Credits											
	Calendar Year Building Placed in Service or, if Section 42(f)(1) Election Was Made, the Succeeding Calendar Year										
Month of Disposition	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Jan '04	14.71	27.31	38.15	47.40	55.27	54.52	54.00	53.57	53.27	53.01	52.84
Feb '04	14.71	27.31	38.15	47.40	55.27	54.40	53.89	53.45	53.16	52.91	52.74
Mar '04	14.71	27.31	38.15	47.40	55.27	54.28	53.77	53.34	53.05	52.81	52.65
Apr '04	15.55	28.88	40.34	50.12	58.45	57.84	57.87	57.99	58.25	58.56	58.98
May '04	15.55	28.88	40.34	50.12	58.45	57.71	57.75	57.87	58.13	58.45	58.87
Jun '04	15.55	28.88	40.34	50.12	58.45	57.59	57.63	57.75	58.02	58.34	58.77
Jul '04	14.75	27.38	38.24	47.52	55.41	53.96	53.46	53.05	52.78	52.56	52.43
Aug '04	14.75	27.38	38.24	47.52	55.41	53.85	53.36	52.95	52.68	52.47	52.35
Sep '04	14.75	27.38	38.24	47.52	55.41	53.75	53.26	52.86	52.59	52.38	52.27
Oct '04	15.52	28.81	40.24	50.00	58.30	56.99	57.04	57.18	57.46	57.82	58.28
Nov '04	15.52	28.81	40.24	50.00	58.30	56.88	56.93	57.08	57.37	57.72	58.19
Dec '04	15.52	28.81	40.24	50.00	58.30	56.77	56.83	56.97	57.27	57.64	58.11

Table 1 (cont'd)
Rev. Rul. 2004-100
Monthly Bond Factor Amounts for Dispositions Expressed
As a Percentage of Total Credits

Month of Disposition	Calendar Year Building Placed in Service or, if Section 42(f)(1) Election Was Made, the Succeeding Calendar Year									
	2001	2002	2003	2004						
Jan '04	52.99	53.40	54.02	54.15						
Feb '04	52.90	53.30	53.92	54.15						
Mar '04	52.81	53.22	53.83	54.15						
Apr '04	59.74	60.79	62.04	62.68						
May '04	59.64	60.69	61.93	62.68						
Jun '04	59.55	60.59	61.84	62.68						
Jul '04	52.61	53.03	53.64	54.15						
Aug '04	52.54	52.97	53.59	54.15						
Sep '04	52.47	52.91	53.54	54.15						
Oct '04	59.08	60.16	61.46	62.68						
Nov '04	59.01	60.10	61.40	62.68						
Dec '04	58.94	60.04	61.36	62.68						

For a list of bond factor amounts applicable to dispositions occurring during other calendar years, see: Rev. Rul. 98-3, 1998-1 C.B. 248; Rev. Rul. 2001-2, 2001-1 C.B. 255; Rev. Rul. 2001-53, 2001-2 C.B. 488; Rev. Rul. 2002-72, 2002-2 C.B. 759; and Rev. Rul. 2003-117, 2003-46 I.R.B. 1051.

DRAFTING INFORMATION

The principal author of this revenue ruling is David McDonnell of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling, contact Mr. McDonnell at (202) 622-3040 (not a toll-free call).

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

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

LIFO; price indexes; department stores. The August 2004 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, August 31, 2004.

Rev. Rul. 2004-101

The following Department Store Inventory Price Indexes for August 2004 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, August 31, 2004.

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	Aug. 2003	Aug. 2004	Percent Change from Aug. 2003 to Aug. 2004 ¹
1. Piece Goods	488.9	513.2	5.0
2. Domestics and Draperies	568.7	525.7	-7.6
3. Women's and Children's Shoes	631.4	623.7	-1.2
4. Men's Shoes	838.8	838.6	0.0
5. Infants' Wear	589.1	561.1	-4.8
6. Women's Underwear.....	510.7	502.4	-1.6
7. Women's Hosiery	347.8	337.5	-3.0
8. Women's and Girls' Accessories	551.0	557.2	1.1
9. Women's Outerwear and Girls' Wear	350.2	341.4	-2.5
10. Men's Clothing	528.7	524.4	-0.8
11. Men's Furnishings.....	565.6	564.3	-0.2
12. Boys' Clothing and Furnishings	423.3	414.5	-2.1
13. Jewelry.....	880.6	902.5	2.5
14. Notions	787.1	794.8	1.0
15. Toilet Articles and Drugs	979.8	992.7	1.3
16. Furniture and Bedding	619.8	607.8	-1.9
17. Floor Coverings	588.7	581.5	-1.2
18. Housewares.....	720.4	709.6	-1.5
19. Major Appliances.....	209.7	196.9	-6.1
20. Radio and Television.....	45.0	41.2	-8.4
21. Recreation and Education ²	82.3	80.1	-2.7
22. Home Improvements ²	124.2	129.2	4.0
23. Automotive Accessories ²	111.7	112.8	1.0
Groups 1-15: Soft Goods	553.5	546.4	-1.3
Groups 16-20: Durable Goods	392.1	379.2	-3.3
Groups 21-23: Misc. Goods ²	93.8	93.1	-0.7
Store Total ³	495.2	487.1	-1.6

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 Michael Burkom of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Mr. Burkom at (202) 622-7924 (not a toll-free call).

Section 995.—Taxation of DISC Income to Shareholders

2004 base period T-bill rate. The “base period T-bill rate” for the period ending September 30, 2004, is published as required by section 995(f) of the Code.

Rev. Rul. 2004-99

Section 995(f)(1) of the Internal Revenue Code provides that a shareholder of a DISC shall pay interest each taxable year in an amount equal to the product of the

shareholder's DISC-related deferred tax liability for the year and the “base period T-bill rate.” Under section 995(f)(4), the base period T-bill rate is the annual rate of interest determined by the Secretary to be equivalent to the average of the 1-year constant maturity Treasury yields, as published by the Board of Governors of the Federal Reserve System, for the 1-year period ending on September 30 of the calendar year ending with (or of the most recent calendar year ending before) the close of the taxable year of the shareholder. The base period T-bill rate for the period ending September 30, 2004 is 1.60 percent.

Pursuant to section 6222 of the Code, interest must be compounded daily. The table below provides factors for compounding the base period T-bill rate daily for any number of days in the shareholder's taxable year (including a 52–53 week accounting period) for the 2004 base period T-bill rate. To compute the amount of the interest charge for the shareholder's taxable year, multiply the amount of the shareholder's DISC-related deferred tax liability (as defined in section 995(f)(2)) for that year by the base period T-bill rate factor corresponding to the number of days in the shareholder's taxable year for which the interest charge is being computed. Generally, one would use the factor for 365 days. One would use a different factor only if the shareholder's taxable year for which the interest charge being determined is a short taxable year, if the shareholder uses the 52–53 week taxable year, or if the shareholder's taxable year is a leap year.

For the base period T-bill rates for the periods ending in prior years, see Rev. Rul. 2003–111, 2003–45 I.R.B. 1009, Rev. Rul. 2002–68, 2002–2 C.B. 808, Rev. Rul. 2001–56, 2001–2 C.B. 500, and Rev. Rul. 2000–52, 2000–2 C.B. 516.

DRAFTING INFORMATION

The principal author of this revenue ruling is David Bergkuist of the Office of the Associate Chief Counsel (International). For further information about this revenue ruling, contact Mr. Bergkuist at (202) 622–3850 (not a toll-free call).

2004 ANNUAL RATE, COMPOUNDED DAILY

DAYS	1.60 PERCENT FACTOR
1	.000043716
2	.000087434
3	.000131153
4	.000174875
5	.000218598
6	.000262324
7	.000306051
8	.000349780
9	.000393511
10	.000437244

2004 ANNUAL RATE, COMPOUNDED DAILY		2004 ANNUAL RATE, COMPOUNDED DAILY	
DAYS	1.60 PERCENT FACTOR	DAYS	1.60 PERCENT FACTOR
11	.000480979	61	.002670167
12	.000524716	62	.002714000
13	.000568455	63	.002757834
14	.000612196	64	.002801670
15	.000655938	65	.002845509
16	.000699683	66	.002889349
17	.000743429	67	.002933191
18	.000787178	68	.002977035
19	.000830928	69	.003020881
20	.000874680	70	.003064729
21	.000918434	71	.003108579
22	.000962190	72	.003152431
23	.001005948	73	.003196284
24	.001049708	74	.003240140
25	.001093470	75	.003283997
26	.001137233	76	.003327857
27	.001180999	77	.003371718
28	.001224766	78	.003415581
29	.001268536	79	.003459447
30	.001312307	80	.003503314
31	.001356080	81	.003547183
32	.001399855	82	.003591054
33	.001443632	83	.003634926
34	.001487411	84	.003678801
35	.001531192	85	.003722678
36	.001574975	86	.003766556
37	.001618760	87	.003810437
38	.001662546	88	.003854319
39	.001706335	89	.003898204
40	.001750125	90	.003942090
41	.001793918	91	.003985978
42	.001837712	92	.004029868
43	.001881508	93	.004073760
44	.001925306	94	.004117654
45	.001969106	95	.004161550
46	.002012908	96	.004205448
47	.002056712	97	.004249347
48	.002100518	98	.004293249
49	.002144325	99	.004337153
50	.002188135	100	.004381058
51	.002231947	101	.004424965
52	.002275760	102	.004468875
53	.002319575	103	.004512786
54	.002363393	104	.004556699
55	.002407212	105	.004600614
56	.002451033	106	.004644531
57	.002494856	107	.004688450
58	.002538681	108	.004732371
59	.002582508	109	.004776293
60	.002626336	110	.004820218

2004 ANNUAL RATE,
COMPOUNDED DAILY

2004 ANNUAL RATE,
COMPOUNDED DAILY

2004 ANNUAL RATE,
COMPOUNDED DAILY

1.60 PERCENT		1.60 PERCENT		1.60 PERCENT	
DAYS	FACTOR	DAYS	FACTOR	DAYS	FACTOR
111	.004864145	161	.007062923	211	.009266513
112	.004908073	162	.007106948	212	.009310634
113	.004952004	163	.007150974	213	.009354757
114	.004995936	164	.007195003	214	.009398881
115	.005039870	165	.007239033	215	.009443008
116	.005083806	166	.007283065	216	.009487137
117	.005127744	167	.007327100	217	.009531267
118	.005171684	168	.007371136	218	.009575400
119	.005215626	169	.007415174	219	.009619534
120	.005259570	170	.007459214	220	.009663671
121	.005303516	171	.007503256	221	.009707809
122	.005347464	172	.007547300	222	.009751949
123	.005391413	173	.007591345	223	.009796091
124	.005435365	174	.007635393	224	.009840236
125	.005479318	175	.007679443	225	.009884382
126	.005523274	176	.007723494	226	.009928529
127	.005567231	177	.007767548	227	.009972679
128	.005611190	178	.007811603	228	.010016831
129	.005655151	179	.007855661	229	.010060985
130	.005699114	180	.007899720	230	.010105141
131	.005743079	181	.007943781	231	.010149298
132	.005787046	182	.007987844	232	.010193458
133	.005831015	183	.008031909	233	.010237619
134	.005874986	184	.008075976	234	.010281783
135	.005918959	185	.008120045	235	.010325948
136	.005962933	186	.008164116	236	.010370115
137	.006006910	187	.008208189	237	.010414284
138	.006050888	188	.008252263	238	.010458455
139	.006094869	189	.008296340	239	.010502629
140	.006138851	190	.008340418	240	.010546803
141	.006182835	191	.008384499	241	.010590980
142	.006226821	192	.008428581	242	.010635159
143	.006270809	193	.008472666	243	.010679340
144	.006314799	194	.008516752	244	.010723523
145	.006358791	195	.008560840	245	.010767707
146	.006402785	196	.008604930	246	.010811894
147	.006446781	197	.008649022	247	.010856082
148	.006490778	198	.008693116	248	.010900273
149	.006534778	199	.008737212	249	.010944465
150	.006578779	200	.008781310	250	.010988660
151	.006622783	201	.008825409	251	.011032856
152	.006666788	202	.008869511	252	.011077054
153	.006710796	203	.008913615	253	.011121254
154	.006754805	204	.008957720	254	.011165456
155	.006798816	205	.009001828	255	.011209660
156	.006842829	206	.009045937	256	.011253866
157	.006886844	207	.009090048	257	.011298074
158	.006930861	208	.009134162	258	.011342283
159	.006974880	209	.009178277	259	.011386495
160	.007018900	210	.009222394	260	.011430709

2004 ANNUAL RATE,
COMPOUNDED DAILY

2004 ANNUAL RATE,
COMPOUNDED DAILY

2004 ANNUAL RATE,
COMPOUNDED DAILY

1.60 PERCENT		1.60 PERCENT		1.60 PERCENT	
DAYS	FACTOR	DAYS	FACTOR	DAYS	FACTOR
261	.011474924	301	.013245132	341	.015018438
262	.011519142	302	.013289427	342	.015062811
263	.011563361	303	.013333724	343	.015107185
264	.011607583	304	.013378023	344	.015151561
265	.011651806	305	.013422323	345	.015195939
266	.011696031	306	.013466626	346	.015240320
267	.011740258	307	.013510930	347	.015284702
268	.011784487	308	.013555237	348	.015329086
269	.011828718	309	.013599545	349	.015373472
270	.011872951	310	.013643856	350	.015417860
271	.011917186	311	.013688168	351	.015462249
272	.011961423	312	.013732482	352	.015506641
273	.012005662	313	.013776798	353	.015551035
274	.012049902	314	.013821117	354	.015595431
275	.012094145	315	.013865437	355	.015639828
276	.012138390	316	.013909759	356	.015684228
277	.012182636	317	.013954082	357	.015728629
278	.012226884	318	.013998408	358	.015773033
279	.012271135	319	.014042736	359	.015817438
280	.012315387	320	.014087066	360	.015861845
281	.012359641	321	.014131398	361	.015906255
282	.012403897	322	.014175731	362	.015950666
283	.012448156	323	.014220067	363	.015995079
284	.012492416	324	.014264404	364	.016039494
285	.012536678	325	.014308744	365	.016083911
286	.012580941	326	.014353085	366	.016128330
287	.012625207	327	.014397428	367	.016172751
288	.012669475	328	.014441774	368	.016217174
289	.012713745	329	.014486121	369	.016261599
290	.012758016	330	.014530470	370	.016306025
291	.012802290	331	.014574821	371	.016350454
292	.012846565	332	.014619174		
293	.012890843	333	.014663529		
294	.012935122	334	.014707886		
295	.012979404	335	.014752245		
296	.013023687	336	.014796605		
297	.013067972	337	.014840968		
298	.013112259	338	.014885333		
299	.013156548	339	.014929699		
300	.013200839	340	.014974068		

Part III. Administrative, Procedural, and Miscellaneous

Treatment as Qualified Dividend Income for Purposes of Section 1(h)(11) of the Internal Revenue Code of Distributions, Inclusions, and Other Amounts From Foreign Corporations Subject to Certain Anti-Deferral Regimes

Notice 2004-70

SECTION 1. PURPOSE

This notice provides guidance regarding the extent to which distributions, inclusions and other amounts received by, or included in the income of, individual shareholders as ordinary income from foreign corporations subject to certain anti-deferral regimes may be treated as qualified dividend income for purposes of section 1(h)(11) of the Internal Revenue Code (Code). This guidance is necessary to reflect the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27, 117 Stat. 752) (2003 Act) that provided for reduced rates of tax on certain dividends for taxable years beginning after December 31, 2002. The Treasury Department and the Internal Revenue Service intend to issue regulations under section 1(h)(11) of the Code that incorporate the guidance set forth in this notice.

SECTION 2. OVERVIEW

The 2003 Act provides that qualified dividend income received by an individual shareholder is subject to tax at reduced rates. This notice provides guidance regarding the extent to which distributions, inclusions, and other amounts received by, or included in the income of, individual shareholders as ordinary income from foreign corporations subject to certain anti-deferral regimes may be treated as qualified dividend income for purposes of section 1(h)(11) of the Code. Section 3 of this notice describes the statutory rules for determining whether income is

qualified dividend income and describes in general the anti-deferral regimes applicable to controlled foreign corporations (as defined in sections 957(a) and (b) and 953(c)(1)(B)) (CFCs), foreign personal holding companies (as defined in section 552(a)) (FPHCs), foreign investment companies (as defined in section 1246(b)) (FICs), and passive foreign investment companies (as defined in section 1297(a)) (PFICs). These rules are relevant principally because section 1(h)(11)(C)(iii) provides that dividends from a foreign corporation which for the taxable year of the corporation in which the dividend is paid, or the preceding taxable year, is an FPHC, a FIC, or a PFIC, are not qualified dividend income. Section 4 of this notice provides guidance with respect to distributions, inclusions, and other amounts from a CFC that is not also an FPHC, a FIC, or a PFIC. Section 5 of this notice provides guidance with respect to FPHCs, including FPHCs that are also CFCs. Section 6 of this notice provides guidance with respect to FICs, including FICs that are also CFCs. Section 7 of this notice provides guidance with respect to PFICs, including PFICs that are also CFCs.

This notice provides that distributions of non-previously taxed earnings and profits from a CFC to an individual are qualified dividend income, and therefore are eligible for the reduced rates of tax applicable to certain capital gains under section 1(h)(1) of the Code, provided that the CFC is otherwise a qualified foreign corporation. This notice also provides that section 951(a)(1) inclusions from a CFC and deemed or actual distributions from an FPHC, a FIC or a PFIC are not qualified dividend income under section 1(h)(11)(B)(i)(II) and therefore are not eligible for the reduced rates of tax applicable to certain capital gains under section 1(h)(1). In addition, this notice provides that, for purposes of section 1(h)(11), the determination of whether a foreign corporation is a PFIC is made on a shareholder-by-shareholder basis. Accordingly, distributions of non-previously taxed earnings and profits received by an individual

from a CFC that would be a PFIC with respect to that individual but for the application of section 1297(e) are qualified dividend income if the CFC is otherwise a qualified foreign corporation.

SECTION 3. BACKGROUND

.01 *The 2003 Act*

In general, section 1(h)(1) of the Code provides that an individual taxpayer's net capital gain for any taxable year is subject to a maximum tax rate of 15 percent (or 5 percent in the case of certain taxpayers). Section 1(h)(11) provides that, for purposes of section 1(h), the term "net capital gain" means net capital gain increased by qualified dividend income.

"Qualified dividend income" is defined as dividends received during the taxable year from domestic corporations and qualified foreign corporations. Section 1(h)(11)(B)(i) of the Code. The term "qualified foreign corporation" does not include any foreign corporation that, for the taxable year of the corporation in which the dividend is paid, or the preceding taxable year, is an FPHC, a FIC, or a PFIC. Section 1(h)(11)(C)(iii). Subject to this limitation, the term "qualified foreign corporation" means any foreign corporation that is incorporated in a possession of the United States or that is eligible for the benefits of a comprehensive income tax treaty with the United States which the Secretary determines is satisfactory for purposes of this provision and which includes an exchange of information program.¹ Section 1(h)(11)(C)(i). In addition, a foreign corporation is treated as a qualified foreign corporation with respect to any dividend paid by such corporation if the stock with respect to which such dividend is paid is readily tradable on an established securities market in the United States.² Section 1(h)(11)(C)(ii).

.02 *Anti-deferral Regimes under the Code*

Income earned by a foreign corporation from its foreign operations generally is subject to U.S. tax when such income

¹ See Notice 2003-69, 2003-42 I.R.B. 851 (providing the current list of U.S. tax treaties meeting these requirements).

² See Notice 2003-71, 2003-43 I.R.B. 922 (defining "readily tradable" on an established securities market in the United States with respect to dividends received on or after January 1, 2003); Notice 2003-79, 2003-50 I.R.B. 1206 (defining "readily tradable" for securities other than ordinary or common stock).

is distributed to a U.S. person that holds stock in such foreign corporation. Accordingly, a U.S. person that is a shareholder of a foreign corporation generally is not subject to U.S. tax on the income earned by the foreign corporation until that income is distributed to the shareholder as a dividend. However, a variety of anti-deferral regimes apply to subject the U.S. shareholder to U.S. tax on that income even if the income is not actually distributed to the shareholder.

A brief summary of the rules applicable to foreign corporations subject to each of the anti-deferral regimes addressed in this notice is provided below.

(1) *CFCs*. In general, a CFC is any foreign corporation with respect to which U.S. shareholders own more than 50 percent of the total combined voting power of all classes of stock of such corporation entitled to vote or the total value of such corporation. Under section 951(b) of the Code, a "United States shareholder" is a U.S. person (as defined in section 957(c)) that owns ten percent or more of the total combined voting power of all classes of stock entitled to vote.

United States shareholders of CFCs are required to include in gross income currently their *pro rata* share of certain income of the CFC (referred to as "subpart F income"), without regard to whether the income is distributed by the CFC to its shareholders in the year the income is earned. Section 951(a)(1)(A) of the Code. Subpart F income includes foreign base company income, including foreign personal holding company income (e.g., dividends, interest, annuities and other specified passive income), and certain insurance income. Sections 952, 953, and 954. United States shareholders of a CFC also are required to include currently in income their *pro rata* share of the CFC's earnings to the extent invested by the CFC in U.S. property. Section 951(a)(1)(B). The amounts so included in income under section 951(a)(1) are limited to the shareholder's *pro rata* share of the current earnings and profits of the CFC. Section 951(a)(2) and (c)(1)(A).

Income of a CFC that has been included in the gross income of its United States shareholders as an inclusion under section 951(a)(1) of the Code is not included in gross income again when it actually is distributed to the United States shareholders.

Section 959(a)(1). Any income of a CFC that is not included in the gross income of its United States shareholders under section 951(a)(1) is not subject to U.S. tax as income of the United States shareholders until actually distributed as a dividend. A United States shareholder of a CFC that sells its stock in the CFC generally is required to report any recognized gain from the sale of the stock as a dividend to the extent of the untaxed undistributed earnings and profits of the CFC and certain subsidiaries that are attributable to the United States shareholder. Section 1248(a) and (c)(2).

(2) *FPHCs*. A foreign corporation is an FPHC if (1) at any time during the taxable year more than 50 percent of the stock of the corporation, determined by vote or value, is owned by five or fewer individuals who are U.S. citizens or residents; and (2) at least 60 percent of the corporation's gross income for the taxable year is foreign personal holding company income (e.g., dividends, interest, annuities and other specified passive income). Once a foreign corporation qualifies as an FPHC, however, the gross income threshold for each subsequent year is only 50 percent, until the expiration of either one taxable year during which the stock ownership requirement is not satisfied or three consecutive taxable years in each of which the gross income requirement is not satisfied at the 50 percent threshold. Section 552(a) of the Code.

All individual shareholders of an FPHC who are U.S. persons must include in gross income their distributive shares of undistributed foreign personal holding company income (as defined in section 556(a) of the Code) without regard to whether the income is distributed by the FPHC to its shareholders in the taxable year the income is earned. The undistributed foreign personal holding company income of an FPHC is the taxable income of the FPHC with adjustments minus the amount of the dividends paid deduction determined under section 561. Section 556(a). The undistributed foreign personal holding company income of an FPHC is treated as a dividend under section 551(b). Amounts that are deemed distributed as a dividend are treated as recontributed by the U.S. individual shareholders to the FPHC as a contribution to capital.

(3) *FICs*. A foreign corporation is a FIC if (1) it is registered under the Investment Company Act of 1940, either as a management company or as a unit investment trust; or (2) it is engaged primarily in the business of investing, reinvesting, or trading in securities or commodities, or in any interest in securities or commodities, at a time when 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or the value of all classes of stock, is held by U.S. persons. Section 1246(b) of the Code. Under the FIC rules, in general, gain on the sale or exchange (or a distribution that is treated as an exchange) of stock in a FIC is treated as ordinary income to the extent of the taxpayer's ratable share of the post-1962 undistributed earnings and profits of the FIC. Section 1246(a). Any amount previously included in the gross income of the shareholder under section 951 is excluded from the shareholder's ratable share of the post-1962 undistributed earnings and profits of the FIC (but only to the extent the inclusion of such amount did not result in the exclusion of any other amount from gross income under section 959). A FIC that elected before 1963 to distribute annually 90 percent of its taxable income (other than capital gains) is not subject to the general rules of section 1246(a) with respect to any year in which the election applies. Section 1247(a)(1); Section 1.1247-1(c)(1) of the Income Tax Regulations. Qualified shareholders (as defined in section 1247(c)) who invest in FICs that elected this treatment under section 1247 and for which the election is currently in effect are required to include in income currently their share of the net long term capital gains of the FIC whether or not actually distributed.

(4) *PFICs*. In general, a foreign corporation is a PFIC if (1) 75 percent or more of its gross income for the taxable year consists of passive income; or (2) the average percentage of assets held by the corporation during the taxable year that produce, or are held for the production of, passive income is 50 percent or more. Section 1297(a) of the Code. Subject to certain exceptions, passive income generally means income of a kind that would be foreign personal holding company income under section 954(c). Section 1297(b).

In general, gain recognized by a U.S. person on the disposition of stock of a

PFIC, or the amount of any excess distribution (as defined under section 1291(b)), is treated as ordinary income earned *pro rata* over the shareholder's holding period with respect to the PFIC stock. Amounts attributed to the current taxable year are included as ordinary income. Amounts attributed to prior years are subject to tax at the highest applicable tax rate in effect for each respective year of the holding period, and interest is imposed at the underpayment rate on the tax liability with respect to such amounts.

As an alternative to being taxed under the rules of section 1291(a) of the Code, a shareholder that is a U.S. person may make a qualified electing fund (QEF) election under section 1295 of the Code or a mark to market election under section 1296. In general, a U.S. shareholder that makes a QEF election must include in gross income its *pro rata* share of the QEF's ordinary income and net capital gain for the taxable year. Section 1293(a). A U.S. shareholder of a PFIC that makes a mark to market election must include in gross income for its taxable year as ordinary income the excess of the fair market value of the PFIC stock over its adjusted basis. Section 1296(c)(1). The adjusted basis of the shareholder's stock is increased by the amount included in the gross income of the shareholder with respect to the stock.

A foreign corporation may be treated as a PFIC with respect to some shareholders but not others. Under section 1298(b)(1), a foreign corporation generally is treated as a PFIC with respect to a shareholder even if the corporation does not meet the income or asset tests for the current year if the corporation met either the income test or the asset test during any portion of the shareholder's holding period of the stock of the foreign corporation and the shareholder has not made a QEF election.³ Under section 1297(e), a foreign corporation is not treated as a PFIC with respect to a shareholder even if the corporation meets the income test or the asset test if the corporation is a CFC, the shareholder

is a United States shareholder, and certain other conditions are met.

SECTION 4. CONTROLLED FOREIGN CORPORATIONS

This section provides guidance with respect to distributions, inclusions, and other amounts received by individual shareholders from a CFC that is not also an FPHC, a FIC, or a PFIC (and that was not an FPHC, a FIC, or a PFIC in the preceding taxable year). The treatment of distributions, inclusions, and other amounts received by individual shareholders of a CFC that is also an FPHC, a FIC, or a PFIC is addressed in sections 5, 6, and 7 of this notice, respectively.

Individual United States shareholders of CFCs may have amounts included in income under section 951(a)(1) of the Code, distributions of amounts previously taxed under section 951(a)(1), or distributions of amounts that have not been previously taxed under section 951(a)(1). The tax treatment of these amounts in the context of section 1(h)(11) is discussed below.

.01 Distributions of Amounts Not Previously Taxed

Section 1(h)(11) of the Code does not exclude CFCs from the definition of "qualified foreign corporations." Thus, actual dividends from a CFC's non-previously taxed earnings and profits to an individual shareholder are qualified dividend income provided that the CFC is otherwise a qualified foreign corporation under section 1(h)(11)(C) and the other requirements of section 1(h)(11) are met. Similarly, amounts treated as dividends under section 1248(a) are qualified dividend income provided that the CFC is otherwise a qualified foreign corporation under section 1(h)(11)(C) and the other requirements of section 1(h)(11) are met.⁴ See section 1248(a) (stating gain recognized on the sale or exchange of stock in certain foreign corporations shall be included in the gross income of a shareholder as a divi-

dent). In addition, amounts treated as dividends under section 1.367(b)-2(e)(2) of the regulations (*i.e.*, section 1248 amounts and all earnings and profits amounts) are qualified dividend income provided that the CFC is otherwise a qualified foreign corporation under section 1(h)(11)(C) and the other requirements of section 1(h)(11) are met.⁵

.02 Section 951(a)(1) Inclusions

Neither section 951(a)(1) nor the corresponding regulations characterize a section 951(a)(1) inclusion as a dividend. In contrast, deemed inclusions under the FPHC and PFIC regimes are characterized as dividends throughout the statutory provisions governing these regimes. *See, e.g.*, section 551(b) (stating that undistributed foreign personal holding company income is included in a foreign personal holding company shareholder's gross income as a dividend). Moreover, while section 1248 requires inclusions in gross income as a dividend, section 951 simply requires inclusions in gross income.⁶ Accordingly, for purposes of section 1(h)(11), section 951(a)(1) inclusions are not dividends and therefore cannot constitute qualified dividend income.

.03 Distributions of Previously Taxed Income

Distributions of previously taxed income excluded from gross income under section 959(a) of the Code are not qualified dividend income because they are not subject to U.S. tax and are not dividends. *See* section 959(a) and (d).

SECTION 5. FOREIGN PERSONAL HOLDING COMPANIES

.01 In General

Section 1(h)(11)(C)(iii) of the Code excludes FPHCs from the definition of qualified foreign corporation. Therefore, actual dividends received by U.S. individ-

³ Section 1298(b)(1) also may not apply to a shareholder that has obtained a new holding period under section 1.1296-1(f) of the regulations by reason of a mark-to-market election.

⁴ Amounts treated as dividends under section 1248(a) in the case of gain with respect to stock of a foreign corporation that was a CFC during the 5-year period prior to the disposition also may be qualified dividend income provided that the foreign corporation is otherwise a qualified foreign corporation under section 1(h)(11)(C) and the other requirements of section 1(h)(11) are met. Future guidance may address the treatment of section 304 amounts and section 306(a)(2) amounts under section 1(h)(11).

⁵ Amounts treated as dividends under section 1.367(b)-2(e)(2) of the regulations with respect to foreign corporations that are not CFCs also may be qualified dividend income provided that the foreign corporation is otherwise a qualified foreign corporation under section 1(h)(11)(C) and the other requirements of section 1(h)(11) are met. Section 1.367(b)-3(c)(3).

⁶ It should be noted that, while section 951(a) was not modified by the 2003 Act, section 306(a)(1)(D) was modified to provide that, for purposes of section 1(h)(11), amounts treated as ordinary income under section 306 shall be treated as a dividend received from the corporation.

uals who are shareholders of an FPHC are not qualified dividend income. Similarly, undistributed foreign personal holding company income that is treated as distributed to individual U.S. shareholders as a dividend is not qualified dividend income. Further, a dividend from a foreign corporation that is not an FPHC but was an FPHC in the preceding taxable year is not qualified dividend income.

.02 FPHCs that are also CFCs

A foreign corporation may be both an FPHC and a CFC. Because a foreign corporation that is both an FPHC and a CFC continues to be an FPHC, any dividends (both actual dividends and amounts treated as a dividend) received by an individual shareholder from that corporation are not qualified dividend income.

SECTION 6. FOREIGN INVESTMENT COMPANIES

.01 In General

Section 1(h)(11)(C)(iii) of the Code excludes FICs from the definition of qualified foreign corporation. Therefore, actual dividends received by U.S. individuals who are shareholders of a FIC are not qualified dividend income. Likewise, a shareholder's *pro rata* share of a FIC's post-1962 accumulated earnings and profits following the sale of FIC stock is not qualified dividend income. Similarly, amounts distributed as ordinary income by a FIC that has a section 1247 election in effect also are not qualified dividend income. Further, a dividend from a foreign corporation that is not a FIC but was a FIC in the preceding taxable year is not qualified dividend income.

.02 FICs that are also CFCs

A foreign corporation may be both a FIC and a CFC. Because a foreign corporation that is both a FIC and a CFC continues to be a FIC, any dividends or other distributions taxable as ordinary income from that corporation are not qualified dividend income.

SECTION 7. PASSIVE FOREIGN INVESTMENT COMPANIES

.01 In General

Section 1(h)(11)(C)(iii) of the Code excludes PFICs from the definition of qualified foreign corporation. As a result, a dividend (including an excess distribution) from a foreign corporation that is a PFIC or that is not a PFIC in the current taxable year but was a PFIC in the preceding taxable year is not qualified dividend income.

Similarly, amounts included in a shareholder's gross income under sections 1293(a) (in the case of a shareholder that has made a QEF election) or 1296 (in the case of a shareholder that has made a mark to market election) are not qualified dividend income.

.02 Determination of PFIC Status

As noted above in Section 3.02(4), some of the rules for determining whether a foreign corporation is a PFIC operate on a shareholder-by-shareholder basis. Therefore, a foreign corporation may be treated as a PFIC with respect to some shareholders but not others. Thus, for purposes of section 1(h)(11), the result of an analysis of whether a foreign corporation is a PFIC, and therefore whether dividends from that corporation are for that reason excluded from qualified dividend income, may be different for shareholders of the same foreign corporation.

A determination of whether a foreign corporation was a PFIC in the previous taxable year also should be made on a shareholder-by-shareholder basis if the shareholder of the foreign corporation was a shareholder in the previous taxable year. For example, a foreign corporation that was a PFIC under the income test or the asset test of section 1297(a) of the Code for one year of a shareholder's holding period under certain circumstances may be a PFIC with respect to that shareholder even though it may not meet the income or asset tests in subsequent years and notwithstanding that the foreign corporation may not be a PFIC with respect to other shareholders. Section 1298(b)(1). To the extent a foreign corporation is a PFIC with respect to a shareholder, dividends received by that shareholder are not qualified dividend income.

.03 PFICs that are also CFCs

A foreign corporation may be both a PFIC and a CFC. Except where section 1297(e) of the Code applies to certain shareholders as described below, in cases where a foreign corporation is both a PFIC and a CFC an amount received by a shareholder from such a corporation is not qualified dividend income.

Where a foreign corporation is a CFC, section 1297(e)(1) of the Code provides that the foreign corporation generally is not treated as a PFIC with respect to a shareholder during the qualified portion of the shareholder's holding period in the stock of the foreign corporation even if the corporation meets the income test or the asset test. The qualified portion generally is the portion of the shareholder's holding period that is after December 31, 1997, and during which the shareholder is a United States shareholder and the foreign corporation is a CFC. This overlap elimination rule does not apply if the foreign corporation otherwise is treated as a PFIC under section 1298(b)(1) because there is a portion of the shareholder's holding period prior to the application of this rule when the foreign corporation was a PFIC. H.R. Rep. No. 105-148, 105th Cong., 1st Sess., at 534 (1997).

In cases where a foreign corporation would qualify as a PFIC with respect to a shareholder but for the application of section 1297(e) of the Code, for purposes of section 1(h)(11), distributions, inclusions, or amounts received by, or included in the income of, that shareholder from that foreign corporation are subject to the same analysis as amounts from foreign corporations that are CFCs and are not PFICs. Thus, in accordance with the guidance provided for CFCs in Section 4 above, distributions of non-previously taxed earnings and profits received by an individual from a CFC that would be treated as a PFIC with respect to such individual but for the rule of section 1297(e) are qualified dividend income provided that the CFC is otherwise a qualified foreign corporation under section 1(h)(11)(C) and the other requirements of section 1(h)(11) are met.

SECTION 8. EFFECTIVE DATE

Regulations to be issued relating to the guidance set forth in this notice will be

effective for amounts included in income on or after October 8, 2004. Until such regulations are issued, taxpayers may rely on this notice.

SECTION 9. COMMENTS

Comments should be submitted in writing and should include a reference to **Notice 2004-70**.

Written comments may be submitted to CC:PA:LPD (**Notice 2004-70**), Room 5207, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washing-

ton, D.C. 20044. Alternatively, interested parties may submit comments electronically via the following e-mail address: *Notice.Comments@irscounsel.treas.gov*. Please include “**Notice 2004-70**” in the subject line of any electronic communications.

Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to: CC:PA:LPD (**Notice 2004-70**), Courier’s Desk, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, D.C. 20224.

VI. CONTACT INFORMATION

The principal author of this notice is Alexandra K. Helou of the Office of Associate Chief Counsel (International). However, other personnel from the Service and the Treasury participated in its development. For further information regarding this notice, contact Phyllis Marcus at (202) 622-3840 (not a toll-free call).

NOTE: This revenue procedure will be reprinted as the next revision of IRS Publication 1167, *General Rules and Specifications for Substitute Forms and Schedules*.

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Part 1

Introduction to Substitute Forms

Section 1.1 – Overview of Revenue Procedure 2004-62

1.1.1 Purpose

The purpose of this revenue procedure is to provide guidelines and general requirements for the development, printing, and approval of substitute tax forms. Approval will be based on these guidelines. After review and approval, submitted forms will be accepted as substitutes for official IRS forms.

1.1.2 Unique Forms

Certain unique specialized forms require the use of other additional publications to supplement this publication. See Part 4.

1.1.3 Scope

The IRS accepts quality substitute tax forms that are consistent with the official forms and do not have an adverse impact on our processing. The IRS Substitute Forms Unit administers the formal acceptance and processing of these forms nationwide. While this program deals primarily with paper documents, it also reviews for approval other processing and filing forms such as those used in electronic filing.

Only those substitute forms that comply fully with the requirements set forth are acceptable. Exhibit H lists the forms mentioned in this document, their titles, and where their references are made. This revenue procedure is updated as required to reflect pertinent tax year form changes and to meet processing and/or legislative requirements.

1.1.4 Forms Covered by This Revenue Procedure

The following types of forms are covered by this revenue procedure:

- IRS tax forms and their related schedules.
 - Worksheets as they appear in instruction packages.
 - Applications for permission to file returns electronically and forms used as required documentation for electronically filed returns.
 - Powers of Attorney.
 - Over-the-counter estimated tax payment vouchers.
 - Forms and schedules relating to partnerships, exempt organizations, and employee plans.
-

1.1.5 Forms Not Covered by This Revenue Procedure

The following types of forms are not covered by this revenue procedure:

- W-2 and W-3 (see Publication 1141 for information on these forms).
- W-2c and W-3c (see Publication 1223 for information on these forms).
- 1096, 1098 series, 1099 series, 5498 series, W-2G, and 1042-S (see Publication 1179 for information on these forms).
- Federal Tax Deposit (FTD) coupons, which may not be reproduced.
- Forms 1040-ES (OCR) and 1041-ES (OCR), which may not be reproduced.
- Forms 5500, 5500-EZ, and associated schedules (see the Department of Labor website (www.dol.gov) for information on these forms).
- Requests for information or documentation initiated by the IRS.
- Forms used internally by the IRS.
- State tax forms.
- Forms developed outside the IRS.

- General and Specific Instructions are not reviewed by the Substitute Forms Program Unit.

Section 1.2 – IRS Contacts

1.2.1 Where To Send Substitute Forms

Send your substitute forms for approval to the following offices (Do not send forms with taxpayer data):

Form	Office and Address
FINCEN Form 101, FINCEN Form 102, FINCEN Form 103, FINCEN Form 103-N, FINCEN Form 104, 8300, TD F 90-22.1, TD F 90-22.47, TD F 90-22.53, TD F 90-22.55, TD F 90-22.56	IRS Computing Center BSA Compliance Branch P.O. Box 32063 Detroit, MI 48232-0063
5500, 5500-EZ, and Schedules A through E, G, H, I, P, R, SSA, and T for Form 5500	Check EFAST information at the Department of Labor’s website at www.efast.dol.gov
All others (except W-2, W-2c, W-3, W-3c, 1096, 1098, 1099, 5498, W-2G, and 1042-S)	Internal Revenue Service Attn: Substitute Forms Program SE:W:CAR:MP:T:T:SP 1111 Constitution Avenue, NW Room 6406 Washington, DC 20224

In addition, the Substitute Forms Program Unit can be contacted via email at *taxforms@irs.gov. Please enter “Substitute Forms” on the subject line. Use this email address only to inquire about forms covered by this revenue procedure. Do not attach graphic files for approval with email.

For questions about Forms W-2 and W-3, refer to IRS Publication 1141, *General Rules and Specifications for Substitute Forms W-2 and W-3*. For Forms W-2c and W-3c, refer to IRS Publication 1223, *General Rules and Specifications for Substitute Forms W-2c and W-3c*. For Forms 1096, 1098, 1099, 5498, W-2G, and 1042-S, refer to IRS Publication 1179, *General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, W-2G, and 1042-S*.

Section 1.3 – What’s New

1.3.1 What’s New

The following changes have been made to the Revenue Procedure for 2004:

- The Substitute Forms Program is now accepting substitute forms submissions via email. The email address is *taxforms@irs.gov. See Section 2.1.2.
- The Substitute Forms Program office symbols have changed to SE:W:CAR:MP:T:T:SP. The room number has changed to 6406.
- Exhibits D through G have been rearranged.
- The formats for Schedules K-1 of Forms 1065 and 1120S have significantly changed for 2004. Because Publication 1167 is printed before the forms become finalized, draft copies are provided in the exhibits (see Exhibits D, E, and F). Before releasing their substitute forms, software vendors are responsible for making any subsequent changes made to the final official IRS forms after the draft forms have been posted.

- The requirements for Schedules K-1 of Forms 1041, 1065, 1065-B and 1120S have changed. Among other changes, all lines must now be included on the substitute schedules. (See Section 7.1 and Exhibits D, E and F).
-

Section 1.4 – Definitions

1.4.1 Substitute Form

A tax form (or related schedule) that differs in any way from the official version and is intended to replace the form that is printed and distributed by the IRS. This term also covers those approved substitute forms exhibited in this revenue procedure.

1.4.2 Printed/Preprinted Form

A form produced using conventional printing processes, or a printed form which has been reproduced by photocopying or a similar process.

1.4.3 Preprinted Pin-Fed Form

A printed form that has marginal perforations for use with automated and high speed printing equipment.

1.4.4 Computer Prepared Substitute Form

A preprinted form in which the taxpayer's tax entry information has been inserted by a computer, computer printer, or other computer type equipment such as word processing equipment.

1.4.5 Computer Generated Substitute Tax Return or Form

A tax return or form that is entirely designed and printed using a computer printer such as a laser printer, etc., on plain white paper. This return or form must conform to the physical layout of the corresponding IRS form, although the typeface may differ. The text should match the text on the officially printed form as closely as possible. Condensed text and abbreviations will be considered on a case-by-case basis.

Exception. All jurat (perjury statements) must be reproduced verbatim.

1.4.6 Manually Prepared Form

A preprinted reproduced form in which the taxpayer's tax entry information is entered by an individual using a pen, pencil, typewriter, or other non-automated equipment.

1.4.7 Graphics

Parts of a printed tax form that are not tax amount entries or required information. Examples of graphics are line numbers, captions, shadings, special indicators, borders, rules, and strokes created by typesetting, photographs, photocomposition, etc.

1.4.8 Acceptable Reproduced Form

A legible photocopy of an original form.

**1.4.9
Supporting Statement
(Supplemental Schedule)**

A document providing detailed information to support a line entry on an official or approved substitute form and filed with (attached to) a tax return.

Note. A supporting statement is not a tax form and does not take the place of an official form unless specifically permitted elsewhere in this procedure.

**1.4.10
Specific Form Terms**

The following specific terms are used throughout this revenue procedure in reference to all substitute forms: format, sequence, line reference, item caption, and data entry field.

**1.4.11
Format**

The overall physical arrangement and general layout of a substitute form.

**1.4.12
Sequence**

Sequence is an integral part of the total format requirement. The substitute form should show the same numeric and logical placement order of data, as shown on the official form.

**1.4.13
Line Reference**

The line numbers, letters, or alphanumerics used to identify each captioned line on an official form. These line references are printed to the immediate left of each caption or data entry field.

**1.4.14
Item Caption**

The text on each line of a form, which identifies the data required.

**1.4.15
Data Entry Field**

Designated areas for the entry of data such as dollar amounts, quantities, responses and checkboxes, etc.

**1.4.16
Advance Draft**

A draft version of a new or revised form may be posted to the IRS website for information purposes. Substitute forms may be submitted based on these advance drafts, but any company that receives forms approval based on these early drafts is responsible for monitoring and revising forms to mirror any revisions in the final forms provided by the IRS.

Section 1.5 – Agreement

**1.5.1
Important Stipulation
of This Revenue Procedure**

Any person or company who uses substitute forms and makes all or part of the changes specified in this revenue procedure agrees to the following stipulations:

- The IRS presumes the changes are made in accordance with these procedures and will not be disruptive to the processing of the tax return.
- Should any of the changes prove to be not exactly as described, and as a result become disruptive to the IRS's processing of the tax return, the person or company agrees to accept the determination of the IRS as to whether or not the form may continue to be used during the filing season.
- The person or company agrees to work with the IRS in correcting noted deficiencies. Notification of deficiencies may be made by any combination of fax, letter, email, or phone

contact and may include the return of unacceptable forms for re-submission of acceptable forms.

Part 2

General Guidelines for Submissions and Approvals

Section 2.1 – General Specifications for Approval

2.1.1 Overview

If you produce any tax forms using IRS guidelines on permitted changes, you can generate your own substitutes without further approval. If your changes are more extensive, you must get IRS approval before using substitute forms. These changes include the use of typefaces and sizes other than those found on the official form and the condensing of line item descriptions to save space.

2.1.2 Email Submissions

The Substitute Forms Program is now accepting substitute forms submissions via email. The email address is [*taxforms@irs.gov](mailto:taxforms@irs.gov). Please include “PDF Submissions” on the subject line.

Follow these guidelines:

- Your submission should include all the forms you wish to submit in one attached pdf file. Do not email each form individually.
- Emailing pdf submissions will not expedite review and approval. The pdf submissions will be assigned a control number and put in queue along with mailed-in paper submissions.
- Small (fewer than 15 forms), rather than large submissions should expedite processing.
- Optimize pdf files before submitting.
- The maximum allowable email attachment is 2.5 megabytes.
- The Substitute Forms Unit will accept zip files.
- An approval checklist listing the forms you are submitting should always be included in the pdf file along with the forms.
- To alleviate delays during the peak time of September through December, submit advance draft forms as early as possible.

If the guidelines are not followed, you may need to resubmit.

In addition to submitting forms via email, you may continue to send your submissions to:

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

2.1.3 Schedules

Schedules are considered to be an integral part of a complete tax return. A schedule may be included as part of a form or printed separately.

2.1.4 Examples of Schedules That Must Be Submitted with the Return

Form 706, *United States Estate (and Generation-Skipping Transfer) Tax Return*, is an example of this situation. Its Schedules A through U have pages numbered as part of the basic return. For Form 706 to be approved, the entire form including Schedules A through U must be submitted.

2.1.5 Examples of Schedules That Can Be Submitted Separately

However, Schedules 1, 2, and 3 of Form 1040A are examples of schedules that can be submitted separately. Although printed by the IRS as a supplement to Form 1040A, none of these schedules are required to be filed with Form 1040A. These schedules may be separated from Form 1040A and submitted as substitute forms.

2.1.6 Use and Distribution of Unapproved Forms

The IRS is continuing a program to identify and contact tax return preparers, forms developers, and software publishers who use or distribute unapproved forms that do not conform to this revenue procedure. The use of unapproved forms hinders the processing of the returns.

Section 2.2 – Highlights of Permitted Changes and Requirements

2.2.1 Methods of Reproducing Internal Revenue Service Forms

Official IRS tax forms are supplied by the IRS. These forms may be provided in the taxpayer's tax package or over-the-counter. Forms can also be picked up at many IRS offices, post offices, or libraries, and are available on CD-ROM and on-line via the Internet.

There are methods of reproducing IRS printed tax forms suitable for use as substitutes without prior approval.

- You can photocopy most tax forms and use them instead of the official ones. The entire substitute form, including entries, must be legible.
 - You can reproduce any current tax form as cut sheets, snap sets, and marginally punched, pin-fed forms as long as you use an official IRS version as the master copy.
 - You can reproduce a "signature form" as a valid substitute form. Many tax forms (including returns) have a taxpayer signature requirement as part of the form layout. The jurat/perjury statement/signature line areas must be retained and worded exactly as on the official form. The requirement for a signature by itself does not prohibit a tax form from being properly computer-generated.
-

Section 2.3 – Vouchers

2.3.1 Overview

All payment vouchers (Forms 940-V, 940-EZ(V), 941-V, 943-V, 945-V, 1040-V, and 2290-V) must be reproduced in conjunction with their forms. Substitute vouchers must be the same size as the officially printed vouchers. Vouchers that are prepared for printing on a laser printer may include a scan line.

**2.3.2
Scan Line
Specifications**

	NNNNNNNNN	AA	AAAA	NN	N	NNNNNN	NNN
<i>Item:</i>	A	B	C	D	E	F	G
A.	Social Security Number/Employer Identification Number (SSN/EIN) has 9 numeric spaces.						
B.	Check Digits have 2 alpha spaces.						
C.	Name Control has 4 alphanumeric spaces.						
D.	Master File Tax (MFT) Code has 2 numeric spaces (see below).						
E.	Taxpayer Identification Number (TIN) Type has 1 numeric space (see below)						
F.	Tax Period has six numeric spaces in year/month format (YYYYMM).						
G.	Transaction Code has 3 numeric spaces.						

**2.3.3
MFT Code**

Code Number for Forms:

- 1040 family – 30;
 - 940/940-EZ – 10;
 - 941 – 01;
 - 943 – 11;
 - 945 – 16; and
 - 2290 – 60.
-

**2.3.4
TIN Type**

Type Number for:

- Form 1040 family – 0; and
 - Forms 940, 940-EZ, 941, 943, 945, and 2290 – 2.
-

**2.3.5
Voucher Size**

The voucher size must be exactly 8.0" x 3.25" (Forms 1040-ES and 1041-ES must be 7.625" x 3.0"). The document scan line must be vertically positioned 0.25 inches from the bottom of the scan line to the bottom of the voucher. The last character on the right of the scan line must be placed 3.5 inches from the right leading edge of the document. The minimum required horizontal clear space between characters is .014 inches. The line to be scanned must have a clear band 0.25 inches in height from top to bottom of the scan line, and from border to border of the document. "Clear band" means no printing except for dropout ink.

**2.3.6
Print and Paper Weight**

Vouchers must be imaged in black ink using OCR A, OCR B, or Courier 10. These fonts may not be mixed in the scan line. The horizontal character pitch is 10 CPI. The paper must be 20 to 24 pound OCR bond paper weight.

Section 2.4 – Restrictions on Changes

2.4.1 What You Cannot Do to Forms Suitable for Substitute Tax Forms

You cannot, without prior IRS approval, change any IRS tax form or use your own (non-approved) versions including graphics, unless specifically permitted by this revenue procedure.

You cannot adjust any of the graphics on Forms 1040, 1040A, and 1040EZ (except in those areas specified in Part 5 of this revenue procedure) without prior approval from the IRS Substitute Forms Unit.

You cannot use your own preprinted label on tax returns filed with the IRS unless you fully comply with the criteria specified in the section in this revenue procedure on the use of pre-addressed IRS labels.

Section 2.5 – Guidelines for Obtaining IRS Approval

2.5.1 Basic Requirements

Preparers who submit substitute privately designed, privately printed, computer generated, or computer prepared tax forms must develop these substitutes using the guidelines established in this part. These forms, unless excepted by the revenue procedure, must be approved by the IRS before being filed.

2.5.2 Conditional Approval Based on Advanced Drafts

The IRS cannot grant final approval of your substitute form until the official form has been published. However, the IRS has established a location on the Internet for posting advance draft forms. This site can be reached in the “Tax Professionals” area at:

www.irs.gov/taxpros/lists/0,,id=97782,00.html

We encourage submission of proposed substitutes of these advance draft forms, and will grant conditional approval based solely on these early drafts. These advance drafts are subject to significant change before forms are finalized. If these advance drafts are used as the basis for your substitute forms, you will be responsible for subsequently updating your final forms to agree with the final official version. These revisions need not be submitted for further approval.

Note. Approval of forms based on advance drafts will not be granted after the final version of an official form is published.

2.5.3 Submission Procedures

Please follow these general guidelines when submitting substitute forms for approval:

- Any alteration of forms must be within the limits acceptable to the IRS. It is possible that, from one filing period to another, a change in law or a change in internal need (processing, audit, compliance, etc.) may change the allowable limits for the alteration of the official form.
- When specific approval of any substitute form (other than those specified in Part 1, Section 1.2 – IRS Contacts) is desired, a sample of the proposed substitute form should be forwarded for consideration by letter to the Substitute Forms Unit at the address shown in Section 1.2.
- To expedite multiple forms approval, we prefer that your proposed forms be submitted in separate sets by return. For example, Forms 1040 and their normally related schedules or attachments should be submitted separately from Forms 1120 and 1065 if possible. Schedules and forms (for example, Forms 3468, 4136, etc.) that can be used with more than one

type of return (for example, 1040, 1041, 1120, etc.) should be submitted only once for approval, regardless of the number of different tax returns with which they may be associated. Also, all pages of multi-page forms or returns should be submitted in the same package.

2.5.4 Approving Offices

Because only the Substitute Forms Unit is authorized to approve substitute forms, unnecessary delays may occur if forms are sent to the wrong office. The Substitute Forms Unit may then coordinate the response with the initiator responsible for revising that particular form. Such coordination may include allowing the initiator to officially approve the form. No IRS office is authorized to allow deviations from this revenue procedure.

2.5.5 IRS Review of Software Programs, etc.

The IRS does not review or approve the logic of specific software programs, nor does the IRS confirm the calculations on the forms produced by these programs. The accuracy of the program remains the responsibility of the software package developer, distributor, or user.

The Substitute Forms Unit is primarily concerned with the pre-filing quality review of the final forms, produced by whatever means, that are expected to be processed by IRS field offices. For these, you should submit forms without including any taxpayer information such as names, addresses, monetary amounts, etc.

2.5.6 When To Send Proposed Substitutes

Proposed substitutes, which are required to be submitted per this revenue procedure, should be sent as much in advance of the filing period as possible. This is to allow adequate time for analysis and response.

2.5.7 Accompanying Statement

When submitting sample substitutes, you should include an accompanying statement that lists each form number and its changes from the official form (position, arrangement, appearance, line numbers, additions, deletions, etc.). With each of the items you should include a detailed reason for the change.

When requesting approval, please include a checklist. Checklists expedite the approval process. The checklist may look like the example in Exhibit G displayed in the back of this procedure or may be one of your own design. Please include your fax number on the checklist.

2.5.8 Approval/Non- Approval Notice

The Substitute Forms Unit will fax the checklist or an approval letter to the originator if a fax number has been provided, unless:

- The requester has asked for a formal letter; or
- Significant corrections to the submitted forms are required.

Notice of approval may contain qualifications for use of the substitutes. Notices of unapproved letters may specify the changes required for approval, and may also require re-submission of the form(s) in question. Telephone contact is used when possible.

2.5.9 Duration of Approval

Most signature tax returns and many of their schedules and related forms have the tax (liability) year printed in the upper right corner. Approvals for these forms are usually good for one calendar year (January through December of the year of filing). Quarterly tax forms in the 940 series and Form 720 require approval for any quarter in which the form has been revised.

Because changes are made to a form every year, each new filing season generally requires a new submission of a form. Very rarely is updating the preprinted year the only change made to a form.

2.5.10 Limited Continued Use of an Approved Change

Limited changes approved for one tax year may be allowed for the same form in the following tax year. Examples of such limitations and requirements are the use of abbreviated words, revised form spacing, compressed text lines, and shortened captions, etc., which do not change the consistency of lines or text on the official forms.

If substantial changes are made to the form, new substitutes must be submitted for approval. If only minor editorial changes are made to the form, it is not subject to review. It is the responsibility of each vendor who has been granted permission to use substitute forms to monitor and revise forms to mirror any revisions to official forms made by the Service. If there are any questions, please contact the Substitute Forms Unit.

2.5.11 When Approval Is Not Required

If you received written approval for a specific change on a form last year, such as deleting the vertical lines used to separate dollars and cents, you may make the same change this year if the item is still present on the official form.

- The new substitute form does not have to be sent to the IRS and written approval is not required.
- However, the new substitute form must conform to the official current year IRS form in other respects: date, Office of Management and Budget (OMB) approval number, attachment sequence number, Paperwork Reduction Act Notice statement, arrangement, item caption, line number, line reference, data sequence, etc.
- The new substitute must also comply with this revenue procedure. The procedure may have eliminated, added to, or otherwise changed the guideline(s) that affected the change approved last year.
- An approved change is authorized only for the period from a prior tax year substitute form to a current tax year substitute form.

Exception. Forms with temporary, limited, or interim approvals (or with approvals that state a change is not allowed in any other tax year) are subject to review in subsequent years.

2.5.12 Continuous Use Forms

Forms without preprinted tax years are called “continuous use” forms. Continuous use forms are revised when a legislative change affects the form or a change will facilitate processing. These forms may have revision dates that are valid for longer than one year.

2.5.13 Internet Program Chart

A chart of print dates (for annual and quarterly forms) and most current revision dates (for continuous use forms) will be maintained on the Internet. For further details, see Section 4.3.1 on access for the Internet and the Official Forms Release Schedule.

2.5.14 Required Copies

Generally, you must send us one copy of each form being submitted for approval. However, if you are producing forms for different computer systems (for example, IBM compatible vs. Macintosh) or different types of printers (for example, laser vs. inkjet), and these forms differ significantly in appearance, submit one copy for each type of system or printer.

**2.5.15
Requestor's
Responsibility**

Following receipt of an initial approval for a substitute forms package or a software output program to print substitute forms, it is the responsibility of the originator (designer or distributor) to provide client firms or individuals with forms that meet the IRS's requirements for continuing acceptability. Examples of this responsibility include:

- Using the prescribed print paper, font size, legibility, state tax data deletion, etc.
 - Informing all users of substitute forms of the legal requirements of the Paperwork Reduction Act Notice, which is generally found in the instructions for the official IRS forms.
-

**2.5.16
Source Code**

The Substitute Forms Unit, SE:W:CAR:MP:T:T:SP, will assign a unique source code to each firm that submits substitute paper forms for approval. This source code will be a permanent identifier that should be used on every submission by a particular firm.

The source code:

- Consists of three alpha characters.
 - Should be printed at the bottom left margin area on the first page of every approved substitute form.
 - Should not be used on optically scanned (OCR) forms.
-

Section 2.6 – Office of Management and Budget (OMB) Requirements for All Substitute Forms

**2.6.1
OMB Requirements
for All Substitute Forms**

There are legal requirements of the Paperwork Reduction Act of 1995 (The Act). Public Law 104-13 requires that:

- OMB approve all IRS tax forms that are subject to the Act,
- Each IRS form contains (in the upper right corner) the OMB number, if any, and
- Each IRS form (or its instructions) states why the IRS needs the information, how it will be used, and whether or not the information is required to be furnished.

This information must be provided to every user of official or substitute tax forms.

**2.6.2
Application of the Paperwork
Reduction Act**

On forms that have been assigned OMB numbers:

- All substitute forms must contain in the upper right corner the OMB number that is on the official form.
 - The required format is: OMB No. 1545-XXXX (Preferred) or OMB # 1545-XXXX (Acceptable).
-

**2.6.3
Required
Explanation to Users**

You must inform the users of your substitute forms of the IRS use and collection requirements stated in the instructions for official IRS forms.

- If you provide your users or customers with the official IRS instructions, each form must retain either the Paperwork Reduction Act Notice (or Disclosure, Privacy Act, and Paperwork Reduction Act Notice), or a reference to it as the IRS does on the official forms (usually in the lower left corner of the forms).
- This notice reads, in part, "We ask for the information on this form to carry out the Internal Revenue laws of the United States..."

Note. If the IRS instructions are not provided to users of your forms, the exact text of the Paperwork Reduction Act Notice (or Disclosure, Privacy Act, and Paperwork Reduction Act Notice) must be furnished separately or on the form.

**2.6.4
Finding the OMB
Number and Paperwork
Reduction Act Notice**

The OMB number and the Paperwork Reduction Act Notice, or references to it, may be found printed on an official form (or its instructions). The number and the notice are included on the official paper format and in other formats produced by the IRS (for example, compact disc (CD) or Internet download).

Part 3 Physical Aspects and Requirements

Section 3.1 – General Guidelines for Substitute Forms

**3.1.1
General Information**

The official form is the standard. Because a substitute form is a variation from the official form, you should know the requirements of the official form for the year of use before you modify it to meet your needs. The IRS provides several means of obtaining the most frequently used tax forms. These include the Internet, fax-on-demand, and CD-ROM (see Part 4).

**3.1.2
Design**

Each form must follow the design of the official form as to format arrangement, item caption, line numbers, line references, and sequence.

**3.1.3
State Tax
Information Prohibited**

State tax information must not appear on the federal tax return, associated form, or schedule that is filed with the IRS. Exceptions occur when amounts are claimed on, or required by, the federal return (for example, state and local income taxes, on Schedule A of Form 1040).

**3.1.4
Vertical Alignment
of Amount Fields**

IF a form is to be...	THEN...
Manually prepared	<ol style="list-style-type: none">1. The column must have a vertical line or some type of indicator in the amount field to separate dollars from cents if the official form has a vertical line.2. The cents column must be at least 3/10" wide.
Computer generated	<ol style="list-style-type: none">1. Vertically align the amount entry fields where possible.2. Use one of the following amount formats:<ol style="list-style-type: none">a) 0,000,000.b) 0,000,000.00

IF a form is to be...	THEN...
Computer prepared	<ol style="list-style-type: none"> 1. You may remove the vertical line in the amount field that separates dollars from cents. 2. Use one of the following amount formats: <ol style="list-style-type: none"> a) 0,000,000. b) 0,000,000.00

**3.1.5
Attachment
Sequence Number**

Many individual income tax forms have a required “attachment sequence number” located just below the year designation in the upper right corner of the form. The IRS uses this number to indicate the order in which forms are to be attached to the tax return for processing. Some of the attachment sequence numbers may change from year to year.

On computer prepared forms:

- The sequence number may be printed in no less than 12-point boldface type and centered below the form’s year designation.
- The sequence number may also be placed following the year designation for the tax form and separated with an asterisk.
- The actual number may be printed without labeling it the “Attachment Sequence Number.”

**3.1.6
Paid Preparer’s
Information and
Signature Area**

On Forms 1040EZ, 1040A, 1040, and 1120, etc., the “Paid Preparer’s Use Only” area may not be rearranged or relocated. You may, however, add three extra lines to the paid preparer’s address area without prior approval. This applies to other tax forms as well.

**3.1.7
Assembly of Forms**

If developing software or forms for use by others, please inform your customers/clients that the order in which the forms are arranged may affect the processing of the package. A return must be arranged in the order indicated below.

IF the form is...	THEN the sequence is...
1040	<ul style="list-style-type: none"> • Form 1040. • Schedules and forms in attachment sequence number order.
Any other tax return (Form 1120, 1120S, 1065, 1041, etc.)	<ul style="list-style-type: none"> • The tax returns. • Directly associated schedules (Schedule D, etc.). • Directly associated forms. • Additional schedules in alphabetical order. • Additional forms in numerical order.

Supporting statements should then follow in the same sequence as the forms they support. Additional information required should be attached last.

In this way, the forms are received in the order in which they must be processed. If you do not send returns to us in order, processing may be delayed.

Section 3.2 – Paper

3.2.1 Paper Content

The paper must be:

- Chemical wood writing paper that is equal to or better than the quality used for the official form,
 - At least 18 pound (17" x 22", 500 sheets), or
 - At least 50 pound offset book (25" x 38", 500 sheets).
-

3.2.2 Paper with Chemical Transfer Properties

There are several kinds of paper prohibited for substitute forms. These are:

1. Carbon-bonded paper
 2. Chemical transfer paper except when the following specifications are met:
 - a. Each ply within the chemical transfer set of forms must be labeled.
 - b. Only the top ply (ply one and white in color), the one that contains chemical on the back only (coated back), may be filed with the IRS.
-

3.2.3 Example

A set containing three plies would be constructed as follows: ply one (coated back), "Federal Return, File with IRS"; ply two (coated front and back), "Taxpayer's copy"; and ply three (coated front), "Preparer's copy."

The file designation, "Federal Return, File with IRS" for ply one, must be printed in the bottom right margin (just below the last line of the form) in 12- point boldface type.

It is not mandatory, but recommended, that the file designation "Federal Return, File with IRS" be printed in a contrasting ink for visual emphasis.

3.2.4 Carbon Paper

Do not attach any carbon paper to any return you file with the IRS.

3.2.5 Paper and Ink Color

We prefer that the color and opacity of paper substantially duplicates that of the original form. This means that your substitute must be printed in black ink and may be on white or on the colored paper the IRS form is printed on. Forms 1040A and 1040 substitute reproductions may be in black ink without the colored shading. The only exception to this rule is Form 1041-ES, which should always be printed with a very light gray shading in the color screened area. This is necessary to assist us in expeditiously separating this form from the very similar Form 1040-ES.

3.2.6 Page Size

Substitute or reproduced forms and computer prepared/generated substitutes may be the same size as the official form or they may be the standard commercial size (8 1/2" x 11"). The thickness of the stock cannot be less than .003 inches.

Section 3.3 – Printing

3.3.1 Printing Medium

The private printing of all substitute tax forms must be by conventional printing processes, photocopying, computer graphics, or similar reproduction processes.

3.3.2 Legibility

All forms must have a high standard of legibility as to printing, reproduction, and fill-in matter. Entries of taxpayer data may be no smaller than eight points. The IRS reserves the right to reject those with poor legibility. The ink and printing method used must ensure that no part of a form (including text, graphics, data entries, etc.) develops “smears” or similar quality deterioration. This includes any subsequent copies or reproductions made from an approved master substitute form, either during preparation or during IRS processing.

3.3.3 Type Font

Many federal tax forms are printed using “Helvetica” as the basic type font. We request that you use this type font when composing substitute forms.

3.3.4 Print Spacing

Substitute forms should be printed using a 6 lines/inch vertical print option. They should also be printed horizontally in 10 pitch pica (that is, 10 print characters per inch) or 12 pitch elite (that is, 12 print positions per inch).

3.3.5 Image Size

The image size of a printed substitute form should be as close as possible to that of the official form. You may omit any text on both computer prepared and computer generated forms that is solely instructional.

3.3.6 Title Area Changes

To allow a large top margin for marginal printing and more lines per page, the title line(s) for all substitute forms (not including the form’s year designation and sequence number, when present), may be photographically reduced by 40 percent or reset as one line of type. When reset as one line, the type size may be no smaller than 14-point. You may omit “Department of the Treasury, Internal Revenue Service” and all reference to instructions in the form’s title area.

3.3.7 Remove Government Printing Office Symbol and IRS Catalog Number

When privately printing substitute tax forms, the Government Printing Office (GPO) symbol and/or jacket number must be removed. In the same place, using the same type size print the Employer Identification Number (EIN), the Social Security Number (SSN) of the printer or designer, or the IRS assigned source code. (We prefer this last number be printed in the lower left area of the first page of each form.) Also, remove the IRS Catalog Number (Cat. No.) if one is present in the bottom center margin, and the recycle symbol if the substitute is not produced on recycled paper.

3.3.8 Printing on One Side of Paper

While it is preferred that both sides of the paper be used for substitutes and reproduced forms, resulting in the same page arrangement as that of the official form or schedule, the IRS will not reject your forms if only one side of the paper is used.

**3.3.9
Photocopy
Equipment**

The IRS does not undertake to approve or disapprove the specific equipment or process used in reproducing official forms. Photocopies of forms must be entirely legible and satisfy the conditions stated in this and other revenue procedures.

**3.3.10
Reproductions**

Reproductions of official forms and substitute forms that do not meet the requirements of this revenue procedure may not be filed instead of the official forms. Illegible photocopies are subject to being returned to the filer for re-submission of legible copies.

**3.3.11
Removal of
Instructions**

You may remove references to instructions. No prior approval is needed.

Exception. The words “For Paperwork Reduction Act Notice, see instructions” must be retained or a similar statement provided on each form. Some forms refer the taxpayer to a page number in the instructions for information on the Paperwork Reduction Act Notice.

Section 3.4 – Margins

**3.4.1
Margin Size**

The format of a reproduced tax form when printed on the page must have margins on all sides at least as large as the margins on the official form. This allows room for IRS employees to make necessary entries on the form during processing.

- A 1/2-inch to 1/4-inch margin must be maintained across the top, bottom, and both sides of all substitute forms.
 - The marginal, perforated strips containing pin-fed holes must be removed from all forms prior to filing with the IRS.
-

**3.4.2
Marginal Printing**

Prior approval is not required for the marginal printing allowed when printed on an official form or on a photocopy of an official form.

- With the exception of the actual tax forms (for example, Forms 1040, 1040A, 1040EZ, 1120, 940, 941, etc.), you may print in the left vertical margin and in the left half of the bottom margin.
 - Printing is never allowed in the top right margin of the tax form (for example, Forms 1040, 1040A, 1040EZ, 1120, 940, 941, etc.). The Service uses this area to imprint a Document Locator Number for each return. There are no exceptions to this requirement.
-

Section 3.5 – Examples of Approved Formats

**3.5.1
Examples of
Approved Formats From
the Exhibits**

Three sets of exhibits (Exhibits A-1, 2; B-1, 2; and C-1, 2) are at the end of this revenue procedure as examples of how these guidelines may be used. Vertical spacing is six (6) lines to the inch. A combination of upper-case and lower-case print font is acceptable in producing substitute forms.

The same logic may be applied to any IRS form that is normally reproducible as a substitute form, with the exception of the tax return forms as discussed elsewhere. These exhibits may be from a prior year and are not to be used as current substitute forms.

Section 3.6 – Miscellaneous Information for Substitute Forms

3.6.1 Filing Substitute Forms

To be acceptable for filing, a substitute form must print out in a format that will allow the filer to follow the same instructions as for filing official forms. These instructions are in the taxpayer's tax package or in the related form instructions. The form must be on the appropriately sized paper, legible, and include a jurat, where one appears on the published form.

3.6.2 Caution to Software Publishers

The IRS has received returns produced by software packages with approved output where either the form heading was altered or the lines were spaced irregularly. This produces an illegible or unrecognizable return or a return with the wrong number of pages. We realize that many of these problems are caused by individual printer differences but they may delay input of return data and, in some cases, generate correspondence to the taxpayer. Therefore, in the instructions to the purchasers of your product, both individual and professional, please stress that their returns will be processed more efficiently if they are properly formatted. This includes:

- Having the correct form numbers and titles at the top of the return, and
 - Submitting the same number of pages as if the form were an official IRS form with the line items on the proper pages.
-

3.6.3 Use Pre-Addressed IRS Label

If you are a practitioner filling out a return for a client or a software publisher who prints instruction manuals, stress the use of the pre-addressed label provided in the tax package the IRS sent to the taxpayer, when available. The use of this label (or its precisely duplicated label information) is extremely important for the efficient, accurate, and economical processing of a taxpayer's return. Labeled returns indicate that a taxpayer is an established filer and permits the IRS to automatically accelerate processing of those returns. This results in quicker refunds, less manual review by IRS functions, and greater accuracy in names, addresses, and postal deliveries.

3.6.4 Caution to Producers of Software Packages

If you are producing a software package that generates name and address data onto the tax return, do not under any circumstances program either the IRS preprinted check digits or a practitioner derived name control to appear on any return prepared and filed with the IRS.

3.6.5 Programming to Print Forms

Whenever applicable:

- Use only the following label information format for single filers:
JOHN Q. PUBLIC
310 OAK DRIVE
HOMETOWN, STATE 94000
 - Use only the following information for joint filers:
JOHN Q. PUBLIC
MARY I. PUBLIC
310 OAK DRIVE
HOMETOWN, STATE 94000
-

Part 4 Additional Resources

Section 4.1 – Guidance From Other Revenue Procedures

4.1.1 General

Guidance for the substitute tax forms not covered in this revenue procedure and the revenue procedures that govern their use are as follows:

- Revenue Procedure 2004-54, IRS Publication 1141, *General Rules and Specifications for Substitute Forms W-2 and W-3*.
 - Revenue Procedure 2004-58, IRS Publication 1179, *General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, W-2G and 1042-S*.
 - Revenue Procedure 2004-63, IRS Publication 1187, *Specifications for Filing Forms 1042S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically or Magnetically*.
 - Revenue Procedure 2004-50, IRS Publication 1220, *Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically or Magnetically*.
 - Revenue Procedure 2003-31, IRS Publication 1223, *General Rules and Specifications for Substitute Forms W-2c and W-3c*.
-

Section 4.2 – Ordering Publications

4.2.1 Sources of Publications

The publications listed below are available either on the IRS website or may be ordered by calling 1-800-TAX-FORM (1-800-829-3676). Identify the requested document by IRS publication number:

- Publication 1141, the revenue procedure on specifications for private printing of Forms W-2 and W-3.
 - Publication 1167, the revenue procedure on substitute printed, computer-prepared, and computer-generated tax forms and schedules.
 - Publication 1179, the revenue procedure on paper substitute information returns (Forms 1096, 1098, 1099, 5498, W-2G and 1042-S).
 - Publication 1220, the revenue procedure on electronic or magnetic reporting for information returns (Forms 1098, 1099 series, 5498, and W-2G).
 - Publication 1223, the revenue procedure on substitute Forms W-2c and W-3c.
 - Publication 1239, *Specifications for Filing Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, Magnetically/Electronically*.
 - Publication 1245, electronic and magnetic reporting for Forms W-4.
 - Publication 1345, *Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns*. (This is an annual publication; tax year is subject to change).
 - Publication 1345-A, *Filing Season Supplement For Authorized IRS e-file Providers*. This publication, printed in the late fall, supplements Publication 1345.
-

4.2.2
Where To Order

If you are mailing your order, the address to use is determined by your location.

IF you live in the...	THEN mail your order to...
Western United States	Western Area Distribution Center Rancho Cordova, CA 95743-0001
Central United States	Central Area Distribution Center P.O. Box 8903 Bloomington, IL 61702-8903
Eastern United States or a foreign country	Eastern Area Distribution Center P.O. Box 85074 Richmond, VA 23261-5074

Section 4.3 – Electronic Tax Products

4.3.1
The Internet

Copies of tax forms with instructions, publications, and other tax-related materials may be obtained via the Internet at www.irs.gov.

4.3.2
Tax Fax

The most frequently requested tax forms, instructions, and other information are available through IRS Tax Fax at 703-368-9694. Call from your fax machine and follow the voice prompts. Your request will be transmitted directly back to you. Each call is limited to requesting three items. Users pay the telephone line charges.

4.3.3
Official Forms
Release Schedule

The IRS website provides an Official Forms Release Schedule for the official forms released for use by taxpayers. The schedule has three parts:

- Anticipated print dates of annual returns,
- Anticipated print dates of quarterly returns, and
- Last revision dates for continuous-use only forms.

The site address is www.irs.gov/formspubs/article/0,,id=103641,00.html. The site will be updated weekly during peak printing periods and as necessary at other times. The planned dates are subject to change.

Section 4.4 – Federal Tax Forms on CD-ROM

4.4.1
Information
About Federal
Tax Forms CD-ROM

The CD-ROM contains over 3,000 tax forms and publications for small businesses, return preparers, and others who frequently need current or prior year tax products. Most current tax forms on the CD-ROM may be filled in electronically, then printed out for submission and saved for recordkeeping. Other products on the CD-ROM include the Internal Revenue Bulletins, Tax Supplements, and Internet resources for the tax professional with links to the World Wide Web.

All necessary software to view the files must be installed from the CD-ROM. Software for Adobe Acrobat Reader is included on the disk. The software will run under Windows 95/98/NT and Macintosh System 7.5 and later versions of these programs. All products are presented in

Adobe's Portable Document Format (PDF). In addition, tax publications are provided in the Hyper Text Markup Language (HTML).

**4.4.2
System
Requirements and
How To Order the Federal Tax
Forms CD-ROM**

For system requirements, contact the National Technical Information Service (NTIS) help desk at 703-487-4608. Prices are subject to change.

The cost of the CD if purchased via the Internet at <http://www.irs.gov/cdorders> from NTIS, is \$22 (with no handling fee).

If purchased using the following methods, the cost for each CD is \$22 (plus a \$5 handling fee). These methods are:

- By phone – 1-877-CDFORMS (1-877-233-6767)
 - By fax – 703-605-6900
 - By mail using the order form contained in IRS Publication 1045 (Tax Professionals Program)
 - By mail to:
National Technical Information Service
5285 Port Royal Road
Springfield, VA 22161
-

Part 5 Requirements for Specific Tax Returns

Section 5.1 – Tax Returns (Form 1040, 1040A, 1120, etc.)

**5.1.1
Acceptable Forms**

Tax forms (such as Forms 1040, 1040A, and 1120) require a signature and establish tax liability. Computer generated versions are acceptable under the following conditions:

- These substitute forms must be printed on plain white paper.
- Substitute forms must conform to the physical layout of the corresponding IRS form although the typeface may differ. The text should match the text on the officially published form as closely as possible. Condensed text and abbreviations will be considered on a case-by-case basis.
Caution. All jurat (perjury statements) must be reproduced verbatim. No text can be added, deleted, or changed in meaning.
- Various computer graphic print media such as laser printing, inkjet printing, etc., may be used to produce the substitute forms.
- The substitute form must be the same number of pages and contain the same line text as the official form.
- All substitute forms must be submitted for approval prior to their original use. You do not need approval for a substitute form if its only change is the preprinted year and you had received a prior year approval letter.

Exception. If the approval letter specifies a one time exception for your form, the next year's form must be approved.

**5.1.2
Prohibited Forms**

The following are prohibited:

- Computer generated tax forms (for example, Form 1040, etc.) on lined or color barred paper.

- Tax forms that differ from the official IRS forms in a manner that makes them not standard or unable to process.
-

**5.1.3
Changes
Permitted to Forms
1040 and 1040A**

Certain changes (listed in Sections 5.2 through 5.4) are permitted to the graphics of the form without prior approval, but these changes apply to only acceptable preprinted forms. Changes not requiring prior approval are good only for the annual filing period, which is the current tax year. Such changes are valid in subsequent years only if the official form does not change.

**5.1.4
Other Changes
Not Listed**

All changes not listed in Sections 5.2 through 5.4 require approval from the IRS before the form can be filed.

Section 5.2 – Changes Permitted to Graphics (Forms 1040A and 1040)

**5.2.1
Adjustments**

You may make minor vertical and horizontal spacing adjustments to allow for computer or word processing printing. This includes widening the amount columns or tax entry areas if the adjustments comply with other provisions stated in revenue procedures. No prior approval is needed for these changes.

**5.2.2
Name and Address Area**

The horizontal rules and instructions within the name and address area may be removed and the entire area left blank. No line or instruction can remain in the area. However, the statement regarding use of the IRS label should be retained. The heavy ruled border (when present) that outlines the name, address area, and social security number must not be removed, relocated, expanded, or contracted.

**5.2.3
Required Format**

When the name and address area is left blank, the following format must be used when printing the taxpayer's name and address. Otherwise, unless the taxpayer's preprinted label is affixed over the information entered in this area, the lines must be filled in as shown:

- 1st name line (35 characters maximum).
 - 2nd name line (35 characters maximum).
 - In-care-of name line (35 characters maximum).
 - City, state (25 characters maximum), one blank character, & ZIP code.
-

**5.2.4
Conventional
Name and
Address Data**

When there is no in-care-of name line, the name and address will consist of only three lines (single filer) or four lines (joint filer). Name and address (joint filer) with no in-care-of name line:

JOHN Z. JONES
MARY I. JONES
1234 ANYWHERE ST., APT. 111
ANYTOWN, STATE 12321

5.2.5
Example of
In-Care-Of
Name Line

Name and address (single filer) with in-care-of name line:

JOHN Z. JONES
C/O THOMAS A. JONES
4311 SOMEWHERE AVE.
SAMETOWN, STATE 54345

5.2.6
SSN and
Employer Identification
Number (EIN) Area

The vertical lines separating the format arrangement of the SSN/EIN may be removed. When the vertical lines are removed, the SSN and EIN formats must be 000-00-0000 or 00-0000000, respectively.

5.2.7
Cents Column

- You may remove the vertical rule that separates the dollars from the cents.
 - All entries in the amount column should have a decimal point following the whole dollar amounts whether or not the vertical line that separates the dollars from the cents is present.
 - You may omit printing the cents, but all amounts entered on the form must follow a consistent format. You are strongly urged to round off the figures to whole dollar amounts, following the official form instructions.
 - When several amounts are summed together, the total should be rounded off after addition (that is, individual amounts should not be rounded off for computation purposes).
 - When printing money amounts, you must use one of the following formats: (a) 0,000,000.; (b) 0,000,000.00
 - When there is no entry for a line, leave the line blank.
-

5.2.8
“Paid Preparer’s
Use Only” Area

On all forms, the paid preparer’s information area may not be rearranged or relocated. You may add three lines and remove the horizontal rules in the preparer’s address area.

Section 5.3 – Changes Permitted to Form 1040A Graphics

5.3.1
General

No prior approval is needed for the following changes (for use with computer prepared forms only).

5.3.2
Line 4 of
Form 1040A

This line may be compressed horizontally (to allow for same line entry for the name of the qualifying child) by using the following caption: “Head of household; child’s name” (name field).

5.3.3
Other Lines

Any line with text that takes up two or more vertical lines may be compressed to one line by using contractions, etc., and by removing instructional references.

5.3.4
Page 2 of
Form 1040A

All lines must be present and numbered in the order shown on the official form. These lines may also be compressed.

**5.3.5
Color Screening**

It is not necessary to duplicate the color screening used on the official form. A substitute Form 1040A may be printed in black and white only with no color screening.

**5.3.6
Other Changes
Prohibited**

No other changes to the Form 1040A graphics are allowed without prior approval except for the removal of instructions and references to instructions.

Section 5.4 – Changes Permitted to Form 1040 Graphics

**5.4.1
General**

No prior approval is needed for the following changes (for use with computer prepared forms only). Specific line numbers in the following headings may have changed due to tax law changes.

**5.4.2
Line 4 of
Form 1040**

This line may be compressed horizontally (to allow for a larger entry area for the name of the qualifying child) by using the following caption: “Head of household; child’s name” (name field).

**5.4.3
Line 6c of
Form 1040**

The vertical lines separating columns (1) through (4) may be removed. The captions may be shortened to allow a one line caption for each column.

**5.4.4
Other Lines**

Any other line with text that takes up two or more vertical lines may be compressed to one line by using contractions, etc., and by removing instructional references.

**5.4.5
Line 21 – Other Income**

The fill-in portion of this line may be expanded vertically to three lines. The amount entry box must remain a single entry.

**5.4.6
Line 43 of
Form 1040–Tax**

You may change the line caption to read “Tax” and computer print the words “Total includes tax from” and either “Form(s) 8814” or “Form 4972.” If both forms are used, print both form numbers. This specific line number may have changed.

**5.4.7
Line 54 of
Form 1040**

You may change the caption to read: “Other credits from Form” and computer print only the form(s) that apply.

**5.4.8
Color Screening**

It is not necessary to duplicate the color screening used on the official form. A substitute Form 1040 may be printed in black and white only with no color screening.

**5.4.9
Other Changes
Prohibited**

No other changes to the Form 1040 graphics are permitted without prior approval except for the removal of instructions and references to instructions.

Part 6

Format and Content of Substitute Returns

Section 6.1 – Acceptable Formats for Substitute Forms and Schedules

**6.1.1
Exhibits and Use of Acceptable
Formats**

Exhibits of acceptable formats for the schedules (A and B) usually attached to the Form 1040 and Form 2106-EZ are shown in the exhibits section of this revenue procedure.

- If your computer generated forms appear exactly like the exhibits, no prior authorization is needed.
 - You may computer generate forms not shown here, but you must design them by following the manner and style of those in the exhibits section.
 - Take care to observe other requirements and conditions in this revenue procedure. The IRS encourages the submission of all proposed forms covered by this revenue procedure.
-

**6.1.2
Instructions**

The format of each substitute form or schedule must follow the format of the official form or schedule as to item captions, line references, line numbers, sequence, form arrangement and format, etc. Basically, try to make the form look like the official one, with readability and consistency being primary factors. You may use periods and/or other similar special characters to separate the various parts and sections of the form. Do not use alpha or numeric characters for these purposes. With the exceptions described in Section 6.1.3, all line numbers and items must be printed even though an amount is not entered on the line.

**6.1.3
Line Numbers**

When a line on an official form is designated by a number or a letter, that designation (reference code) must be used on a substitute form. The reference code must be printed to the left of the text of each line and immediately preceding the data entry field, even if no reference code precedes the data entry field on the official form. If an entry field contains multiple lines and shows the line references once on the left and right side of the form, use the same number of line references on the substitute form.

In addition, the reference code that is immediately before the data field must either be followed by a period or enclosed in parentheses. There also must be at least two blank spaces between the period or the right parenthesis and the first digit of the data field. (See example below.)

**6.1.4
Decimal Points**

A decimal point (that is, a period) should be used for each money amount regardless of whether the amount is reported in dollars and cents or in whole dollars, or whether or not the vertical line that separates the dollars from the cents is present. The decimal points must be vertically aligned when possible.

Example:

5 STATE & LOCAL INC. TAXES.....	5. 495.00
6 REAL ESTATE TAXES.....	6.
7 PERSONAL PROPERTY TAXES.....	7. 198.00
or	
5 STATE & LOCAL INC. TAXES.....	(5) 495.00
6 REAL ESTATE TAXES.....	(6)
7 PERSONAL PROPERTY TAXES.....	(7) 198.00

**6.1.5
Multi-Page Forms**

When submitting a multi-page form, send all its pages in the same package. If you are not producing certain pages, please note that in your cover letter.

Section 6.2 – Additional Instructions for All Forms

**6.2.1
Use of Your
Own Internal Control
Numbers and
Identifying Symbols**

You may show the computer prepared internal control numbers and identifying symbols on the substitute if using such numbers or symbols is acceptable to the taxpayer and the taxpayer's representative. Such information must not be printed in the top 1/2 inch clear area of any form or schedule requiring a signature. Except for the actual tax return form (Forms 1040, 1120, 940, 941, etc.), you may print in the left vertical and bottom left margins. The bottom left margin you may use extends 3 1/2 inches from the left edge of the form.

**6.2.2
Descriptions for
Captions, Lines, etc.**

Descriptions for captions, lines, etc., appearing on the substitute forms may be limited to one print line by using abbreviations and contractions, and by omitting articles, prepositions, etc. However, sufficient key words must be retained to permit ready identification of the caption, line, or item.

**6.2.3
Determining
Final Totals**

Explanatory detail and/or intermediate calculations for determining final line totals may be included on the substitute. We prefer that such calculations be submitted in the form of a supporting statement. If intermediate calculations are included on the substitute, the line on which they appear may not be numbered or lettered. Intermediate calculations may not be printed in the right column. This column is reserved only for official numbered and lettered lines that correspond to the ones on the official form. Generally, you may choose the format for intermediate calculations or subtotals on supporting statements to be submitted.

**6.2.4
Instructional
Text on the Official Form**

Text on the official form, which is solely instructional (for example, "Attach this schedule to Form 1040," "See instructions," etc.), may generally be omitted from the substitute form.

**6.2.5
Mixing Forms
on the Same Page Prohibited**

You may not show more than one form or schedule on the same printout page. Both sides of the paper may be printed for multi-page official forms, but it is unacceptable to intermix single page schedules of forms except for Schedules A and B (Form 1040), which are printed back to back by the IRS.

For instance, Schedule E can be printed on both sides of the paper because the official form is multi-page, with page 2 continued on the back. However, do not print Schedule E on the front page and Schedule SE on the back, or Schedule A on the front and Form 8615 on the back, etc. Both pages of a substitute form must match the official form. The back page may be left blank if the official form contains only the instructions.

**6.2.6
Identifying
Substitutes**

Identify all computer prepared substitutes clearly. Print the form designation 1/2 inch from the top margin and 1 1/2 inches from the left margin. Print the title centered on the first line of print. Print the taxable year and, where applicable, the sequence number on the same line 1/2 inch to 1 inch from the right margin. Include the taxpayer's name and SSN on all forms and attachments. Also, print the OMB number as reflected on the official form.

**6.2.7
Negative Amounts**

Negative (or loss) amount entries should be enclosed in brackets or parentheses or include a minus sign. This assists in accurate computation and input of form data. The IRS pre-prints parentheses in negative data fields on many official forms. These parentheses should be retained or inserted on affected substitute forms.

Part 7 Miscellaneous Forms and Programs

Section 7.1 – Specifications for Substitute Schedules K-1

**7.1.1
Requirements
for Schedules K-1
That Accompany
Forms 1041, 1065, 1065-B,
and 1120S**

Note. The formats for Schedules K-1 of Forms 1065 and 1120S have significantly changed for 2004. Because Publication 1167 is printed before the forms become finalized, draft copies are provided in the exhibits (see Exhibits D, E, and F). Before releasing their substitute forms, software vendors are responsible for making any subsequent changes that have been made to the final official IRS forms after the draft forms have been posted.

Because of significant changes to the 2004 Schedules K-1 for Forms 1065 and 1120S and to improve processing, prior approval is now required for substitute Schedules K-1 that accompany Form 1041 (for estates and trusts), Form 1065 (for partnerships), Form 1065-B (for electing large partnerships), or Form 1120S (for S corporations). Substitute Schedules K-1 should be as close as possible to exact replicas of copies of the official IRS schedules and follow the same process for submitting other substitute forms and schedules.

If you feel you will suffer a financial hardship in producing the 2004 Schedules K-1 of Forms 1065 and 1120S because of the significant changes to the form and format, the IRS will consider allowing deviations from the official form for tax year 2004 only. However, you must include all information on the form. Only deviations in placement and format will be considered. You may prepare a justification and submit it to the IRS at *taxforms@irs.gov with "Attn: Substitute Forms" on the subject line or:

Internal Revenue Service
Attn: Substitute Forms Program
SE:W:CAR:MP:T:T:SP
1111 Constitution Avenue, NW
Room 6406
Washington, D.C. 20224

Schedules K-1 that accompany Forms 1041, 1065, 1065-B, or 1120S must meet all specifications. The specifications include, but are not limited to, the following requirements:

- You will no longer be able to produce Schedules K-1 that contain only those lines or boxes that taxpayers are required to use. All lines must be included.
- The words “*See attached statement for additional information.” must be preprinted in the lower right hand side on Schedules K-1 of Forms 1065 and 1120S.
- All K-1s that are filed with the IRS should be printed on standard 8.5” x 11” paper (the international standard (A4) of 8.27” x 11.69” may be substituted).
- Each recipient’s information must be on a separate sheet of paper. Therefore, you must separate all continuously printed substitutes, by recipient, before filing with the IRS.
- No carbon copies or pressure-sensitive copies will be accepted.
- The Schedule K-1 must contain the name, address, and SSN or EIN of both the entity (estate, trust, partnership, or S Corporation) and the recipient (beneficiary, partner, or shareholder).
- The Schedule K-1 must contain the tax year, the OMB number, the schedule number (K-1), the related form number (1041, 1065, 1065-B, or 1120S), and the official schedule name in substantially the same position and format as shown on the official IRS schedule.
- The Schedule K-1 must contain all the line items as shown on the official form, except for the instructions, if any are printed on the back of the official Schedule K-1.
- The line items or boxes must be in the same order and arrangement as those on the official form.
- The amount of each recipient’s share of each item must be shown. Furnishing a total amount of each item and a percentage (or decimal equivalent) to be applied to such total amount by the recipient does not satisfy the law and the specifications of this revenue procedure.
- State or local tax-related information may not be included on the Schedules K-1 filed with the IRS.
- The entity may have to pay a penalty if substitute Schedules K-1 are filed that do not conform to specifications.
- Additionally, the IRS may consider the Schedules K-1 that do not conform to specifications as not being able to process and may return Forms 1041, 1065, 1065-B, or 1120S to the entity to be filed correctly.

Schedules K-1 that are 2-D bar-coded will continue to require prior approval from the IRS (see Sections 7.1.3 through 7.1.5).

7.1.2 Special Requirements for Recipient Copies of Schedules K-1

Standardization for reporting information is required for recipient copies of substitute Schedules K-1 of Forms 1041, 1065, 1065-B, and 1120S. Uniform visual standards are provided to increase compliance by allowing recipients and practitioners to more easily recognize a substitute Schedule K-1. The entity must furnish to each recipient a copy of Schedule K-1 that meets the following requirements:

- You will no longer be able to produce Schedules K-1 that contain only those lines or boxes that taxpayers are required to use. All lines must be included.
- Both pages 1 and 2 of Schedules K-1 of Forms 1065 and 1120S must be provided to each recipient.
- The words “*See attached statement for additional information.” must be preprinted in the lower right hand side on Schedules K-1 of Forms 1065 and 1120S.
- The Schedule K-1 must contain the name, address, and SSN or EIN of both the entity and recipient.
- The Schedule K-1 must contain the tax year, the OMB number, the schedule number (K-1), the related form number (1041, 1065, 1065-B, or 1120S), and the official schedule name in substantially the same position and format as shown on the official IRS schedule.
- All applicable amounts and information required to be reported must be titled and numbered in the same manner as shown on the official IRS schedule. The line items or boxes must

be in the same order and arrangement and must be numbered like those on the official IRS schedule.

- The Schedule K-1 must contain all items required for use by the recipient. The instructions to the schedule must identify the line or box number and code, if any, for each item as shown in the official IRS schedule.
- The amount of each recipient's share of each item must be shown. Furnishing a total amount of each line item and a percentage (or decimal equivalent) to be applied to such total amount by the recipient does not satisfy the law and the specifications of this revenue procedure.
- Instructions to the recipient that are substantially similar to those on or accompanying the official IRS schedule must be provided to aid in the proper reporting of the items on the recipient's income tax return. Where items are not reported to a recipient because they do not apply, the related instructions may be omitted.
- The quality of the ink or other material used to generate recipients' schedules must produce clearly legible documents. In general, black chemical transfer inks are preferred.
- In order to assure uniformity of substitute Schedules K-1, the paper size should be standard 8.5" x 11" (the international standard (A4) of 8.27" x 11.69" may be substituted.)
- The paper weight, paper color, font type, font size, font color, and page layout must be such that the average recipient can easily decipher the information on each page.
- State or local tax-related information may be included on recipient copies of substitute Schedules K-1. All non-tax-related information should be separated from the tax information on the substitute schedule to avoid confusion for the recipient.
- The legend "Important Tax Return Document Enclosed" must appear in a bold and conspicuous manner on the outside of the envelope that contains the substitute recipient copy of Schedule K-1.
- The entity may have to pay a penalty if a substitute Schedule K-1 furnished to any recipient does not conform to the specifications of this revenue procedure and results in impeding processing.

7.1.3 Requirements for Schedules K-1 with Two-Dimensional (2-D) Bar Codes

In an effort to reduce the burden of manually transcribing tax documents, improve quality, and increase government efficiency, the IRS is pleased to provide specifications for 2-D bar-coded substitute Schedules K-1 for Forms 1041, 1065, and 1120S. The IRS encourages voluntary participation in adding 2-D barcoding. See Exhibits D, E, and F for examples of draft bar-coded Schedules K-1.

Note. If software vendors do not want to produce bar-coded Schedules K-1, they may produce the official IRS Schedules K-1 but cannot use the expedited process for approving bar-coded K-1's and their parent returns as outlined in Section 7.1.5.

In addition to the above requirements, the bar-coded Schedules K-1 must meet the following specifications.

- The bar code should print in the space labeled "For IRS Use Only" on each Schedule K-1. The entire bar code must print within the "For IRS Use Only" box surrounded by a white space of at least 1/4-inch.
- Bar codes will print in PDF 417 format.
- The bar codes must always be in the specified format with every field represented by at least a field delimiter (carriage return). Leaving out a field in a bar code will cause every subsequent field to be misread.

7.1.4 Approval Process for Bar-Coded Schedules K-1

Prior to releasing commercially available tax software that creates bar-coded Schedules K-1, the printed schedule and the bar code must both be tested. Bar code testing must be done using the final official IRS Schedule K-1. Bar code approval requests must be resubmitted for any subsequent changes to the official IRS form that would affect the bar-code. Below are instructions and a sequence of events that will comprise the testing process.

- The IRS has released the final Schedule K-1 bar-code specifications by publishing them on the IRS.gov web site (see <http://www.irs.gov/efile/article/0,,id=113408,00.html>)
- The IRS will publish a set of test documents that will be used to test the ability of tax preparation software to create bar codes in the correct format.
- Software developers will submit two identical copies of the test documents – one to the IRS and one to a contracted testing vendor.
- The IRS will use one set to ensure the printed schedules comply with standard substitute forms specifications.
- If the printed forms fail to meet the substitute form criteria, the IRS will inform the software developer of the reason for noncompliance.
- The software developer must resubmit the Schedule(s) K-1 until they pass the substitute forms criteria.
- The testing vendor will review the bar codes to ensure they meet the published bar-code specifications.
- If the bar code(s) does not meet published specifications, the testing vendor will contact the software developer directly informing them of the reason for noncompliance.
- Software developers must submit new bar-coded schedules until they pass the bar-code test.
- When the bar code passes, the testing vendor will inform the IRS that the developer has passed the bar-code test and the IRS will issue an overall approval for both the substitute form and the bar code.
- After receiving this consolidated response, the software vendor is free to release software for tax preparation as long as any subsequent revisions to the schedules do not change the fields.
- Find the mailing address for the testing vendor below. Separate and simultaneous mailings to the IRS and the vendor will reduce testing time.

7.1.5 Procedures for Reducing Testing Time

In order to help provide incentives to the software development community to participate in the Schedule K-1 2-D project, the IRS has committed to expediting the testing of bar-coded Schedules K-1 and their associated parent returns. To receive this expedited service, closely follow the bullets below.

- Mail the parent returns (Forms 1065, 1120S, 1041) and associated bar-coded Schedule(s) K-1 to the appropriate address below in a separate package from all other approval requests.

Internal Revenue Service
Attn: Bar-Coded K-1
SE:W:CAR:MP:T:T:SP
1111 Constitution Avenue, NW
Room 6406
Washington, D.C. 20224

Northrop Grumman Information Tech
Attn: Bill Philpot, Product Assurance Manager
1800 Alexander Bell Drive
Suite 300
Reston, VA 20191
Phone: (703) 453-1200

- While the IRS can expedite bar-coded Schedules K-1 and their associated parent returns, it cannot expedite the approval of non-associated tax returns.
- Mail one copy of the parent form(s) and Schedule(s) K-1 to the IRS and another copy to the testing vendor.
- Include multiple email and phone contact points in the packages.

Section 7.2 – Procedures for Printing IRS Envelopes

7.2.1 Procedures for Printing IRS Envelopes

Organizations are permitted to produce substitute tax return envelopes. Use of substitute return envelopes that comply with the requirements set forth in this section will assist in delivery of mail by the U.S. Postal Service and facilitate internal sorting at the Internal Revenue Service Centers.

Use the following five-digit ZIP codes when mailing returns to the IRS Service Centers:

Service Center	ZIP Code
Atlanta, GA	39901
Kansas City, MO	64999
Austin, TX	73301
Philadelphia, PA	19255
Memphis, TN	37501
Andover, MA	05501
Cincinnati, OH	45999
Ogden, UT	84201
Fresno, CA	93888

7.2.2 Sorting Returns by Form Type

Sorting returns by form type is accomplished by the preprinted bar codes on return envelopes included in each specific type of form or package mailed to the taxpayers. The 32 bit bar code on the left of the address on each envelope identifies the type of form the taxpayer is filing, and it assists in consolidating like returns for processing. Failure to use the envelopes furnished by the IRS results in additional processing time and effort, and possibly delays the timely deposit of funds, processing of returns, and issuance of refund checks.

7.2.3 ZIP+4 or 9-Digit ZIP Codes

The IRS will not furnish or sell bulk quantities of preprinted tax return envelopes to taxpayers or tax practitioners. A suitable alternative has been developed that will accommodate the sorting needs of both the IRS and the United States Postal Service (USPS). The alternative is based on the use of ZIP + 4, or 9-digit ZIP codes for mailing various types of tax returns to the IRS Service Centers. The IRS uses the last four digits to identify and sort the various form types into separate groups for processing. The list of 4-digit extensions with the related form designations is provided below.

ZIP+FOUR	Package
XXXXX-0002	1040
XXXXX-0005	941
XXXXX-0006	940
XXXXX-0008	943
XXXXX-0011	1065
XXXXX-0012	1120
XXXXX-0013	1120S
XXXXX-0014	1040EZ
XXXXX-0015	1040A
XXXXX-0027	990
XXXXX-0031	2290

**7.2.4
Guidelines for
Having Envelopes Preprinted**

You may use the preparer's company names, addresses, and logos as long as you do not interfere with the clear areas. The government recommends that the envelope stocks have an average opacity of not less than 89 percent and contain a minimum of 50 percent waste paper. Use of carbon based ink is essential for effective address and bar-code reading. Envelope construction can be of side seam or diagonal seam design. The government recommends that the size of the envelope should be 5³/₄ inches by 9 inches. Continuous pin-fed construction is not desirable, but is permissible, if the glued edge is at the top. This requirement is firm because mail opening equipment is designed to open the bottom edge of each envelope.

**7.2.5
Envelopes/ZIP
Codes**

The above procedures or guidelines are written for the user having envelopes preprinted. Many practitioners may not wish to have large quantities of envelopes with differing ZIP codes/form designations preprinted due to low volume, warehousing, waste, etc. In this case, the practitioner can type or machine print the addresses with the appropriate ZIP codes to accommodate sorting. If the requirements/guidelines outlined in this section cannot be met, then use only the appropriate five-digit service center ZIP code.

Section 7.3 – Procedures for Substitute Forms 5471 and 5472

**7.3.1
Forms 5471
and 5472**

This section covers instructions for producing substitutes for:

- Form 5471, *Information Return of U.S. Persons With Respect to Certain Foreign Corporations*, and accompanying Schedules J, M, N, and O.
- Form 5472, *Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*.

**7.3.2
Paper and
Computer
Generated
Substitutes**

Substitutes for Form 5471 and the accompanying Schedules J, M, N, and O, and Form 5472 that totally conform to the specifications contained in this procedure may be privately printed, but must have prior approval and are subject to annual review from the IRS.

**7.3.3
Where To Get
the Official Forms**

Copies of the official Forms 5471 and 5472 for the reporting year may be obtained from most IRS offices. The IRS provides only cut sheets of these forms.

**7.3.4
Quality
Substitute Forms**

The IRS will accept quality substitute tax forms that are consistent with the official forms they represent and that do not have an adverse impact on processing. Therefore, only those substitute forms that conform to, and do not deviate from, the corresponding official forms are acceptable.

**7.3.5
Computer
Prepared Tax Forms**

If the substitute returns and schedules meet the guidelines in this revenue procedure, the IRS will (for filing purposes) accept computer prepared Forms 5471 and 5472 filled in by a computer, word processor, or similar automated equipment. The IRS will also accept a combination of computer prepared/generated and filled-in information. They may be filed separately or attached to individual or business income tax returns.

**7.3.6
Format
Arrangement**

The specifications for Forms 5471 and 5472 are as follows:

- The substitute must follow the design of the official form as to format, arrangement, item caption, line numbers, line references, and sequence. It must be an exact textual and graphic mirror image of the official form.
- The filer must use one of the official ten character amount formats. All entries in the amount column should have a decimal point following the whole dollar amounts whether or not the vertical line that separates the dollars from the cents is present. It must follow a consistent format.
- The reference code must be printed to the left of the corresponding captioned line and also immediately preceding the data entry field even if there is no reference code preceding the data entry field on the official form. The reference code that is immediately before the data field must either be followed by a period or enclosed in parentheses. There also must be at least two blank spaces between the period or the right parenthesis and the first digit of the data field.
- The size of the page must be the same as the official form (8½" x 11").
- The acceptable type is Helvetica.
- The spacing of the type must be 6 lines per inch vertically, 10 or 12 print characters per inch horizontally.
- A ¼ inch to ½ inch margin must be maintained across the top, bottom, and both sides.
- The substitute form must be the same number of pages as the official one.
- The preprinted parentheses in the money fields should be retained.
- The filer must completely fill in all the specified numbers or referenced lines as they appear on the official form (not just totals) before attaching any supporting statement.
- Supporting statements are never to be used until the required official form they support are completely filled in. A blank or incomplete form that refers to a supporting statement, in lieu of completing a tax return, is unacceptable.
- Descriptions for captions, lines, etc., appearing in the substitute forms may be limited to one print line by using abbreviations and contractions, and by omitting articles, prepositions, etc. However, sufficient key words must be retained to permit ready identification of the caption, line, or item.

- Text prescribed for the official form, which is solely instructional (for example, “Attach this schedule to Form 1120,” “See instructions”, etc.) may be omitted from the form.

**7.3.7
Filing Instructions**

Instructions for filing substitute forms are the same as for filing official forms.

Part 8 Alternative Methods of Filing

Section 8.1 – Forms for Electronically Filed Returns

**8.1.1
Electronic Filing
Program**

Electronic filing is a method by which qualified filers transmit tax return information directly to an IRS Service Center over telephone lines in the format of the official IRS forms. The IRS accepts both refund and balance due individual tax returns that are filed electronically.

**8.1.2
Applying for the
Electronic Filing Program**

Anyone wishing to participate in the IRS *e-file* program for individual income tax returns must submit a Form 8633, Application to Participate in the IRS *e-file* Program.

**8.1.3
Mailing
Instructions**

IF Form 8633 is used for...	THEN mail it to...
Individual income taxes (regular mail)	Internal Revenue Service Andover Submission Processing Center Attn: EFU Acceptance - Testing Stop 983 P.O. Box 4099 Woburn, MA 01888-4099
Individual income taxes (overnight mail)	Internal Revenue Service Andover Submission Processing Center Attn: EFU Acceptance - Testing Stop 983 310 Lowell Street Andover, MA 05501-0001
Forms 940, 941, and 1065	Internal Revenue Service Andover Submission Processing Center Attn: EFU Acceptance - Testing Stop 983 P.O. Box 4099 Woburn, MA 01888-4099
Forms 1041	Internal Revenue Service Andover Submission Processing Center Attn: EFU Acceptance - Testing Stop 983 P.O. Box 4099 Woburn, MA 01888-4099

8.1.4 Obtaining the Taxpayer Signature

Form 8453, U.S. Individual Income Tax Declaration for an IRS *e-file* Return, is the signature document for an electronically filed 1040, 1040A, or 1040EZ return not filed with an electronic signature. Form 8453, which serves as a transmittal for associated nonelectronic (paper) documents such as Forms 3115, 5713, 8283, 8332, and 8609, is a one page form and can only be approved through the Substitute Forms Program in that format. Forms 8453-OL and 8453-NR serve the same purpose for taxpayers filing through online services and Form 1040-NR filers, respectively. For specific information about electronic filing, refer to Publication 1345, *Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns*.

8.1.5 Guidelines for Preparing Substitute Forms in the Electronic Filing Program

A participant in the electronic filing program, who wants to develop a substitute form should follow the guidelines throughout this publication and send a sample form for approval to the Substitute Forms Unit at the address in Part 1. If you do not prepare Substitute Form 8453 using a font in which all IRS wording fits on a single page, the form will not be accepted.

Note. Use of unapproved forms could result in suspension of the participant from the electronic filing program.

Section 8.2 – Effect on Other Documents

8.2.1 Effect on Other Documents

This revenue procedure supersedes Revenue Procedure 2003-73, 2003-39 I.R.B. 647.

Exhibit A-1 (Preferred Format)

SCHEDULES A&B
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on Form 1040

Schedule A—Itemized Deductions

(Schedule B is on back)

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedules A and B (Form 1040).**

OMB No. 1545-0074

2004

Attachment
Sequence No. **07**

Your social security number

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.				
1	Medical and dental expenses (see page A-2)	1			
2	Enter amount from Form 1040, line 37	2			
3	Multiply line 2 by 7.5% (.075)	3			
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			
Taxes You Paid	5 State and local income taxes	5			
(See page A-2)	6 Real estate taxes (see page A-2)	6			
	7 Personal property taxes	7			
	8 Other taxes. List type and amount ▶	8			
	9 Add lines 5 through 8	9			
Interest You Paid	10 Home mortgage interest and points reported to you on Form 1098	10			
(See page A-3)	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11			
	12 Points not reported to you on Form 1098. See page A-3 for special rules	12			
Note. Personal interest is not deductible.	13 Investment interest. Attach Form 4952 if required. (See page A-4.)	13			
	14 Add lines 10 through 13	14			
Gifts to Charity	15 Gifts by cash or check. If you made any gift of \$250 or more, see page A-4	15			
If you made a gift and got a benefit for it, see page A-4.	16 Other than by cash or check. If any gift of \$250 or more, see page A-4. You must attach Form 8283 if over \$500	16			
	17 Carryover from prior year	17			
	18 Add lines 15 through 17	18			
Casualty and Theft Losses	19 Casualty or theft loss(es). Attach Form 4684. (See page A-5.)	19			
Job Expenses and Most Other Miscellaneous Deductions	20 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-5.) ▶	20			
(See page A-5)	21 Tax preparation fees	21			
	22 Other expenses—investment, safe deposit box, etc. List type and amount ▶	22			
	23 Add lines 20 through 22	23			
	24 Enter amount from Form 1040, line 37	24			
	25 Multiply line 24 by 2% (.02)	25			
	26 Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26			
Other Miscellaneous Deductions	27 Other—from list on page A-6. List type and amount ▶	27			
Total Itemized Deductions	28 Is Form 1040, line 37, over \$142,700 (over \$71,350 if married filing separately)?	28			
	<input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 39.				
	<input type="checkbox"/> Yes. Your deduction may be limited. See page A-6 for the amount to enter.				

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule A (Form 1040) 2004

Exhibit A-2 (Acceptable Format)

SCHEDULES A&B
(Form 1040)

Schedule A—Itemized Deductions

OMB No. 1545-0074

2004

(Schedule B is on back)

Attachment
Sequence No. **07**

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedules A and B (Form 1040).**

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses	1	Caution. Do not include expenses reimbursed or paid by others. Medical and dental expenses (see page A-2)	1	
	2	Enter amount from Form 1040, line 37	2	
	3	Multiply line 2 by 7.5% (.075)	3	
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4	
Taxes You Paid <small>(See page A-2)</small>	5	State and local income taxes	5	
	6	Real estate taxes (see page A-2)	6	
	7	Personal property taxes	7	
	8	Other taxes. List type and amount ▶	8	
	9	Add lines 5 through 8	9	
Interest You Paid <small>(See page A-3)</small>	10	Home mortgage interest and points reported to you on Form 1098	10	
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11	
	12	Points not reported to you on Form 1098. See page A-3 for special rules	12	
	13	Investment interest. Attach Form 4952 if required. (See page A-4.)	13	
Note. Personal interest is not deductible.	14	Add lines 10 through 13	14	
Gifts to Charity <small>If you made a gift and got a benefit for it, see page A-4.</small>	15	Gifts by cash or check. If you made any gift of \$250 or more, see page A-4	15	
	16	Other than by cash or check. If any gift of \$250 or more, see page A-4. You must attach Form 8283 if over \$500	16	
	17	Carryover from prior year	17	
	18	Add lines 15 through 17	18	
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-5.)	19	
Job Expenses and Most Other Miscellaneous Deductions <small>(See page A-5)</small>	20	Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-5.) ▶	20	
	21	Tax preparation fees	21	
	22	Other expenses—investment, safe deposit box, etc. List type and amount ▶	22	
	23	Add lines 20 through 22	23	
	24	Enter amount from Form 1040, line 37	24	
	25	Multiply line 24 by 2% (.02)	25	
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26	
Other Miscellaneous Deductions	27	Other—from list on page A-6. List type and amount ▶	27	
Total Itemized Deductions	28	Is Form 1040, line 37, over \$142,700 (over \$71,350 if married filing separately)? <input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 39. <input type="checkbox"/> Yes. Your deduction may be limited. See page A-6 for the amount to enter.	28	

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule A (Form 1040) 2004

Exhibit B-1 (Preferred Format)

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

Your social security number

Schedule B—Interest and Ordinary Dividends

Attachment Sequence No. **08**

**Part I
Interest**

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

2 Add the amounts on line 1

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815

4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶

Note. If line 4 is over \$1,500, you must complete Part III.

**Part II
Ordinary Dividends**

(See page B-1 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5 List name of payer ▶

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a . ▶

Note. If line 6 is over \$1,500, you must complete Part III.

**Part III
Foreign Accounts and Trusts**

(See page B-2.)

You must complete this part if you **(a)** had over \$1,500 of taxable interest or ordinary dividends; or **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

7a At any time during 2004, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1.

b If "Yes," enter the name of the foreign country ▶

8 During 2004, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2

Amount	
1	
2	
3	
4	

Amount	
5	
6	

Yes	No

Exhibit C-1 (Preferred Format)

Form **2106-EZ**

Unreimbursed Employee Business Expenses

OMB No. 1545-1441

2004

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040.**

Attachment
Sequence No. **54A**

Your name	Occupation in which you incurred expenses	Social security number : : :
-----------	---	---------------------------------------

You May Use This Form Only if All of the Following Apply.

- You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.
- You **do not** get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements).
- If you are claiming vehicle expense, you are using the standard mileage rate for 2004.

Caution: You can use the standard mileage rate for 2004 **only if:** (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service or (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

Part I Figure Your Expenses

1 Vehicle expense using the standard mileage rate. Complete Part II and multiply line 8a by 37.5¢ (.375)	1		
2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work	2		
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment	3		
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment	4		
5 Meals and entertainment expenses: \$ x 50% (.50) (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 70% (.70) instead of 50%. For details, see instructions.)	5		
6 Total expenses. Add lines 1 through 5. Enter here and on line 20 of Schedule A (Form 1040). (Armed Forces reservists, fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount.)	6		

Part II Information on Your Vehicle. Complete this part **only** if you are claiming vehicle expense on line 1.

- 7 When did you place your vehicle in service for business use? (month, day, year) ▶ / /
- 8 Of the total number of miles you drove your vehicle during 2004, enter the number of miles you used your vehicle for:
- a Business b Commuting c Other
- 9 Do you (or your spouse) have another vehicle available for personal use? Yes No
- 10 Was your vehicle available for personal use during off-duty hours? Yes No
- 11a Do you have evidence to support your deduction? Yes No
- b If "Yes," is the evidence written? Yes No

Exhibit C-2 (Acceptable Format)

Form **2106-EZ**

Unreimbursed Employee Business Expenses

OMB No. 1545-1441

2004

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040.**

Attachment
Sequence No. **54A**

Your name

Occupation in which you incurred expenses

Social security number

You May Use This Form Only if All of the Following Apply.

- You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.
- You **do not** get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements).
- If you are claiming vehicle expense, you are using the standard mileage rate for 2004.

Caution: You can use the standard mileage rate for 2004 **only if:** (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service or (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

Part I Figure Your Expenses

1	Vehicle expense using the standard mileage rate. Complete Part II and multiply line 8a by 37.5¢ (.375)	1
2	Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work	2
3	Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment	3
4	Business expenses not included on lines 1 through 3. Do not include meals and entertainment	4
5	Meals and entertainment expenses: \$ x 50% (.50) (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 70% (.70) instead of 50%. For details, see instructions.)	5
6	Total expenses. Add lines 1 through 5. Enter here and on line 20 of Schedule A (Form 1040). (Armed Forces reservists, fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount)	6

Part II Information on Your Vehicle. Complete this part **only** if you are claiming vehicle expense on line 1.

- 7 When did you place your vehicle in service for business use? (month, day, year) ▶ / /
- 8 Of the total number of miles you drove your vehicle during 2004, enter the number of miles you used your vehicle for:
- a Business b Commuting c Other
- 9 Do you (or your spouse) have another vehicle available for personal use? Yes No
- 10 Was your vehicle available for personal use during off-duty hours? Yes No
- 11a Do you have evidence to support your deduction? Yes No
- b If "Yes," is the evidence written? Yes No

For Paperwork Reduction Act Notice, see page 4.

Form **2106-EZ** (2004)

Exhibit D
SCHEDULE K-1
(Form 1041)

Department of the Treasury
Internal Revenue Service

Beneficiary's Share of Income, Deductions, Credits, etc.

for the calendar year 2004, or fiscal year

beginning _____, 2004, ending _____, 20 _____

▶ **Complete a separate Schedule K-1 for each beneficiary.**

6621

OMB No. 1545-0092

2004

Name of trust or decedent's estate

FOR OFFICIAL USE ONLY

- Amended K-1
 Final K-1

Beneficiary's identifying number ▶

Estate's or trust's EIN ▶

Beneficiary's name, address, and ZIP code

Fiduciary's name, address, and ZIP code

(a) Allocable share item		(b) Amount	(c) Calendar year 2004 Form 1040 filers enter the amounts in column (b) on:
1 Interest	1		Form 1040, line 8a
2a Qualified dividends	2a		Form 1040, line 9b
b Total ordinary dividends	2b		Form 1040, line 9a
3 Net short-term capital gain	3		Schedule D, line 5, column (f)
4a Net long-term capital gain	4a		Schedule D, line 12, column (f)
b Unrecaptured section 1250 gain	4b		Line 11 of the worksheet for Schedule D, line 19
c 28% rate gain	4c		Line 4 of the worksheet for Schedule D, line 18
5a Annuities, royalties, and other nonpassive income before directly apportioned deductions	5a		Schedule E, Part III, column (f)
b Depreciation	5b		} Include on the applicable line of the appropriate tax form
c Depletion	5c		
d Amortization	5d		
6a Trade or business, rental real estate, and other rental income before directly apportioned deductions (see instructions)	6a		
b Depreciation	6b		} Include on the applicable line of the appropriate tax form
c Depletion	6c		
d Amortization	6d		
7 Income for minimum tax purposes	7		
8 Income for regular tax purposes (add lines 1, 2b, 3, 4a, 5a, and 6a)	8		
9 Adjustment for minimum tax purposes (subtract line 8 from line 7)	9		Form 6251, line 14
10 Estate tax deduction (including certain generation-skipping transfer taxes)	10		Schedule A, line 27
11 Foreign taxes	11		Form 1040, line 50 or Schedule A, line 8
12 Adjustments and tax preference items (itemize):			
a Accelerated depreciation	12a		} Include on the applicable line of Form 6251
b Depletion	12b		
c Amortization	12c		
d Exclusion items	12d		
13 Deductions in the final year of trust or decedent's estate:			
a Excess deductions on termination (see instructions)	13a		Schedule A, line 22
b Short-term capital loss carryover	13b ()		Schedule D, line 5, column (f)
c Long-term capital loss carryover	13c ()		Sch. D, line 12, col. (f); line 5 of the wksht. for Sch. D, line 18; and line 16 of the wksht. for Sch. D, line 19
d Net operating loss (NOL) carryover for regular tax purposes	13d ()		Form 1040, line 21
e NOL carryover for minimum tax purposes	13e		See the instructions for Form 6251, line 27
f	13f		} Include on the applicable line of the appropriate tax form
g	13g		

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule K-1 (Form 1041) 2004

Exhibit D (continued)

6622

Schedule K-1 (Form 1041) 2004

Page **2**

14 Other (itemize):		
a Payments of estimated taxes credited to you	14a	Form 1040, line 64
b Tax-exempt interest	14b	Form 1040, line 8b
c	14c	} Include on the applicable line of the appropriate tax form
d	14d	
e	14e	
f	14f	
g	14g	
h	14h	

General Instructions

Purpose of Form

The fiduciary of a trust or decedent's estate uses Schedule K-1 to report your share of the trusts or estate's income, credits, deductions, etc. **Keep it for your records. Do not file it with your tax return.** A copy has been filed with the IRS.

Inconsistent Treatment of Items

Generally, you must report items shown on your Schedule K-1 (and any attached schedules) the same way that the estate or trust treated the items on its return.

If the treatment on your original or amended return is inconsistent with the estate's or trust's treatment, or if the estate or trust was required to but has not filed a return, you must file **Form 8082**, Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR), with your original or amended return to identify and explain any inconsistency (or to note that an estate or trust return has not been filed).

If you are required to file Form 8082 but fail to do so, you may be subject to the accuracy-related penalty. This penalty is in addition to any tax that results from making your amount or treatment of the item consistent with that shown on the estate's or trust's return. Any deficiency that results from making the amounts consistent may be assessed immediately.

Errors

If you believe the fiduciary has made an error on your Schedule K-1, notify the fiduciary and ask for an amended or a corrected Schedule K-1. **Do not** change any items on your copy. Be sure that the fiduciary sends a copy of the amended Schedule K-1 to the IRS. **If you are unable to reach an agreement with the fiduciary regarding the inconsistency, you must file Form 8082.**

Tax Shelters

If you receive a copy of **Form 8271**, Investor Reporting of Tax Shelter Registration Number, see the Instructions for Form 8271 to determine your reporting requirements.

Beneficiaries of Generation-Skipping Trusts

If you received **Form 706-GS(D-1)**, Notification of Distribution From a Generation-Skipping Trust, and paid a generation-skipping transfer (GST) tax on **Form 706-GS(D)**, Generation-Skipping Transfer Tax Return for Distributions, you can deduct the GST tax paid on income distributions on Schedule A (Form 1040), line 8. To figure the deduction, see the Instructions for Form 706-GS(D).

Specific Instructions

Lines 3 and 4

If there is an attachment to this Schedule K-1 reporting a disposition of a passive activity, see the Instructions for **Form 8582**, Passive Activity Loss Limitations, for information on the treatment of dispositions of interests in a passive activity.

Lines 6b through 6d

The deductions on lines 6b through 6d may be subject to the passive loss limitations of Internal Revenue Code section 469, which generally limits deductions from passive activities to the income from those activities. The rules for applying these limitations to beneficiaries have not yet been issued. For more details, see **Pub. 925**, Passive Activity and At-Risk Rules.

Line 12d

If you pay alternative minimum tax in **2003**, the amount on line 12d will help you figure any minimum tax credit for **2004**. See the **2003 Form 8801**, Credit for prior Year Minimum Tax—Individuals, Estates, and Trusts, for more information.

Line 14a

To figure any underpayment and penalty on **Form 2210**, Underpayment of Estimated Tax by Individuals, Estates, and Trusts, treat the amount entered on line 14a as an estimated tax payment made on January 15, **2005**.

Line 14c through 14h

The amount of gross farming and fishing income is included on line 6a. This income is also separately stated on line 14 to help you determine if you are subject to a penalty for underpayment of estimated tax. Report the amount of gross farming and fishing income on Schedule E (Form 1040), line 41.

Exhibit E

6511

**Schedule K-1
(Form 1065)**

2004

Department of the Treasury
Internal Revenue Service

Tax year beginning _____, 2004
and ending _____, 20__

Final K-1

Amended K-1

OMB No. 1545-0099

**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See back of form and separate Instructions.

Part I Information About the Partnership	
A Partnership's employer identification number	
B Partnership's name, address, city, state, and ZIP code	
C IRS Center where partnership filed return	
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
E <input type="checkbox"/> Tax shelter registration number, if any _____	
F <input type="checkbox"/> Check if Form 8271 is attached	
Part II Information About the Partner	
G Partner's identifying number	
H Partner's name, address, city, state, and ZIP code	
I <input type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member <input type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	
K What type of entity is this partner? _____	
L Partner's share of profit, loss, and capital:	
Beginning	Ending
Profit %	%
Loss %	%
Capital %	%
M Partner's share of liabilities at year end:	
Nonrecourse \$ _____	
Qualified nonrecourse financing . . . \$ _____	
Recourse \$ _____	
N Partner's capital account analysis:	
Beginning capital account \$ _____	
Capital contributed during the year . . \$ _____	
Current year increase (decrease) . . \$ _____	
Withdrawals & distributions . . . \$ (_____)	
Ending capital account \$ _____	
<input type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain)	

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items	
1 Ordinary business income (loss)	15 Credits & credit recapture
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	16 Foreign transactions
4 Guaranteed payments	
5 Interest income	
6a Ordinary dividends	
6b Qualified dividends	
7 Royalties	
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	17 Alternative minimum tax (AMT) items
9b Collectibles (28%) gain (loss)	
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	18 Tax-exempt income and nondeductible expenses
11 Other income (loss)	
	19 Distributions
12 Section 179 deduction	
13 Other deductions	20 Other information
14 Self-employment earnings (loss)	
*See attached statement for additional information.	
For IRS Use Only	

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2004

Exhibit E (continued)

Schedule K-1 (Form 1065) 2004

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

1. Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:

	<i>Enter on</i>
Passive loss	See the Partner's Instructions
Passive income	Schedule E, line 28, column (g)
Nonpassive loss	Schedule E, line 28, column (f)
Nonpassive income	Schedule E, line 28, column (j)

2. Net rental real estate income (loss) See the Partner's Instructions

3. Other net rental income (loss)

Net income	Schedule E, line 28, column (g)
Net loss	See the Partner's Instructions

4. Guaranteed payments Schedule E, line 28, column (j)

5. Interest income Form 1040, line 8a

6a. Ordinary dividends Form 1040, line 9a

6b. Qualified dividends Form 1040, line 9b

7. Royalties Schedule E, line 4

8. Net short-term capital gain (loss) Schedule D, line 5, column (f)

9a. Net long-term capital gain (loss) Schedule D, line 12, column (f)

9b. Collectibles (28%) gain (loss) 28% Rate Gain Worksheet, line 4 (Schedule D Instructions)

9c. Unrecaptured section 1250 gain See the Partner's Instructions

10. Net section 1231 gain (loss) See the Partner's Instructions

11. Other income (loss)

<i>Code</i>	
A Other portfolio income (loss)	See the Partner's Instructions
B Involuntary conversions	See the Partner's Instructions
C Sec. 1256 contracts & straddles	Form 6781, line 1
D Mining exploration costs recapture	See Pub. 535
E Cancellation of debt	Form 1040, line 21, or Form 982
F Other income (loss)	See the Partner's Instructions

12. Section 179 deduction See the Partner's Instructions

13. Other deductions

A Cash contributions (50%)	Schedule A, line 15
B Cash contributions (30%)	Schedule A, line 15
C Noncash contributions (50%)	Schedule A, line 16
D Noncash contributions (30%)	Schedule A, line 16
E Capital gain property to a 50% organization (30%)	Schedule A, line 16
F Capital gain property (20%)	Schedule A, line 16
G Deductions—portfolio (2% floor)	Schedule A, line 22
H Deductions—portfolio (other)	Schedule A, line 27
I Investment interest expense	Form 4952, line 1
J Deductions—royalty income	Schedule E, line 18
K Section 59(e)(2) expenditures	See Partner's Instructions
L Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 31
M Educational assistance benefits	See the Partner's Instructions
N Dependent care benefits	Form 2441, line 14
O Preproductive period expenses	See the Partner's Instructions
P Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions
Q Penalty on early withdrawal of savings	Form 1040, line 33
R Pensions and IRAs	See the Partner's Instructions
S Other deductions	See the Partner's Instructions

14. Self-employment earnings (loss)

Note: If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.

A Net earnings (loss) from self-employment	Schedule SE, Section A or B
B Gross farming or fishing income	See the Partner's Instructions
C Gross non-farm income	See the Partner's Instructions

15. Credits & credit recapture

A Low-income housing credit (section 42(f)(5))	Form 8586, line 5
B Low-income housing credit (other)	Form 8586, line 5
C Qualified rehabilitation expenditures (rental real estate)	Form 3468, line 1
D Qualified rehabilitation expenditures (other than rental real estate)	Form 3468, line 1
E Basis of energy property	Form 3468, line 2
F Qualified timber property	Form 3468, line 3
G Other rental real estate credits	See the Partner's Instructions
H Other rental credits	See the Partner's Instructions

<i>Code</i>		<i>Enter on</i>
I Undistributed capital gains credit		Form 1040, line 69, box a
J Work opportunity credit		Form 5884, line 3
K Welfare-to-work credit		Form 8861, line 3
L Disabled access credit		Form 8826, line 7
M Empowerment zone and renewal community employment credit		Form 8844, line 3
N New York Liberty Zone business employee credit		Form 8884, line 3
O New markets credit		Form 8874, line 2
P Credit for employer social security and Medicare taxes		Form 8846, line 5
Q Backup withholding		Form 1040, line 63
R Recapture of low-income housing credit (section 42(f)(5))		Form 8611, line 8
S Recapture of low-income housing credit (other)		Form 8611, line 8
T Recapture of investment credit		See Form 4255
U Other credits		See the Partner's Instructions
V Recapture of other credits		See the Partner's Instructions

16. Foreign transactions

A Name of country or U.S. possession	Form 1116, Part I
B Gross income from all sources	Form 1116, Part I
C Gross income sourced at partner level	Form 1116, Part I
<i>Foreign gross income sourced at partnership level</i>	
D Passive	Form 1116, Part I
E Listed categories	Form 1116, Part I
F General limitation	Form 1116, Part I
<i>Deductions allocated and apportioned at partner level</i>	
G Interest expense	Form 1116, Part I
H Other	Form 1116, Part I

<i>Deductions allocated and apportioned at partnership level to foreign source income</i>	
I Passive	Form 1116, Part I
J Listed categories	Form 1116, Part I
K General limitation	Form 1116, Part I

<i>Other information</i>	
L Total foreign taxes paid	Form 1116, Part II
M Total foreign taxes accrued	Form 1116, Part II
N Reduction in taxes available for credit	Form 1116, line 12
O Foreign trading gross receipts	Form 8873
P Extraterritorial income exclusion	Form 8873
Q Other foreign transactions	See the Partner's Instructions

17. Alternative minimum tax (AMT) items

A Post-1986 depreciation adjustment	} See the Partner's Instructions and the Instructions for Form 6251
B Adjusted gain or loss	
C Depletion (other than oil & gas)	
D Oil, gas, & geothermal—gross income	
E Oil, gas, & geothermal—deductions	
F Other AMT items	

18. Tax-exempt income and nondeductible expenses

A Tax-exempt interest income	Form 1040, line 8b
B Other tax-exempt income	See the Partner's Instructions
C Nondeductible expenses	See the Partner's Instructions

19. Distributions

A Cash and marketable securities	See the Partner's Instructions
B Other property	See the Partner's Instructions

20. Other information

A Investment income	Form 4952, line 4a
B Investment expenses	Form 4952, line 5
C Fuel tax credit information	Form 4136
D Look-back interest—completed long-term contracts	Form 8697
E Look-back interest—income forecast method	Form 8866
F Dispositions of property with section 179 deductions	} See the Partner's Instructions
G Recapture of section 179 deduction	
H Special basis adjustments	
I Section 453(f)(3) information	
J Section 453A(c) information	
K Section 1260(b) information	
L Interest allocable to production expenditures	
M CCF nonqualified withdrawals	
N Information needed to figure depletion—oil and gas	
O Reforestation costs	
P Unrelated business taxable income	
Q Other information	

Exhibit F

6711

**Schedule K-1
(Form 1120S)**

Department of the Treasury
Internal Revenue Service

2004

Tax year beginning _____, 2004
and ending _____, 20__

Final K-1

Amended K-1

OMB No. 1545-0130

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Corporation		Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items	
A Corporation's employer identification number:		1 Ordinary business income (loss)	13 Credits & credit recapture
B Corporation's name, address, city, state, and ZIP code		2 Net rental real estate income (loss)	
C IRS Center where corporation filed return:		3 Other net rental income (loss)	
D <input type="checkbox"/> Tax shelter registration number, if any		4 Interest income	
E <input type="checkbox"/> Check if Form 8271 is attached		5a Ordinary dividends	
		5b Qualified dividends	14 Foreign transactions
		6 Royalties	
		7 Net short-term capital gain (loss)	
		8a Net long-term capital gain (loss)	
		8b Collectibles (28%) gain (loss)	
		8c Unrecaptured section 1250 gain	
		9 Net section 1231 gain (loss)	
F Shareholder's identifying number:		10 Other income (loss)	15 Alternative minimum tax (AMT) items
G Shareholder's name, address, city, state and ZIP code			
H Shareholder's percentage of stock ownership for tax year %			
For IRS Use Only		11 Section 179 deduction	16 Items affecting shareholder basis
		12 Other deductions	
			17 Other information
* See attached statement for additional information.			

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 2004

Exhibit F (continued)

This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

- 1. Ordinary business income (loss).** You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:
- | | |
|-------------------|------------------------------------|
| | <u>Enter on</u> |
| Passive loss | See the Shareholder's Instructions |
| Passive income | Schedule E, line 28, column (g) |
| Nonpassive loss | Schedule E, line 28, column (h) |
| Nonpassive income | Schedule E, line 28, column (i) |
- 2. Net rental real estate income (loss)**
 Net income See the Shareholder's Instructions
 Net loss See the Shareholder's Instructions
- 3. Other net rental income (loss)**
 Net income Schedule E, line 28, column (g)
 Net loss See the Shareholder's Instructions
- 4. Interest income**
 Form 1040, line 8
- 5a. Ordinary dividends**
 Form 1040, line 9a
- 5b. Qualified dividends**
 Form 1040, line 9b
- 6. Royalties**
 Schedule E, line 4
- 7. Net short-term capital gain (loss)**
 Schedule D, line 5, column (f)
- 8a. Net long-term capital gain (loss)**
 Schedule D, line 12, column (f)
- 8b. Collectibles (28%) gain (loss)**
 28% Rate Gain Worksheet, line 4
 (Schedule D instructions)
- 8c. Unrecaptured section 1250 gain**
 See the Shareholder's Instructions
- 9. Net section 1231 gain (loss)**
 See the Shareholder's Instructions
- 10. Other income (loss)**
- | | |
|---|------------------------------------|
| <u>Code</u> | |
| A Other portfolio income (loss) | See the Shareholder's Instructions |
| B Involuntary conversions | See the Shareholder's Instructions |
| C 1256 contracts & straddles | Form 6781, line 1 |
| D Mining exploration costs recapture | See Pub. 535 |
| E Other income (loss) | See the Shareholder's Instructions |
- 11. Section 179 deduction**
 See the Shareholder's Instructions
- 12. Other deductions**
- | | |
|---|--|
| A Cash contributions (50%) | Schedule A, line 15 |
| B Cash contributions (30%) | Schedule A, line 15 |
| C Noncash contributions (50%) | Schedule A, line 16 |
| D Noncash contributions (30%) | Schedule A, line 16 |
| E Capital gain property to a 50% organization (30%) | Schedule A, line 16 |
| F Capital gain property (20%) | Schedule A, line 16 |
| G Deductions—portfolio (2% floor) | Schedule A, line 22 |
| H Deductions—portfolio (other) | Schedule A, line 27 |
| I Investment interest expense | Form 4952, line 1 |
| J Deductions—royalty income | Schedule E, line 18 |
| K Section 59(e)(2) expenditures | See the Shareholder's Instructions |
| L Amounts paid for medical insurance | Schedule A, line 1 or Form 1040, line 31 |
| M Preproductive period expenses | See the Shareholder's Instructions |
| N Commercial revitalization deduction from rental real estate activities | See Form 8582 Instructions |
| O Penalty on early withdrawal of savings | Form 1040, line 33 |
| P Other deductions | See the Shareholder's Instructions |
- 13. Credits & credit recapture**
- | | |
|--|------------------------------------|
| A Low-income housing credit (section 42(j)(5)) | Form 8586, line 5 |
| B Low-income housing credit (other) | Form 8586, line 5 |
| C Qualified rehabilitation expenditures (rental real estate) | Form 3468, line 1 |
| D Qualified rehabilitation expenditures (other than rental real estate) | Form 3468, line 1 |
| E Basis of energy property | Form 3468, line 2 |
| F Qualified timber property | Form 3468, line 3 |
| G Other rental real estate credits | See the Shareholder's Instructions |
| H Other rental credits | See the Shareholder's Instructions |
| I Undistributed capital gains credit | Form 1040, line 69, box a |
| J Work opportunity credit | Form 5884, line 3 |
| K Welfare-to-Work credit | Form 8861, line 3 |

- | | |
|--|------------------------------------|
| <u>Code</u> | <u>Enter on</u> |
| L Disabled access credit | Form 8826, line 7 |
| M Empowerment zone and renewal community employment credit | Form 8844, line 3 |
| N New York Liberty Zone business employee credit | Form 8884, line 3 |
| O New markets credit | Form 8874, line 2 |
| P Credit for employer social security and Medicare taxes | Form 8846, line 5 |
| Q Backup withholding | Form 1040, line 63 |
| R Credit for alcohol used as fuel | Form 6478, line 10 |
| S Recapture of low-income housing credit (section 42(j)(5)) | Form 8611, line 8 |
| T Recapture of low-income housing credit (other) | Form 8611, line 8 |
| U Recapture of investment credit | See Form 4255 |
| V Other credits | See the Shareholder's Instructions |
| W Recapture of other credits | See the Shareholder's Instructions |
- 14. Foreign transactions**
- | | |
|---|------------------------------------|
| A Name of country of U.S. possession | Form 1116, Part I |
| B Gross income from all sources | Form 1116, Part I |
| C Gross income sourced at shareholder level | Form 1116, Part I |
| <u>Foreign gross income sourced at corporate level</u> | |
| D Passive | Form 1116, Part I |
| E Listed categories | Form 1116, Part I |
| F General limitation | Form 1116, Part I |
| <u>Deductions allocated and apportioned at shareholder level</u> | |
| G Interest expense | Form 1116, Part I |
| H Other | Form 1116, Part I |
| <u>Deductions allocated and apportioned at corporate level to foreign source income</u> | |
| I Passive | Form 1116, Part I |
| J Listed categories | Form 1116, Part I |
| K General limitation | Form 1116, Part I |
| <u>Other information</u> | |
| L Total foreign taxes paid | Form 1116, Part II |
| M Total foreign taxes accrued | Form 1116, Part II |
| N Reduction in taxes available for credit | Form 1116, line 12 |
| O Foreign trading gross receipts | Form 8873 |
| P Extraterritorial income exclusion | Form 8873 |
| Q Other foreign transactions | See the Shareholder's Instructions |
- 15. Alternative minimum tax (AMT) items**
- | | |
|---|---|
| A Post-1986 depreciation adjustment | } See the Shareholder's Instructions and the instructions for Form 6251 |
| B Adjusted gain or loss | |
| C Depletion (other than oil & gas) | |
| D Oil, gas, & geothermal properties—gross income | |
| E Oil, gas, & geothermal properties—deductions | |
| F Other AMT items | |
- 16. Items affecting shareholder basis**
- | | |
|---|------------------------------------|
| A Tax-exempt interest income | Form 1040, line 8b |
| B Other tax-exempt income | See the Shareholder's Instructions |
| C Nondeductible expenses | See the Shareholder's Instructions |
| D Property distributions | See the Shareholder's Instructions |
| E Repayment of loans from shareholders | See the Shareholder's Instructions |
- 17. Other information**
- | | |
|---|------------------------------------|
| A Investment income | Form 4952, line 4a |
| B Investment expenses | Form 4952, line 5 |
| C Look-back interest—completed long-term contracts | See Form 8697 |
| D Look-back interest—income forecast method | See Form 8866 |
| E Dispositions of property with section 179 deductions | See the Shareholder's Instructions |
| F Recapture of section 179 deduction | See the Shareholder's Instructions |
| G Section 453(f)(3) information | See the Shareholder's Instructions |
| H Section 453A(c) information | See the Shareholder's Instructions |
| I Section 1260(b) information | See the Shareholder's Instructions |
| J Interest allocable to production expenditures | See the Shareholder's Instructions |
| K CCF nonqualified withdrawal | See the Shareholder's Instructions |
| L Information needed to figure depletion—oil and gas | See the Shareholder's Instructions |
| M Reforestation costs | See the Shareholder's Instructions |
| N Other information | See the Shareholder's Instructions |

Exhibit H – List of Forms Referred to in the Revenue Procedure

<u>Form</u>	<u>Title</u>	<u>Section</u>
706	United States Estate (and Generation-Skipping Transfer) Tax Return	2.1
720	Quarterly Federal Excise Tax Return	2.5
940-EZ	Employer's Annual Federal Unemployment (FUTA) Tax Return	2.3
941	Employer's Quarterly Federal Tax Return	2.3; 3.4; 6.2; 7.2
943	Employer's Annual Tax Return for Agricultural Employees	2.3
945	Annual Return of Withheld Federal Income Tax	2.3
1040	U.S. Individual Income Tax Return	2.3; 2.4; 2.5; 3.1; 3.2; 3.4; 5.1; 5.2; 5.4; 6.1; 6.2; 7.2; 8.1
1040-ES	Estimated Tax for Individuals	1.1; 2.3; 3.2; 4.2
1040A	U.S. Individual Income Tax Return	2.1; 2.4; 3.1; 3.2; 3.4; 5.1; 5.2; 5.3; 7.2; 8.1
1040EZ	Income Tax Return for Single and Joint Filers with No Dependents	2.4; 3.1; 3.4; 7.2; 8.1
1040-NR	U.S. Nonresident Alien Income Tax Return	8.1
1040-V	Form 1040-V Payment Voucher	2.3
1041	U.S. Income Tax Return for Estates and Trusts	2.5; 3.1; 7.1; 8.1
1041-ES	Estimated Income Tax for Estates and Trusts	2.3; 3.2
1042-S	Foreign Person's U.S. Source Income Subject to Withholding	1.2; 4.1; 4.2
1065	U.S. Return of Partnership Income	2.5; 3.1; 7.1; 8.1
1065-B	U.S. Return of Income for Electing Large Partnerships	7.1
1096	Annual Summary and Transmittal of U.S. Information Returns	1.1; 1.2; 4.1; 4.2
1098	Mortgage Interest Statement	1.1; 1.2; 4.1; 4.2
1099	Series	1.1; 1.2; 4.1; 4.2
1120	U.S. Corporation Income Tax Return	2.5; 3.1; 3.4; 5.1; 6.2; 7.2; 7.3
1120-S	U.S. Income Tax Return for an S Corporation	3.1; 7.1; 7.2
2106-EZ	Unreimbursed Employee Business Expenses	6.1
2290	Heavy Highway Vehicle Use Tax Return	2.3; 7.2
3468	Investment Credit	2.5
4136	Credit for Federal Tax Paid on Fuels	2.5
4972	Tax on Lump-Sum Distributions	5.4
5471	Information Return of U.S. Persons With Respect to Certain Foreign Corporations	7.3
5472	Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business	7.3
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Part IV. Items of General Interest

Foundations Status of Certain Organizations

Announcement 2004–88

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:

3rd Step Family Home, Athens, GA
5th Regiment Tennessee Infantry Company E Reactivated, Inc., Providence, KY
50-Plus Foundation, McLean, VA
A A I M, Inc., Rockmart, GA
ABBA Ministries, North Augusta, SC
Abiding Life in Christ Ministries, Inc., Iverness, FL
Adventure Foundation, Norfolk, VA
AFC Child Enrichment Center, Inc., Atlanta, GA
African-American Culture Center of Rowan County, East Spencer, NC
Agape Ministries Unlimited, Inc., Warner Robins, GA
Aids Resource Council, Inc., Rome, GA
Aids Walk San Juan, Inc., Carolina, PR
Alabama Association of Assessing Officials, Cullman, AL
Alafia Village, Inc., Highland City, FL
Alcance Juvenil, Inc., San Antonio, TX
Alliance for Modern Transit and Livable Communities, Inc., Tampa, FL
Alternatives for Better Classrooms, Arlington, VA
American Air Combat Museum, Greenville, TN
American States Services, Inc., Vienna, VA

Angels in Action, Springfield, VA
Angels in the Sun, South Pasadena, FL
Animal House Zoological Society, Inc., Moulton, AL
Animal Welfare, Inc., Louisville, KY
Anna R. King Community Development, Inc., Aventura, FL
Apostolic Messianic Evangelist Network, Inc., Chesterfield, VA
Arkansas Association of Partners in Education, Little Rock, AR
Arkansas Radio Emergency Services, Little Rock, AR
Arms of Agape, Inc., Tallahassee, FL
Art Soup, Inc., Knoxville, TN
Artsource, Inc., Lexington, SC
Asian-American Association for Advancement, Inc., Duluth, GA
Association Culturelle et Humanitaire Des Coti-Ferois, Inc., Miami, FL
Association for Fair Housing, Santa Monica, CA
B & H Community Book Center, Inc., Riviera Beach, FL
Baptist Mission Center, Inc., Jacksonville, FL
Barnabas Foundation, Inc., Smyrna, GA
Begin Again, Inc., Atlanta, GA
Being Self Sufficient Today, Dunn, NC
B E S T, Inc., Pikeville, TN
Better Life Foundation, Birmingham, AL
Black Jade, Inc., Atlanta, GA
Blackque Gyrلز, Inc., Orlando, FL
Blessed Beginnings Learning Academy, Memphis, TN
Blood N Fire of Athens, Watkinsville, GA
Bowen Research and Training Institute, Inc., Palm Harbor, FL
Brain Center, Inc., Chantilly, VA
Brevard Emergency Amateur Radio Services, Inc., Cocoa Beach, FL
Brotherhood Club of St. Augustine Florida, Inc., St. Augustine, FL
Bur Boyd Memorial Scholarship, Inc., Bradenton, FL
C & G Music Tours for Children, Inc., Nashville, TN
California Research Institute for the Plumbing Heating & Piping Industry, Los Angeles, CA
Call to Action South Florida, Inc., Miami, FL
Calvary Community Corporation, Inc., North Lauderdale, FL
Cancer Survivorship Alliance, Weston, FL

Cannon County Dixie Youth Association, Inc., Woodbury, TN
Capital City BMX Association, Raleigh, NC
Care Facilitators International, Inc., West Des Moines, IA
Caribbean Missions for Christ and World Outreach, Hohenwald, TN
Caricature Carvers of America, Inc., Lake Charles, LA
Carlos & Algeria Beracasa Foundation, Inc., Miami, FL
Carolina Mudcats Foundation, Inc., Raleigh, NC
Carolina-Virginia Reading Service, Incorporated, Roanoke Rapids, NC
Catholic Lay Persons International, Inc., Coral Gables, FL
Center for Aids Education and Senior Empowerment, Inc., Miami, FL
Center for International Agricultural Development, Inc., Plantation, FL
Central Mississippi Emmaus Community, Jackson, MS
Certification Education & Research Foundation, Inc., Raleigh, NC
Chandak International Charitable Foundation, Raleigh, NC
Charlie Kubala Memorial Scholarship Trust, Sumter, SC
Charlottesville Pride, Charlottesville, VA
Children and Youth Behavioral Health Center, Inc., Buckhannon, WV
Children to Children Foundation, Inc., Atlanta, GA
Childrens Recovery Center, Inc., Conway, SC
Childrens Touch Institute, Inc., Pompano Beach, FL
Chippenham Place Youth Group, Richmond, VA
Choctaw Baseball Diamond Club, Inc., Fort Walton Beach, FL
Christ Fellowship Daycare, Incorporated, Memphis, TN
Christian County Ralph Bell Crusade, Inc., Hopkinsville, KY
Christian Oriented Education, Inc., Rockvale, TN
Christian Safety, Inc., Decatur, GA
Christian Womens Spiritual Fellowship, Inc., Nashville, TN
Circolo Lirico De La Opera, Coral Gables, FL

City-County Community Education Program, Waveland, MS
 Claudia M. Lee Golden Years Day Care Center, Columbia, SC
 Clearview Recovery Foundation, Inc., Daphne, AL
 Clothes Less Traveled Thrift Shop, Inc., Peachtree City, GA
 Cobb Training Institute, Inc., Marietta, GA
 Cole Youth Baseball, Inc., Nashville, TN
 Colombian American Coalition of Florida, Inc., Coral Gables, FL
 Columbia Mission Project, Inc., Tallahassee, FL
 Commonwealth Center for Continuing Education & Training, Tuskegee, AL
 Communion, Inc., Asheville, NC
 Community Alternative Services Agency, Inc., Port Richey, FL
 Community Blood Bank Center of St. Croix, Inc., St. Croix, VI
 Community Housing Corporation of Broward, Plantation, FL
 Community Safety Net, Inc., Atlanta, GA
 Conquest of Paradise, Inc., Miami, FL
 Coral Reef Wrestling Club, Inc., Coral Gables, FL
 Coral Springs Parents Hoop Club, Inc., Coral Springs, FL
 Council for Human Development, Inc., Alexandria, VA
 Council for the Advancement of Minority Business International, Inc., Lake Park, FL
 Count the Cost, Inc., Decatur, GA
 Covenant Homes, Inc., Lexington, SC
 Craggy Mountain Line, Inc., Arden, NC
 Credit Education Services of America, Inc., Cary, NC
 Crossroads 2000, Inc., Lithonia, GA
 Damascus Music Ministries, Inc., Marietta, GA
 Dame-Marie An Movement, Inc., Miami, FL
 Daughters of the Covenant, Durham, NC
 David & Tina Skinner Ministries, Inc., Greenwood, IN
 DC Childrens Education Fund, Washington, DC
 Deborah Kelley Herndon Memorial Foundation, Northport, AL
 Debt Management Corporation, Orange Park, FL
 Deer Park Fire Department, Deer Park, CA
 Delaware Safe Kids, Inc., Dover, DE
 Devans World Foundation for Children With Special Needs, Inc., Fayetteville, NC
 Dinwiddie County Sports Club, Inc., Dinwiddie, VA
 Disability Awareness Foundation, Nashville, TN
 Discovery Camping, Inc., Lawrenceville, GA
 Disease Awareness Resources & Treatment Corporation, Miami Shores, FL
 DKG Enterprises, Inc., West Palm Beach, FL
 Domestic Violence Advisory Council, Brandon, MS
 Don Herrick Evangelistic Association, Cary, NC
 Dots Child Care Center, Inc., Thibodaux, LA
 Douglas County Food Bank, Douglasville, GA
 Dr. Beatriz Lopez-Van Beuren Internal Medicine Award Fund, Marathon, FL
 Drug Free America, Inc., Delray Beach, FL
 Dyno-Might Ministries, Inc., Nashville, TN
 Earlston Development Corporation, Atlanta, GA
 East Consortium, Charleston, SC
 Eastwood Neighbors Nashville, TN, Nashville, TN
 Essex Village Community Outreach Center, Inc., Richmond, VA
 Estero Bay Marine Laboratory, Inc., Ft. Myers, FL
 Eternal Change Ministries, Inc., Port Washington, NY
 Faith Defenders, Inc., Mt. Morris, PA
 Faith in Action Ministries, Inc., St. Thomas, VI
 Family Advocacy Foundation, Winston Salem, NC
 Family Entertainment Workshop, Inc., Tampa, FL
 Family Institution for the Homeless, Inc., Kissimmee, FL
 Fanues Foundation, Inc., Louisville, KY
 Fentress County Food Bank, Inc., Allardt, TN
 Fish-N-4-Kids, High Point, NC
 Flame Ministries, Inc., Sumner, WA
 Florida Crime Prevention Federation, Inc., Davie, FL
 Florida-Georgia K-9 Search and Rescue Squad, Inc., Havana, FL
 Forward Steps, Inc., Jacksonville, FL
 Foster Parenting, Inc., Winter Park, FL
 Foundation for American Liberty, McLean, VA
 Foundation for Genetic Education & Counselling, Inc., Baltimore, MD
 Foundation for Osteopathic Research and Training, Inc., Manchester, NH
 F.R.E.E., Madisonville, TN
 Friends of the Playground of Paris and Bourbon County, Inc., Paris, KY
 Fully Persuaded Ministries, Bowling Green, KY
 Gary Hash Ministries, Inc., Pulaski, VA
 General Alumni Association of Allen University, Inc., Columbia, SC
 George High Community Association, Inc., Atlanta, GA
 Georgia Childrens Food Services, Inc., Marietta, GA
 Georgia Golden Wings Track Club, Inc., Stone Mountain, GA
 Georgia Soccer Development Foundation, Inc., Atlanta, GA
 Georgia Training & Development Center, Albany, GA
 Getting Involved and Volunteering Efforts, Inc., Lexington, KY
 Gifts From the Garden, Alexandria, VA
 Global Elephant Organization, Inc., Gulf Breeze, FL
 Global Ministries, Inc., Fayetteville, GA
 Glynn Academy Alumni Association, Inc., Brunswick, GA
 Gods Refuge, Tampa, FL
 Good Shepherd Ministry, Inc., Lynchburg, VA
 Grand Farms of America, Inc., Warrenton, NC
 Grand Prep Limited, Riverdale, GA
 Grant Writing Assistance Program of Ellerbee, Ellerbee, NC
 Greater Memphis Child Care Service, Inc., Memphis, TN
 Greater Piedmont Aids Educational Team, Inc., Kannapolis, NC
 Greenbrier Land Conservation Trust, Inc., Lewisburg, WV
 Guardian Angel House, Inc., Malabar, FL
 Haitian Coalition of Central Florida, Inc., Orlando, FL
 Hampton Roads Sailing Center, Inc., Hampton, VA
 Haralson Arts Alliance, Inc., Bremen, GA
 Harmony at Home, Incorporated, Nashville, TN
 Harry T. & Harriette V. Moore Justice Center Committee, Inc., Melbourne, FL
 Harvey Foundation, Inc., Hiram, GA
 Health Alliances International, Incorporated, Richmond, VA

Heart of Georgia Walk to Emmaus, Inc.,
Warner Robbins, GA

Helping Hands Child Advocacy,
Incorporated, Mobile, AL

Higher Hope Ministries, Inc., Pace, FL

Holistic Alliance of Professional
Practitioners, Gainesville, FL

Holy Ghost Council 11484 Charity Fund,
Issue, MD

Homecoming, Inc., Atlanta, GA

Homeless Emergency Love Project, Inc.,
Raleigh, NC

Humane Society of Laurel County, Inc.,
London, KY

In His Name Christian Ministries, Inc.,
Nashville, TN

In His Name Ministry of Helps, Inc.,
St. Augustine, FL

Indo-American Host Committee for
1996-Games, Inc., Lilburn, GA

Inner City Acheivers Foundation,
Atlanta, GA

Inner City Fund, Inc., Tampa, FL

Institute for Work and Learning,
Hendersonville, TN

Inter-Neighborhood Resident Association,
Inc., Macon, GA

Interface Network Group, Inc., Miami, FL

International Adoption Foundation,
Cedar Grove, NC

International Bemisia Working Group,
Orlando, FL

International Evangelism Missions, Inc.,
Rocky Mount, NC

J & H South Foundation, Inc., Atlanta, GA

Journey Institute, Winston Salem, NC

Just for Children, Inc., Atlanta, GA

Kids Can Too, Inc., Stone Mountain, GA

Kids Connection Development, Inc.,
Decatur, GA

Kids Film Festival of Virginia, Inc.,
Richmond, VA

Kitchens Evangelistic Ministries, Inc.,
Dalton, GA

Lake Chelan Chamber Community
Enrichment Fund, Chelan, WA

Lamb of God, Inc., Franklin, NC

Law & Liberty Foundation, Inc.,
Tallahassee, FL

Leadership Encouragement and
Development, Lexington, SC

Lee County Soccer, Inc., Dryden, VA

Liberty Foundation, Charleston, WV

Lightworks Technology Foundation,
Chapel Hill, NC

Living Light Foundation, Inc.,
Augusta, GA

Living Waters Foundation, Inc.,
Lexington, KY

Los Ninos De Guatemala Foundation,
McLean, VA

Louis A. Martin & Behold Him Ministries,
Inc., Dry Fork, VA

Love God Ministries of Tallahassee, Inc.,
Tallahassee, FL

Maguire Voorhis & Wells Foundation,
Inc., Orlando, FL

Make it Happen, Inc., Marietta, GA

Marian County Community Development
Corp., Marion, SC

Marian County Humane Society,
Marion, SC

Marine Service Education Corporation,
Clearwater, FL

Marshall County Safe Home, Inc.,
Calver City, KY

Masterworks for Kids, Inc., Franklin, TN

Mayfield Main Street, Inc., Mayfield, KY

Mecklenburg Academic Rehabilitation
Scholarship Fund, Matthews, NC

Metropolitan Civic Orchestra, Inc.,
Sullivans Island, SC

Midlands Community Enrichment
Thru Education & Athletics Project,
Orangeburg, SC

Mission America, Inc., Gainesville, GA

Mission Ministries Association, Inc.,
Bowling Green, KY

Mitchells Truck Drivers School, Inc.,
Chicago, IL

Mobile VOA Home Development,
Mobile, AL

Morning Star Youth Ministries, Inc.,
Pensacola, FL

Mountain Opportunities Corporation,
Clarksburg, WV

Mt. Pleasant Family Care Center,
Clinton, NC

Museum Displays, Inc., Destin, FL

My Sisters Place, Columbia, TN

National Association of Church
Recreators & Sports Ministers,
Knoxville, TN

National Centurion Corporation, Inc.,
St. Petersburg, FL

National Coalition of Women of
Commitment, Inc., Memphis, TN

National Womens Recovery Network,
Inc., Atlanta, GA

Natural Resources Education Council,
Inc., Lincolton, NC

NCYAP at Colony Place, Inc.,
Columbia, SC

Nearby in Nature, Inc., Gladstone, VA

Nehemiahs Open Arms Mission, Inc.,
Glen Rogers, WV

Network of Family Services, Inc.,
Atlanta, GA

Never Be Defeated Ministries, Inc.,
Lutz, FL

New Day Family-Community Life Center,
Stone Mountain, GA

New Hope Community Development
Center, Inc., Hopewell, VA

New Life Christian Training Centers,
Chincoteague, VA

New Sounds of Inspiration, Incorporated,
Looneyville, WV

Next Exit Outreach, Inc., Marietta, GA

Norm Grey Creative Foundation, Inc.,
Atlanta, GA

Northern Kentucky African-American
Heritage Task Force, Covington, KY

Oak Forest Amity Resident Council, Inc.,
Forest City, NC

Ohara Ministries, Nashville, TN

Okinawan Karate Club of Charlotte,
Charlotte, NC

Organ Donor Foundation, Inc.,
Marietta, GA

Our Town, Inc., W. Pointe, GA

P A C T Ministry, Inc., Alpharetta, GA

Palama Scholarship Foundation,
Honolulu, HI

Parent & Child Connections, Inc.,
Great Falls, VA

Partnership for a Healthy Community,
Inc., Pensacola, FL

Patch of Harrison County, Inc.,
Clarksburg, WV

Patrons of the Arts in the Vatican
Museums, Washington, DC

Patterson Outreach Ministries,
Greensboro, NC

Paulding Pregnancy Services, Inc.,
Dallas, TX

Peach Foundation for Children, Inc.,
Atlanta, GA

Peachcrest, Inc., Red Oak, GA

People Encouraging People, Inc.,
Lakeland, FL

People Helping People Ministries, Inc.,
Stanley, NC

Perez Momon Evangelistic Ministries,
Inc., Stone Mountain, GA

Pinellas County Allstars, Inc.,
Clearwater, FL

Pop Warner Little Scholars, Inc.,
Clermont, FL

Pop Warner Little Scholars, Inc.,
Immokalee, FL

Pop Warner Little Scholars, Inc./ Greater Port St. Lucie Football League, Inc., Port St. Lucie, FL
 Positive People, Inc., Fayetteville, NC
 Potomac Westmoreland Shores Neighborhood Watch Committee, Colonial Beach, VA
 Praise Ministry, Inc., Partners for Christ, Sanford, NC
 Project of Pike C A S A Program, Inc., Elkhorn City, KY
 Psalms 23 Project, Inc., Decatur, GA
 Quiet Miracles, Inc., Winston Salem, NC
 R & R Series Company, Incorporated, Hampton, VA
 Re-Birth Childrens Center, Inc., Tampa, FL
 Red & White, Inc., Winter Park, FL
 Revelations Gospel Music Ministries, Inc., Charleston, WV
 RIFF, Inc., Piedmont, SC
 Rimes Ministries, Elizabethtown, NC
 Rossetter House Foundation, Inc., Tampa, FL
 Rowland Youth Club, Rowland, NC
 Saddle Up for Kids, Lawrenceville, GA
 Sandyridge Action Community Organization, Inc., Rockingham, NC
 SBH Genetic Foundation, Inc., Tallahassee, FL
 SC Chapter of the Alexander Graham Bell Association for the Deaf, Columbia, SC
 Seek Jesus Ministries, Alamance, NC
 Serenata, Greenville, SC
 Shackelford Horse Association, Inc., Cedar Island, NC
 Shared Resources, Inc., Orlando, FL
 Shelter Society, Inc., Oneida, TN
 Shenandoah Legends Fast Pitch, Harrisburg, VA
 Shirleys Home, Inc., Durham, NC
 Sickle Cell Disease Association of Okaloosa & Walton County, Inc., Eglin AFB, FL
 So Can I, Inc., Deland, FL
 Society of Primary Care Policy Fellows, Washington, DC
 Sonsa, Burlington, NC
 South Gwinnett Diamond Club, Inc., Snellville, GA
 South Hillsborough Community Cupboard, Inc., Ruskin, FL
 South Memphis Alliance, Incorporated, Memphis, TN
 Southern Baseball Classic, Inc., Hartsville, SC
 Southway Alumni Association, Charleston, WV
 Sox Association, Alpharetta, GA
 Space Coast Sports Promotion, Inc., Cocoa Beach, FL
 Spencer J. McCallie Homes Resident Council, Incorporated, Chattanooga, TN
 Springdale Housing Phase II, Inc., Dunn, NC
 Spruce River Volunteer Fire Dept. Ladies Auxiliary, Madison, WV
 St. Mark Family Life Center, Inc., Orlando, FL
 Stefanie Roth Memorial Cancer Foundation, Inc., Naples, FL
 Storytime Childrens Outreach, Inc., McDonough, GA
 Strikeforce Softball Association, Ozona, FL
 Students for Community Assistance Regarding the Elderly, Inc., Orange Park, FL
 STUN-Stop Teens From Using Narcotics, Charlotte, NC
 Summerhill Sports Foundation, Inc., Atlanta, GA
 Sumter Leaders for Sumter School District 17, Sumter, SC
 S W A T Team Ministry, Milton, FL
 T-Connection for Senior Citizens Club, Southern Pines, NC
 Tampa Bay Academy of Hope, Inc., Tampa, FL
 Tennessee Valley Building Energy Management Corporation, Nashville, TN
 TFA Environmental Services, Inc., Yorkville, TN
 Timothy Foundation Ministries, Inc., Taylors, SC
 Tiny Treasures-A Child's Place, Inc., Stockbridge, GA
 Torah From Dixie, Inc., Atlanta, GA
 Torch Missions USA, Inc., Fairfax, VA
 Trans-World Bible Society, Memphis, TN
 Triangle Knights, Inc., Durham, NC
 Twin Towers BMX Association, Inc., Raleigh, NC
 Ugandan North American Association, Inc., Burke, VA
 Upper Ohio Valley Redevelopment and Housing Corporation, Moundsville, WV
 Upward Challenge, Inc., Beaufort, SC
 Urbana Swim Team, Inc., Urbana, VA
 Vernon K. Willoborg Charitable Trust, Houston, TX
 Veterans Assistance Foundation of Georgia, Inc., Smyrna, GA
 Victims of Violent Crimes Foundation, Jacksonville, FL
 Vietnamese Community of Louisville, KY, Louisville, KY
 Village Alliance, Inc., Atlanta, GA
 Vision Outreach Ministries, Inc., Statesville, NC
 W. E. Freeman Outreach, Inc., Orlando, FL
 Waccamaw Animal Rescue Mission, Conway, SC
 Washad, Inc., East Point, GA
 We Care for You Ministries, Tampa, FL
 We Love Your Children Day Care, Inc., Forrest Park, GA
 Wesley at Brownsville, Inc., Memphis, TN
 Wesley at Milan, Inc., Memphis, TN
 West Jackson Booster Club, Braselton, GA
 West Tennesseans for Clean Water & Environment, Arlington, TN
 White Station Baseball Club, Memphis, TN
 Whizz Kids, Inc., Memphis, TN
 Wilmington Sports Alliance Soccer Academy, Inc., Wilmington, NC
 Wolverine Baseball Foundation, Garrisonville, VA
 Woman to Woman Resource Center, Salisbury, NC
 Women in Transition 2000, Alexandria, CA
 Word Power Prison Ministry, Inc., Newnan, GA
 Youth on Ice, Inc., Virginia Beach, VA
 Youth Quest Corporation, Memphis, TN

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.

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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