Internal Revenue bulletin

Bulletin No. 2008-49
December 8, 2008

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

INCOME TAX

Rev. Rul. 2008–52, page 1233.

Section 1274A – Inflation adjusted numbers for 2009. This ruling provides the dollar amounts, increased by the 2009 inflation adjustment, for section 1274A of the Code. Rev. Rul. 2008–3 supplemented and superseded.

Rev. Rul. 2008–53, page 1231.

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

T.D. 9431, page 1235.

Final regulations under section 6039I of the Code implement the authority given the Secretary to require information reporting on employer-owned life insurance contracts.

Notice 2008–106, page 1239.

This notice informs taxpayers that the new 9 percent applicable percentage floor for certain buildings that are placed in service after July 30, 2008 and before December 31, 2013, enacted pursuant to section 3002(a)(1) of the Housing Assistance Tax Act of 2008, applies notwithstanding a pre-Act irrevocable election by the taxpayer to apply to these buildings an applicable percentage that is less than 9 percent.

Rev. Proc. 2008–70, page 1240.

Insurance companies; loss reserves; discounting unpaid losses. The loss payment patterns and discount factors are set forth for the 2008 accident year. These factors will be used for computing discount unpaid losses under section 846 of the Code. This procedure also corrects the discount factors for the Composite and International (Composite) lines of business for the 2006 and 2007 accident years in Rev. Proc. 2007–9, 2007–1 C.B. 278, and Rev. Proc. 2008–10, 2008–3 I.R.B. 290, for taxpayers that use the composite method of Notice 88–100, 1988–2 C.B. 439. Rev. Procs. 2007–9 and 2008–10 modified.

Rev. Proc. 2008–71, page 1251.

Insurance companies; discounting estimated salvage recoverable. The salvage discount factors are set forth for the 2008 accident year. These factors will be used for computing estimated salvage recoverable under section 832 of the Code.

Announcement 2008–117, page 1258.

This document provides notice of a public hearing on proposed regulations (REG–155087–05, 2008–38 I.R.B. 726) relating to credits and payments for alcohol mixtures, biodiesel mixtures, renewable diesel mixtures, alternative fuel mixtures, and alternative fuel sold for use or used as a fuel, as well as proposed regulations relating to the definition of gasoline and diesel fuel. The public hearing is scheduled for February 9, 2009.

ADMINISTRATIVE

T.D. 9432, page 1236.

Final regulations under section 9037 of the Code change Treasury procedures for making payments from the Presidential Primary Matching Payment Account.

Announcements of Disbarments and Suspensions begin on page 1258.
Finding Lists begin on page ii.

Department of the Treasury
Internal Revenue Service

The IRS Mission

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

Introduction

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

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

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

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.
This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.
This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.
To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.
This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

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

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

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

Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

Section 483.—Interest on Certain Deferred Payments

A ruling provides the dollar amounts, increased by the 2009 inflation adjustment, for section 1274A of the Code. See Rev. Rul. 2008-52, page 1233.

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

Section 832.—Insurance Company Taxable Income

26 CFR 1.832–4: Gross income.

The salvage discount factors are set forth for 2008. These factors must be used to compute discounted estimated salvage recoverable for purposes of section 832 of the Code. See Rev. Proc. 2008-71, page 1251.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

26 CFR 1.846–1: Application of discount factors.

The loss payment patterns and discount factors are set forth for the 2008 accident year. These factors will be used for computing discounted unpaid losses under section 846 of the Code. See Rev. Proc. 2008-70, page 1240.

26 CFR 1.846–1: Application of discount factors.

The salvage discount factors are set forth for 2008. These factors must be used to compute discounted estimated salvage recoverable for purposes of section 832 of the Code. See Rev. Proc. 2008-71, page 1251.

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

A ruling provides the dollar amounts, increased by the 2009 inflation adjustment, for section 1274A of the Code. See Rev. Rul. 2008-52, page 1233.

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

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

Rev. Rul. 2008–53

This revenue ruling provides various prescribed rates for federal income tax purposes for December 2008 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, and before December 31, 2013, shall not be less than 9%. Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520. Finally, Table 6 contains the 2009 interest rate for sections 846 and 807.

REV. RUL. 2008–53 TABLE 1

Applicable Federal Rates (AFR) for December 2008

Period for Compounding

	Annual	*Semiannual*	*Quarterly*	*Monthly*
Short-term				
AFR	1.36%	1.36%	1.36%	1.36%
110% AFR	1.51%	1.50%	1.50%	1.50%
120% AFR	1.64%	1.63%	1.63%	1.62%
130% AFR	1.78%	1.77%	1.77%	1.76%
Mid-term				
AFR	2.85%	2.83%	2.82%	2.81%
110% AFR	3.13%	3.11%	3.10%	3.09%
120% AFR	3.43%	3.40%	3.39%	3.38%
130% AFR	3.71%	3.68%	3.66%	3.65%
150% AFR	4.30%	4.25%	4.23%	4.21%
175% AFR	5.01%	4.95%	4.92%	4.90%
Long-term				
AFR	4.45%	4.40%	4.38%	4.36%
110% AFR	4.90%	4.84%	4.81%	4.79%
120% AFR	5.35%	5.28%	5.25%	5.22%
130% AFR	5.80%	5.72%	5.68%	5.65%

REV. RUL. 2008–53 TABLE 2

Adjusted AFR for December 2008

Period for Compounding

	Annual	*Semiannual*	*Quarterly*	*Monthly*
Short-term adjusted AFR	2.20%	2.19%	2.18%	2.18%
Mid-term adjusted AFR	3.82%	3.78%	3.76%	3.75%
Long-term adjusted AFR	5.40%	5.33%	5.29%	5.27%

REV. RUL. 2008–53 TABLE 3

Rates Under Section 382 for December 2008

Adjusted federal long-term rate for the current month	5.40%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	5.40%

REV. RUL. 2008–53 TABLE 4	
Appropriate Percentages Under Section 42(b)(1) for December 2008	
Note: Under Section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, and before December 31, 2013, shall not be less than 9%.	
Appropriate percentage for the 70% present value low-income housing credit	7.84%
Appropriate percentage for the 30% present value low-income housing credit	3.36%

REV. RUL. 2008–53 TABLE 5	
Rate Under Section 7520 for December 2008	
Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	3.4%

REV. RUL. 2008–53 TABLE 6	
Rates Under Sections 846 and 807	
Applicable rate of interest for 2009 for purposes of sections 846 and 807	4.06%

Section 1274A.—Special Rules for Certain Transactions Where Stated Principal Amount Does Not Exceed $2,800,000

26 CFR 1.1274A–1: Special rules for certain transactions where stated principal amount does not exceed $2,800,000.
(Also §§ 483, 1274.)

Section 1274A – Inflation adjusted numbers for 2009. This ruling provides the dollar amounts, increased by the 2009 inflation adjustment, for section 1274A of the Code. Rev. Rul. 2008–3 supplemented and superseded.

Rev. Rul. 2008–52

This revenue ruling provides the dollar amounts, increased by the 2009 inflation adjustment, for § 1274A of the Internal Revenue Code.

BACKGROUND

In general, §§ 483 and 1274 determine the principal amount of a debt instrument given in consideration for the sale or exchange of nonpublicly traded property. In addition, any interest on a debt instrument subject to § 1274 is taken into account under the original issue discount provisions of the Code. Section 1274A, however, modifies the rules under §§ 483 and 1274 for certain types of debt instruments.

In the case of a "qualified debt instrument," the discount rate used for purposes of §§ 483 and 1274 may not exceed 9 percent, compounded semiannually. Section 1274A(b) defines a qualified debt instrument as any debt instrument given in consideration for the sale or exchange of property (other than new § 38 property within the meaning of § 48(b), as in effect on the day before the date of enactment of the Revenue Reconciliation Act of 1990) if the stated principal amount of the instrument does not exceed the amount specified in § 1274A(b). For debt instruments arising out of sales or exchanges before January 1, 1990, this amount is $2,800,000.

In the case of a "cash method debt instrument," as defined in § 1274A(c), the borrower and lender may elect to use the cash receipts and disbursements method of accounting. In particular, for any cash method debt instrument, § 1274 does not apply, and interest on the instrument is accounted for by both the borrower and the lender under the cash method of accounting. A cash method debt instrument is a qualified debt instrument that meets the following additional requirements: (A) In the case of instruments arising out of sales or exchanges before January 1, 1990, the stated principal amount does not exceed $2,000,000; (B) the lender does not use an accrual method of accounting and is not a dealer with respect to the property sold or exchanged; (C) § 1274 would have applied to the debt instrument but for an election under § 1274A(c); and (D) an election under § 1274A(c) is jointly made with respect to the debt instrument by the borrower and lender. Section 1.1274A–1(c)(1) of the Income Tax Regulations provides rules concerning the time for, and manner of, making this election.

Section 1274A(d)(2) provides that, for any debt instrument arising out of a sale or exchange during any calendar year after 1989, the dollar amounts stated in § 1274A(b) and § 1274A(c)(2)(A) are increased by the inflation adjustment for the calendar year. Any increase due to the inflation adjustment is rounded to the nearest multiple of $100 (or, if the increase is a multiple of $50 and not of $100, the increase is increased to the nearest multiple of $100). The inflation adjustment for any calendar year is the percentage (if any) by which the CPI for the preceding calendar year exceeds the CPI for calendar year 1988. Section 1274A(d)(2)(B) defines the CPI for any calendar year as the average of the Consumer Price Index as of the close of the 12-month period ending on September 30 of that calendar year.

INFLATION-ADJUSTED AMOUNTS UNDER § 1274A

For debt instruments arising out of sales or exchanges after December 31, 1989, the inflation-adjusted amounts under § 1274A are shown in Table 1.

Rev. Rul. 2008–52 Table 1

Inflation-Adjusted Amounts Under § 1274A

Calendar Year of Sale or Exchange	1274A(b) Amount (qualified debt instrument)	1274A(c)(2)(A) Amount (cash method debt instrument)
1990	$2,933,200	$2,095,100
1991	$3,079,600	$2,199,700
1992	$3,234,900	$2,310,600
1993	$3,332,400	$2,380,300
1994	$3,433,500	$2,452,500
1995	$3,523,600	$2,516,900
1996	$3,622,500	$2,587,500
1997	$3,723,800	$2,659,900
1998	$3,823,100	$2,730,800
1999	$3,885,500	$2,775,400
2000	$3,960,100	$2,828,700
2001	$4,085,900	$2,918,500
2002	$4,217,500	$3,012,500
2003	$4,280,800	$3,057,700
2004	$4,381,300	$3,129,500
2005	$4,483,000	$3,202,100
2006	$4,630,300	$3,307,400
2007	$4,800,800	$3,429,100
2008	$4,913,400	$3,509,600
2009	$5,131,700	$3,665,500

Note: These inflation adjustments were computed using the All-Urban, Consumer Price Index, 1982–1984 base, published by the Bureau of Labor Statistics.

EFFECT ON OTHER DOCUMENTS

Rev. Rul. 2008–3, 2008–2 I.R.B. 249, is supplemented and superseded.

DRAFTING INFORMATION

The author of this revenue ruling is Andrea M. Hoffenson of the Office of the Associate Chief Counsel (Financial Institutions and Products). For further information regarding this revenue ruling, please contact Ms. Hoffenson at (202) 622–3930 (not a toll-free call).

Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

Section 6039I.—Returns and Records With Respect to Employer-Owned Life Insurance Contracts

26 CFR 1.6039I–1: Reporting of certain employer-owned life insurance contracts.

T.D. 9431

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 1

Information Reporting on Employer-Owned Life Insurance Contracts

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations and removal of temporary regulations.

SUMMARY: This document contains final regulations concerning information reporting on employer-owned life insurance contracts under section 6039I of the Internal Revenue Code (Code). This final regulation is necessary to provide taxpayers with guidance as to how the requirements of section 6039I should be applied. These regulations generally apply to taxpayers that are engaged in a trade or business and that are directly or indirectly a beneficiary of a life insurance contract covering the life of an insured who is an employee of the trade or business on the date the contract is issued.

DATES: *Effective Date:* These regulations are effective on November 6, 2008.

Applicability Date: These regulations are applicable for tax years ending after November 6, 2008.

FOR FURTHER INFORMATION CONTACT: Linda K. Boyd, 202–622–3970 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

The Pension Protection Act of 2006, Public Law 109–280, 120 Stat. 780 (2006), added sections 101(j) and 6039I to the Code concerning employer-owned life insurance contracts.

Section 101(j)(1) provides that, in the case of an employer-owned life insurance contract, the amount of death benefits excluded from gross income under section 101(a)(1) shall not exceed an amount equal to the sum of the premiums and other amounts paid by the policyholder for the contract. For this purpose, an employer-owned life insurance contract is a life insurance contract that (i) is owned by a person engaged in a trade or business and under which such person is directly or indirectly a beneficiary under the contract, and (ii) covers the life of an insured who is an employee with respect to the trade or business on the date the contract is issued. An applicable policyholder is generally a person who owns an employer-owned life insurance contract, or a related person as described in section 101(j)(3).

Section 101(j)(2) provides exceptions to the general rule of section 101(j)(1) in the case of certain employer-owned life insurance contracts with respect to which certain notice and consent requirements are met. Those exceptions are based either on (i) the insured's status as an employee within 12 months of death or as a highly compensated employee or highly compensated individual, or (ii) the extent to which death benefits are paid to a family member, trust, or estate of the insured employee, or are used to purchase an equity interest in the applicable policyholder from a family member, trust or estate.

Section 6039I provides that every applicable policyholder that owns one or more employer-owned life insurance contracts shall file a return, at such time and in such manner as the Secretary shall prescribe by regulations, showing for each year the contracts are owned—

(1) The number of employees of the applicable policyholder at the end of the year;

(2) The number of such employees insured under such contracts at the end of the year;

(3) The total amount of insurance in force at the end of the year under such contracts;

(4) The name, address, and taxpayer identification number of the applicable policyholder and the type of business in which the policyholder is engaged; and

(5) That the policyholder has a valid consent for each insured employee (or, if not all such consents are obtained, the number of insured employees for whom such consent was not obtained).

Section 6039I(c) provides that any term used in section 6039I that is used in section 101(j) has the same meaning given that term by section 101(j).

Sections 101(j) and 6039I apply to life insurance contracts issued after August 17, 2006, except for a contract issued after that date pursuant to a section 1035 exchange for a contract issued before that date. For this purpose, a material increase in the death benefit or other material change causes the contract to be treated as a new contract except that, in the case of a master contract within the meaning of section 264(f)(4)(E), the addition of covered lives is treated as a new contract only with respect to those additional covered lives.

On November 13, 2007, the IRS published temporary regulations in the **Federal Register** (T.D. 9364, 2007–51 I.R.B. 1177 [72 FR 63806]), which serve as the basis for a cross-reference notice of proposed rulemaking (REG–115910–07, 2007–51 I.R.B. 1214 [72 FR 63838]). The temporary regulations and notice of proposed rulemaking provide that the Commissioner may prescribe the form and manner of satisfying the reporting requirements imposed by section 6039I on applicable policyholders owning one or more employer-owned life insurance contracts issued after August 17, 2006. Pursuant to these regulations, on January 24, 2008, the IRS released Form 8925, "*Report of Employer-Owned Life Insurance Contracts*", for taxpayers to use to comply with the reporting requirements of section 6039I.

No public hearing was requested or held. The IRS received comments from one taxpayer. Those comments primarily concern the notice and consent requirements of section 101(j), rather than the reporting requirements of section 6039I. Accordingly, this Treasury decision adopts the proposed regulations without substantive change and removes the corresponding temporary regulations. In order to make the regulations more useful to taxpayers, this Treasury decision sets forth the information that is enumerated in section 6039I and required to be reported under that provision. The IRS and Treasury Departments will continue to consider the comments received in connection with any future published guidance under section 101(j).

Special Analyses

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

In accordance with the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that the regulations will not have a significant economic impact on a substantial number of small entities. Even though a substantial number of small entities may be subject to the requirements of section 6039I, these final regulations do not require the reporting of information other than that which is specifically required by section 6039I. Further, the burden associated with completing the prescribed form is minimal because the information required by section 6039I is readily available. Accordingly, the regulations will not have a significant economic impact on a substantial number of small entities and a regulatory flexibility analysis is not required.

Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding this regulation was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Linda K. Boyd, Office of Associate Chief Counsel (Financial Institutions & Products). However, other personnel from the IRS and Treasury Department participated in their development.

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Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by removing the entry for §1.6039I–1T, and adding an entry in numerical order to read in part as follows:

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

Section 1.6039I–1 also issued under 26 U.S.C. 6039I. * * *

Par. 2. Section 1.6039I–1 is added to read as follows:

§1.6039I–1 Reporting of certain employer-owned life insurance contracts.

(a) *Requirement to report.* Section 6039I requires every taxpayer that is an applicable policyholder owning one or more employer-owned life insurance contracts issued after August 17, 2006, to file a return showing the following information for each year the contracts are owned—

(1) The number of employees of the applicable policyholder at the end of the year;

(2) The number of such employees insured under such contracts at the end of the year;

(3) The total amount of insurance in force at the end of the year under such contracts;

(4) The name, address, and taxpayer identification number of the applicable policyholder and the type of business in which the policyholder is engaged; and

(5) That the applicable policyholder has a valid consent for each insured employee (or, if all such consents are not obtained, the number of insured employees for whom such consent was not obtained).

(b) *Time and manner of reporting.* Applicable policyholders owning one or more employer-owned life insurance contracts issued after August 17, 2006, must provide the information required under §6039I by attaching Form 8925, "*Report of Employer-Owned Life Insurance Contracts*", to the policyholder's income tax return by the due date of that return, or by filing such other form at such time and in such manner as the Commissioner may in the future prescribe.

(c) *Effective/applicability date.* These regulations are applicable for tax years ending after November 6, 2008.

§1.6039I–1T [Removed]

Par. 3. Section 1.6039I–1T is removed.

Linda E. Stiff,
Deputy Commissioner for Services and Enforcement.

Approved October 16, 2008.

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

(Filed by the Office of the Federal Register on November 5, 2008, 8:45 a.m., and published in the issue of the Federal Register for November 6, 2008, 73 F.R. 65981)

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2008. See Rev. Rul. 2008-53, page 1231.

Section 9037.—Payments to Eligible Candidates

26 CFR 702.9037–2: Payments from the Presidential Primary Matching Payment Account.

T.D. 9432

DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Part 702

Payments From the Presidential Primary Matching Payment Account

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations and removal of temporary regulations.

SUMMARY: This document contains final regulations under section 9037 of the Internal Revenue Code (Code) relating to the financing of presidential primary campaigns. The regulations relate to Treasury procedures for making payments from the Presidential Primary Matching Payment Account (Primary Account) to eligible primary candidates. These regulations affect all candidates eligible to receive payments from the Primary Account.

DATES: *Effective Date:* These regulations are effective on November 13, 2008.

Applicability Date: For dates of applicability, see §§702.9037–1(b) and 702.9037–2(c).

FOR FURTHER INFORMATION CONTACT: Karla M. Meola, (202) 622–4930 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to 26 CFR part 702 under section 9037 of the Code. On February 14, 2008, the IRS published temporary regulations (T.D. 9382, 2008–9 I.R.B. 482) in the **Federal Register** (73 FR 8608). On the same date, the IRS published a notice of proposed rulemaking (REG–149475–07, 2008–9 I.R.B. 510) in the **Federal Register** (73 FR 8632) cross-referencing the temporary regulations.

The notice of proposed rulemaking provided that, pursuant to section 9036, the Federal Election Commission (Commission) will certify to the Treasury Secretary the full amount of payments to which a candidate is entitled under section 9034. The Treasury Secretary will pay promptly, but not before the start of a Presidential election year, the amounts certified by the Commission from the Primary Account to the candidate. The notice of proposed rulemaking also authorized the Treasury Secretary to provide guidance prescribing rules and procedures for the Primary Account. Contemporaneously with the publication of the notice of proposed rulemaking, the IRS published Rev. Proc. 2008–15, 2008–9 I.R.B. 489, which revises the procedures for making prompt payment from the Primary Account to eligible primary candidates.

The notice of proposed rulemaking invited comments and requests for a public hearing, but no comments were received and no public hearing was requested or held. Accordingly, this Treasury decision adopts the proposed regulations without modification as final regulations.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulation does not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Karla M. Meola of the Office of Associate Chief Counsel (Income Tax & Accounting). However, other personnel from the IRS and Treasury Department participated in their development.

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Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 702 is amended as follows:

PART 702—PRESIDENTIAL PRIMARY MATCHING PAYMENT ACCOUNT

Paragraph 1. The authority citation for part 702 continues to read in part as follows:

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

Par. 2. Section 702.9037–1T is removed.

§702.9037–1T [Removed].

Par. 3. Revise §702.9037–1 to read as follows:

§702.9037–1 Transfer of amounts to the Presidential Primary Matching Payment Account.

(a) *In general.* The Secretary will deposit amounts into the Presidential Primary Matching Payment Account (Primary Account) only to the extent that there are amounts in the Presidential Election Campaign Fund (Fund) after the transfers prescribed by §701.9006–1(c) and (d). The Secretary will make this deposit promptly from amounts that have actually been transferred to the Fund under §701.9006–1(a). Any amounts in the Primary Account after October 31 following a presidential election will be returned to the Fund for the purpose of making the transfers prescribed by §701.9006–1(c), (d), and (f) for the next presidential election.

(b) *Effective/applicability date.* These regulations apply to the Primary Account on or after February 2, 1996.

Par. 4. Section 702.9037–2T is removed.

§702.9037–2T [Removed].

Par. 5. Revise §702.9037–2 to read as follows:

§702.9037–2 Payments from the Presidential Primary Matching Payment Account.

(a) *In general.* Pursuant to section 9036, the Federal Election Commission (Commission) will certify to the Secretary the full amount of payment to which a candidate is entitled under section 9034. The Secretary will pay promptly, but not before the start of the matching payment period under section 9032(6), the amounts certified by the Commission from the Presidential Primary Matching Payment Account (Primary Account) to the candidate.

(b) *Additional guidance.* The Internal Revenue Service may publish guidance in the Internal Revenue Bulletin (see §601.601(d)(2)(ii)(*b*) of this chapter) prescribing additional rules and procedures for the Primary Account.

(c) *Effective/applicability date.* These regulations apply to the Primary Account on or after February 2, 1996.

Linda E. Stiff,
Deputy Commissioner for Services and Enforcement.

Approved October 28, 2008.

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

(Filed by the Office of the Federal Register on November 12, 2008, 8:45 a.m., and published in the issue of the Federal Register for November 13, 2008, 73 F.R. 67103)

Applicable Percentage Under Section 3002(A)(1) of the Housing Assistance Tax Act of 2008

Notice 2008–106

Purpose

This notice clarifies that the 9 percent applicable percentage floor for non-Federally subsidized new buildings that are placed in service after July 30, 2008, and before December 31, 2013, enacted pursuant to section 3002 of the Housing Assistance Tax Act of 2008 (Pub. L. 110–289) (Act), applies notwithstanding an irrevocable election by the taxpayer under former § 42(b)(2)(A)(ii) of the Internal Revenue Code (now § 42(b)(1)[(A)](ii) of the Code, as amended by the Act) made on or before July 30, 2008.

Background

Section 42(a) of the Code provides that for purposes of § 38, the amount of the low-income housing credit for any taxable year in the credit period shall be an amount equal to (1) the applicable percentage of (2) the qualified basis of each qualified low-income building.

Section 42(b)(1) of the Code, as amended by the Act, provides, in part, that the term "applicable percentage" means, with respect to any building, the appropriate percentage prescribed by the Secretary for the earlier of (i) the month in which such building is placed in service, or (ii) at the election of the taxpayer the month in which the taxpayer and the housing credit agency enter into an agreement with respect to such building (which is binding on such agency, the taxpayer, and all successors in interest) as to the housing credit dollar amount to be allocated to such building. A month may be elected by the taxpayer only if the election is made not later than the 5th day after the close of such month. Such an election, once made, shall be irrevocable. Guidance on the election of the appropriate percentage month can be found under § 1.42–8 of the Income Tax Regulations.

Section 42(b)(1)(B) of the Code, as amended by the Act, provides that the percentages prescribed by the Secretary for any month shall be percentages which will yield over a 10-year period amounts of credit which have a present value equal to (i) 70 percent of the qualified basis of a new building which is not federally subsidized for the taxable year, and (ii) 30 percent of the qualified basis of a building not described in (i).

Section 42(b)(1)(C) of the Code, as amended by the Act, provides that the present value shall be determined as of the last day of the 1st year of the 10-year period referred to in § 42(b)(1)(B) by using a discount rate equal to 72 percent of the average of the annual Federal mid-term rate and the annual Federal long-term rate applicable under § 1274(d)(1) to the month applicable under § 42(b)(1)(A)(i) and (ii) and compounded annually, and by assuming that the credit allowable for any year is received on the last day of such year.

Section § 42(b)(2) of the Code, as amended by the Act, provides that in the case of a new building (A) which is placed in service by the taxpayer after the date of enactment of this paragraph (*i.e.*, July 30, 2008), and before December 31, 2013, and (B) which is not federally subsidized for the taxable year, the applicable percentage shall not be less than 9 percent.

Section § 42(i)(2) of the Code, as amended by the Act, provides that for purposes of § 42(b)(1) a new building shall be treated as "federally subsidized" for any taxable year if, at any time during such taxable year or any prior taxable year, there is or was outstanding any obligation the interest on which is exempt from tax under § 103, the proceeds of which are or were used (directly or indirectly) with respect to the building or the operation thereof.

Section 42(m)(2)(A) of the Code provides that the housing credit dollar amount allocated to a project shall not exceed the amount the housing credit agency determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. In making the determination, the housing credit agency shall consider (i) the sources and uses of funds and total financing planned for the project, (ii) any proceeds or receipts expected to be generated by reason of tax benefits, (iii) the percentage of the housing credit dollar amount used for project costs other than the cost of intermediaries (this clause shall not be applied so as to impede the development of projects in hard-to-develop areas), and (iv) the reasonableness of the developmental and operational costs of the project. See also § 1.42–8(a)(5) of the regulations.

For newly constructed and substantially rehabilitated buildings that are not federally subsidized, the applicable percentage (*i.e.*, 70-percent present value credit) has been temporarily increased by the Act to not less than 9 percent. This temporary increase applies to buildings placed in service by the taxpayer after July 30, 2008, and before December 31, 2013. The definition of a "federally subsidized" building has also been changed by the Act to include only those buildings financed with tax-exempt bonds. At issue is the correct applicable percentage to apply in a situation in which a taxpayer, on or before July 30, 2008, irrevocably elected under former § 42(b)(2)(A)(ii) of the Code to apply an applicable percentage that is less than 9 percent, and places in service after July 30, 2008, and before December 31, 2013, a newly constructed or substantially rehabilitated building that is not federally subsidized.

Conclusion

The Service has determined that the 9 percent applicable percentage floor under § 42(b)(2) of the Code, as amended by the Act, will apply to a building that meets the requirements of § 42(b)(2), even if an election under former § 42(b)(2)(A)(ii) was made with respect to such building on or before July 30, 2008. Notwithstanding the application of the 9 percent applicable percentage floor, the housing credit dollar amount allocated to a project shall not exceed the amount the housing credit agency determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. See § 42(m)(2).

The principal author of this notice is Julie Hanlon Bolton, Office of the

Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, contact Ms. Hanlon Bolton at (202) 622–3040 (not a toll-free call).

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26 CFR 601.201: Rulings and determination letters. (Also Part I, Sections 846; 1.846–1.)

Rev. Proc. 2008–70

SECTION 1. PURPOSE

This revenue procedure prescribes the loss payment patterns and discount factors for the 2008 accident year. These factors will be used for computing discounted unpaid losses under § 846 of the Internal Revenue Code. *See* Rev. Proc. 2008–10, 2008–3 I.R.B. 290, for background concerning the loss payment patterns and application of the discount factors. This revenue procedure also corrects the discount factors for the Composite and International (Composite) lines of business for the 2006 and 2007 accident years in Rev. Proc. 2007–9, 2007–3 I.R.B. 278, and Rev. Proc. 2008–10, 2008–3 I.R.B. 290, for taxpayers that use the composite method of Notice 88–100, 1988–2 C.B. 439.

SECTION 2. SCOPE

This revenue procedure applies to any taxpayer that is required to discount its unpaid losses under § 846 for a line of business using discount factors published by the Secretary.

SECTION 3. CORRECTION OF REV. PROC. 2007–9 AND REV. PROC. 2008–10

.01 Rev. Proc. 2007–9, 2007–3 I.R.B. 278, prescribes the loss payment patterns and discount factors for the 2006 accident year. Rev. Proc. 2008–10, 2008–3 I.R.B. 290, prescribes the loss payment patterns and discount factors for the 2007 accident year. An error has been discovered in the composite discount factors for the 2006 and 2007 accident years that were determined for the Composite and International (Composite) lines of business for taxpayers that use the composite method of Notice 88–100, which is used for computing discounted unpaid losses for accident years not separately reported on the annual statement.

.02 Rev. Proc. 2007–9 as corrected for the Composite line of business provides: "Taxpayers that use the composite method of Notice 88–100 should use 90.1284 percent to discount unpaid losses incurred in this line of business in 2006 and prior years that are outstanding at the end of the 2016 taxable year."

.03 Rev. Proc. 2007–9 as corrected for the International (Composite) line of business provides: "Taxpayers that use the composite method of Notice 88–100 should use 90.1284 percent to discount unpaid losses incurred in this line of business in 2006 and prior years that are outstanding at the end of the 2016 taxable year."

.04 Rev. Proc. 2008–10 as corrected for the Composite line of business provides: "Taxpayers that use the composite method of Notice 88–100 should use 92.4923 percent to discount unpaid losses incurred in this line of business in 2007 and prior years that are outstanding at the end of the 2017 taxable year."

.05 Rev. Proc. 2008–10 as corrected for the International (Composite) line of business provides: "Taxpayers that use the composite method of Notice 88–100 should use 92.4923 percent to discount unpaid losses incurred in this line of business in 2007 and prior years that are outstanding at the end of the 2017 taxable year."

SECTION 4. TABLES OF DISCOUNT FACTORS

.01 The following tables present separately for each line of business the discount factors under § 846 for accident year 2008. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 2008, which is 4.06 percent, and by assuming all loss payments occur in the middle of the calendar year.

.02 If the groupings of individual lines of business on the annual statement change, taxpayers must discount the unpaid losses on the affected lines of business in accordance with the discounting patterns that would have applied to those unpaid losses based on their classification on the 2005 annual statement. *See* Rev. Proc. 2008–10, 2008–3 I.R.B. 290, section 2, for additional background on discounting under section 846 and the use of the Secretary's tables.

.03 Section V of Notice 88–100, 1988–2 C.B. 439, sets forth a composite method for computing discounted unpaid losses for accident years that are not separately reported on the annual statement. The tables separately provide discount factors for taxpayers who elect to use the composite method of section V of Notice 88–100. *See* Rev. Proc. 2002–74, 2002–2 C.B. 980.

.04 Tables.

Tables of Factors to be Used to Discount Unpaid Losses Incurred in Accident Year 2008

(Interest rate: 4.06 percent)

Accident and Health (Other Than Disability Income or Credit Disability Insurance)

Taxpayers that do not use the composite method of Notice 88–100 should use 98.0298 percent to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the 2008 and later taxable years.

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount all unpaid losses in this line of business that are outstanding at the end of the 2008 taxable year.

Auto Physical Damage

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	89.4096	89.4096	10.5904	10.3639	97.8613
2009	99.6848	10.2752	0.3152	0.3030	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2010 and later years		0.1576	0.1576	0.1545	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2010 taxable year.

Commercial Auto/Truck Liability/Medical

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	23.6718	23.6718	76.3282	70.1942	91.9637
2009	47.5425	23.8708	52.4575	48.6936	92.8249
2010	66.6847	19.1421	33.3153	31.1437	93.4816
2011	81.5105	14.8258	18.4895	17.2843	93.4819
2012	90.0548	8.5443	9.9452	9.2701	93.2115
2013	94.7311	4.6763	5.2689	4.8762	92.5459
2014	97.0602	2.3292	2.9398	2.6982	91.7820
2015	98.1174	1.0572	1.8826	1.7293	91.8572
2016	98.8692	0.7518	1.1308	1.0326	91.3161
2017	99.1160	0.2467	0.8840	0.8228	93.0737

Commercial Auto/Truck Liability/Medical

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018	0.2467	0.6373	0.6045	94.8560
2019	0.2467	0.3906	0.3774	96.6210
2020 and later years	0.2467	0.1439	0.1410	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 95.5540 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Composite

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	34.7004	34.7004	65.2996	59.2808	90.7829
2009	58.6076	23.9072	41.3924	37.2999	90.1131
2010	71.7608	13.1532	28.2392	25.3968	89.9346
2011	81.4987	9.7379	18.5013	16.4943	89.1521
2012	87.8488	6.3501	12.1512	10.6863	87.9440
2013	91.4226	3.5739	8.5774	7.4744	87.1415
2014	93.4057	1.9831	6.5943	5.7549	87.2720
2015	94.2280	0.8222	5.7720	5.1498	89.2206
2016	95.4875	1.2595	4.5125	4.0741	90.2843
2017	96.3560	0.8685	3.6440	3.3535	92.0287

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018	0.8685	2.7754	2.6036	93.8109
2019	0.8685	1.9069	1.8233	95.6199
2020	0.8685	1.0383	1.0114	97.4044
2021 and later years	0.8685	0.1698	0.1664	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 94.3096 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Fidelity/Surety

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	25.2328	25.2328	74.7672	71.0916	95.0839
2009	61.1025	35.8698	38.8975	37.3872	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2010 and later years	19.4487	19.4487	19.0655	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2010 taxable year.

Financial Guaranty/Mortgage Guaranty

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	7.7824	7.7824	92.2176	88.2568	95.7050
2009	62.1390	54.3565	37.8610	36.3911	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2010 and later years		18.9305	18.9305	18.5575	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2010 taxable year.

International (Composite)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	34.7004	34.7004	65.2996	59.2808	90.7829
2009	58.6076	23.9072	41.3924	37.2999	90.1131
2010	71.7608	13.1532	28.2392	25.3968	89.9346
2011	81.4987	9.7379	18.5013	16.4943	89.1521
2012	87.8488	6.3501	12.1512	10.6863	87.9440
2013	91.4226	3.5739	8.5774	7.4744	87.1415
2014	93.4057	1.9831	6.5943	5.7549	87.2720
2015	94.2280	0.8222	5.7720	5.1498	89.2206
2016	95.4875	1.2595	4.5125	4.0741	90.2843
2017	96.3560	0.8685	3.6440	3.3535	92.0287

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018		0.8685	2.7754	2.6036	93.8109
2019		0.8685	1.9069	1.8233	95.6199
2020		0.8685	1.0383	1.0114	97.4044
2021 and later years		0.8685	0.1698	0.1664	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 94.3096 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Medical Malpractice — Claims-Made

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	4.9425	4.9425	95.0575	85.0276	89.4485
2009	19.9369	14.9944	80.0631	73.1839	91.4078
2010	44.3489	24.4120	55.6511	51.2525	92.0962
2011	64.8374	20.4885	35.1626	32.4331	92.2375
2012	80.2530	15.4156	19.7470	18.0245	91.2770
2013	85.7907	5.5377	14.2093	13.1072	92.2442
2014	91.2722	5.4815	8.7278	8.0478	92.2082
2015	93.3314	2.0593	6.6686	6.2739	94.0812
2016	96.1257	2.7942	3.8743	3.6782	94.9374
2017	97.6538	1.5281	2.3462	2.2687	96.6961

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018 and later years		1.5281	0.8182	0.8021	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0440 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Medical Malpractice — Occurrence

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	1.5878	1.5878	98.4122	82.1817	83.5076
2009	4.4720	2.8842	95.5280	82.5760	86.4417
2010	17.7738	13.3018	82.2262	72.3595	88.0005
2011	35.8814	18.1076	64.1186	56.8257	88.6260
2012	52.9447	17.0633	47.0553	41.7266	88.6757
2013	68.4348	15.4901	31.5652	27.6193	87.4993
2014	79.5616	11.1268	20.4384	17.3902	85.0861
2015	85.8198	6.2582	14.1802	11.7123	82.5961
2016	90.1267	4.3069	9.8733	7.7943	78.9437
2017	90.3701	0.2434	9.6299	7.8625	81.6469

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018		0.2434	9.3865	7.9335	84.5197
2019		0.2434	9.1431	8.0073	87.5770
2020		0.2434	8.8998	8.0841	90.8352
2021		0.2434	8.6564	8.1641	94.3126
2022 and later years		0.2434	8.4130	8.2473	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 86.1528 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Miscellaneous Casualty

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	72.9064	72.9064	27.0936	26.1964	96.6888
2009	93.5836	20.6771	6.4164	6.1673	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2010 and later years		3.2082	3.2082	3.1450	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2010 taxable year.

Multiple Peril Lines
(Homeowners/Farmowners, Commercial Multiple Peril, and Special Liability
(Ocean Marine, Aircraft (All Perils), Boiler and Machinery))

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	52.5880	52.5880	47.4120	44.2537	93.3385
2009	80.0449	27.4570	19.9551	18.0416	90.4110
2010	86.1625	6.1175	13.8375	12.5336	90.5767
2011	90.7452	4.5827	9.2548	8.3676	90.4137
2012	93.9006	3.1555	6.0994	5.4885	89.9844
2013	95.7613	1.8607	4.2387	3.8132	89.9627
2014	96.8755	1.1141	3.1245	2.8315	90.6219
2015	97.6715	0.7960	2.3285	2.1345	91.6659
2016	98.0329	0.3615	1.9671	1.8524	94.1706
2017	98.6810	0.6481	1.3190	1.2665	96.0207

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018		0.6481	0.6709	0.6568	97.8997
2019 and later years		0.6481	0.0228	0.0224	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 97.9053 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Other (Including Credit)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	67.9528	67.9528	32.0472	30.8190	96.1676
2009	89.4609	21.5081	10.5391	10.1299	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2010 and later years	5.2695	5.2695	5.1657	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2010 taxable year.

Other Liability — Claims-Made

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	5.8796	5.8796	94.1204	83.2369	88.4367
2009	18.8735	12.9938	81.1265	73.3613	90.4283
2010	41.6840	22.8105	58.3160	53.0709	91.0056
2011	62.5322	20.8483	37.4678	33.9583	90.6333
2012	73.5207	10.9885	26.4793	24.1277	91.1189
2013	82.0036	8.4829	17.9964	16.4539	91.4286
2014	88.6279	6.6244	11.3721	10.3644	91.1391
2015	90.7107	2.0828	9.2893	8.6605	93.2317
2016	94.8439	4.1332	5.1561	4.7959	93.0145
2017	96.2689	1.4249	3.7311	3.5370	94.7977

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018	1.4249	2.3062	2.2270	96.5683
2019 and later years	1.4249	0.8812	0.8639	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 97.0645 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Other Liability — Occurrence

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	13.6594	13.6594	86.3406	74.5578	86.3531
2009	24.8389	11.1795	75.1611	66.1806	88.0517
2010	41.7792	16.9403	58.2208	51.5868	88.6055
2011	58.4995	16.7203	41.5005	36.6249	88.2518
2012	69.5197	11.0203	30.4803	26.8702	88.1560
2013	77.7513	8.2316	22.2487	19.5641	87.9336
2014	84.2243	6.4730	15.7757	13.7553	87.1929
2015	83.2275	-0.9968	16.7725	15.3306	91.4032
2016	88.8524	5.6249	11.1476	10.2151	91.6347
2017	91.3852	2.5328	8.6148	8.0461	93.3986

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018		2.5328	6.0820	5.7891	95.1836
2019		2.5328	3.5492	3.4404	96.9345
2020 and later years		2.5328	1.0164	0.9964	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 94.7637 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Private Passenger Auto Liability/Medical

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	42.6108	42.6108	57.3892	54.0511	94.1835
2009	71.5827	28.9719	28.4173	26.6915	93.9269
2010	84.6947	13.1120	15.3053	14.3997	94.0826
2011	92.3556	7.6610	7.6444	7.1693	93.7860
2012	96.2369	3.8812	3.7631	3.5012	93.0391
2013	97.9275	1.6907	2.0725	1.9187	92.5799
2014	98.7719	0.8444	1.2281	1.1352	92.4394
2015	99.2692	0.4973	0.7308	0.6740	92.2334
2016	99.5053	0.2361	0.4947	0.4606	93.0998
2017	99.6440	0.1387	0.3560	0.3378	94.8818

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018		0.1387	0.2174	0.2101	96.6446
2019 and later years		0.1387	0.0787	0.0772	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 97.0811 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Products Liability — Claims-Made

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	1.0259	1.0259	98.9741	84.7900	84.6586
2009	11.7927	10.7667	88.2073	76.2088	86.3973
2010	29.3642	17.5716	70.6358	61.3781	86.8939
2011	55.1655	25.8012	44.8345	37.5503	83.7531
2012	83.4171	28.2516	16.5829	10.2554	61.8434
2013	64.8933	-18.5238	35.1067	29.5679	84.2229
2014	82.3346	17.4414	17.6654	12.9765	73.4571
2015	86.3986	4.0640	13.6014	9.3576	68.7991
2016	76.3310	-10.0676	23.6690	20.0075	84.5305
2017	78.7910	2.4600	21.2090	18.3104	86.3331

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018	2.4600	18.7490	16.5444	88.2412
2019	2.4600	16.2890	14.7066	90.2855
2020	2.4600	13.8290	12.7943	92.5176
2021	2.4600	11.3691	10.8043	95.0326
2022 and later years	2.4600	8.9091	8.7336	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 89.2840 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Products Liability — Occurrence

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	5.0466	5.0466	94.9534	80.1653	84.4260
2009	13.6935	8.6469	86.3065	74.5994	86.4354
2010	28.2541	14.5606	71.7459	62.7748	87.4961
2011	41.3083	13.0542	58.6917	52.0070	88.6104
2012	59.3693	18.0610	40.6307	35.6944	87.8509
2013	73.0717	13.7024	26.9283	23.1659	86.0279
2014	74.6612	1.5895	25.3388	22.4849	88.7371
2015	78.9833	4.3221	21.0167	18.9889	90.3513
2016	86.1231	7.1398	13.8769	12.4765	89.9085
2017	88.6931	2.5700	11.3069	10.3614	91.6379

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018	2.5700	8.7369	8.1604	93.4018
2019	2.5700	6.1669	5.8701	95.1869
2020	2.5700	3.5969	3.4868	96.9378

Products Liability — Occurrence

2021 and later years	2.5700	1.0269	1.0067	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 94.0919 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Reinsurance — Nonproportional Assumed Property

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	12.9458	12.9458	87.0542	80.8403	92.8620
2009	60.1796	47.2338	39.8204	35.9393	90.2535
2010	80.8225	20.6429	19.1775	16.3406	85.2075
2011	84.9430	4.1205	15.0570	12.8008	85.0155
2012	85.6680	0.7250	14.3320	12.5809	87.7821
2013	80.0452	-5.6229	19.9548	18.8276	94.3509
2014	86.7013	6.6561	13.2987	12.8020	96.2654
2015	97.2533	10.5520	2.7467	2.5578	93.1205
2016	97.6721	0.4188	2.3279	2.2344	95.9820
2017	98.8078	1.1357	1.1922	1.1665	97.8487

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018 and later years	1.1357	0.0564	0.0553	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 94.5477 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Reinsurance — Nonproportional Assumed Liability

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	32.5917	32.5917	67.4083	54.5146	80.8723
2009	33.3995	0.8078	66.6005	55.9039	83.9392
2010	35.4948	2.0953	64.5052	56.0362	86.8708
2011	44.0321	8.5373	55.9679	49.6024	88.6265
2012	64.8299	20.7979	35.1701	30.4004	86.4383
2013	66.4358	1.6059	33.5642	29.9965	89.3706
2014	77.8097	11.3738	22.1903	19.6119	88.3805
2015	82.4438	4.6341	17.5562	15.6809	89.3183
2016	84.1944	1.7507	15.8056	14.5317	91.9406
2017	87.9223	3.7279	12.0777	11.3189	93.7176

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018	3.7279	8.3498	7.9757	95.5191
2019	3.7279	4.6219	4.4967	97.2900

Reinsurance — Nonproportional Assumed Liability

2020 and later years	3.7279	0.8940	0.8764	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 94.6662 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Reinsurance — Nonproportional Assumed Financial Lines

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	8.4783	8.4783	91.5217	82.6377	90.2930
2009	28.0475	19.5693	71.9525	66.0302	91.7692
2010	60.4351	32.3875	39.5649	35.6726	90.1622
2011	82.4448	22.0097	17.5552	14.6688	83.5583
2012	90.2720	7.8271	9.7280	7.2799	74.8343
2013	85.3168	-4.9551	14.6831	12.6301	86.0181
2014	88.3777	3.0608	11.6223	10.0206	86.2186
2015	89.9934	1.6157	10.0066	8.7793	87.7346
2016	81.6664	-8.3269	18.3336	17.6300	96.1625
2017	91.0491	9.3827	8.9509	8.7745	98.0298

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2018 and later years	—	—	—	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 94.5352 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

Special Property
(Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	44.5756	44.5756	55.4244	53.5639	96.6430
2009	88.4263	41.8507	13.5737	13.0467	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

2010 and later years	6.7869	6.7869	6.6531	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2010 taxable year.

Workers' Compensation

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2008	19.0410	19.0410	80.9590	69.6415	86.0207
2009	40.2442	21.2032	59.7558	50.8396	85.0789
2010	57.1497	16.9055	42.8503	35.6584	83.2162
2011	67.8601	10.7104	32.1399	26.1804	81.4579
2012	75.5399	7.6797	24.4601	19.4093	79.3507
2013	80.1157	4.5758	19.8843	15.5296	78.0994
2014	82.1828	2.0672	17.8172	14.0513	78.8640
2015	84.4045	2.2217	15.5955	12.3555	79.2248
2016	85.5195	1.1150	14.4805	11.7198	80.9346
2017	86.2855	0.7661	13.7145	11.4141	83.2269

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount unpaid losses incurred in this line of business in the 2008 accident year and that are outstanding at the end of the tax year shown.

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2018		0.7661	12.9484	11.0961	85.6945
2019		0.7661	12.1823	10.7651	88.3666
2020		0.7661	11.4163	10.4207	91.2795
2021		0.7661	10.6502	10.0624	94.4802
2022 and later years		0.7661	9.8842	9.6894	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 88.0210 percent to discount unpaid losses incurred in this line of business in 2008 and prior years and that are outstanding at the end of the 2018 taxable year.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2007–9 and Rev. Proc. 2008–10 are modified as to the composite discount factor to be used by taxpayers that use the composite method of Notice 88–100 under the Composite and International (Composite) lines of business.

DRAFTING INFORMATION

The principal author of this revenue procedure is Katherine A. Hossofsky of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact Ms. Hossofsky at (202) 622–8435 (not a toll-free call).

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26 CFR 601.201: Rulings and determination letters. (Also Part I, Sections 832, 846; 1.832–4, 1.846–1.)

Rev. Proc. 2008–71

SECTION 1. PURPOSE

This revenue procedure prescribes the salvage discount factors for the 2008 accident year. These factors must be used to compute discounted estimated salvage recoverable under § 832 of the Internal Revenue Code.

SECTION 2. BACKGROUND

Section 832(b)(5)(A) requires that all estimated salvage recoverable (including that which cannot be treated as an asset for state accounting purposes) be taken into account in computing the deduction for losses incurred. Under § 832(b)(5)(A), paid losses are to be reduced by salvage and reinsurance recovered during the taxable year. This amount is adjusted to reflect changes in discounted unpaid losses on nonlife insurance contracts and in unpaid losses on life insurance contracts. An adjustment is then made to reflect any changes in discounted estimated salvage recoverable and in reinsurance recoverable.

Pursuant to § 832(b), the amount of estimated salvage is determined on a discounted basis in accordance with procedures established by the Secretary.

SECTION. 3. SCOPE

This revenue procedure applies to any taxpayer that is required to discount estimated salvage recoverable under § 832.

SECTION 4. APPLICATION

.01 The following tables present separately for each line of business the discount factors under § 832 for the 2008 accident year. All the discount factors presented in this section were determined using the applicable interest rate under § 846(c) for 2008, which is 4.06 percent, and by assuming all estimated salvage is recovered in the middle of each calendar year. *See* Rev. Proc. 2008–11, 2008–3 I.R.B. 301, for background regarding the tables.

.02 These tables must be used by taxpayers irrespective of whether they elected to discount unpaid losses using their own historical experience under § 846.

.03 Section V of Notice 88–100, 1988–2 C.B. 439, provides a composite discount factor to be used in determining the discounted unpaid losses for accident years that are not separately reported on the NAIC Annual Statement. The tables separately provide discount factors for taxpayers who elect to use the composite method. Rev. Proc. 2002–74, 2002–2 C.B. 980, clarifies that for certain insurance companies subject to tax under § 831 the composite method for discounting unpaid losses set forth in Notice 88–100, section V, 1988–2 C.B. 439, is permitted but not required. This revenue procedure further provides alternative methods for computing discounted unpaid losses that are permitted for insurance companies not using the composite method, and sets forth a procedure for insurance companies to obtain automatic consent of the Commissioner to change to one of the methods described in Rev. Proc. 2002–74.

.04 Tables.

Tables of Factors to be Used to Discount Salvage Recoverable With Respect to Losses Incurred in Accident Year 2008

(Interest rate: 4.06 percent)

Accident and Health (Other Than Disability Income or Credit Disability Insurance)

Taxpayers that do not use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable with respect to losses incurred in this line of business in the 2008 accident year as of the end of the 2008 and later taxable years.

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount all salvage recoverable in this line of business as of the end of the 2008 taxable year.

Auto Physical Damage

Tax Year	Discount Factors (%)
2008	97.2331
2009	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2010 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2010 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Commercial Auto/Truck Liability/Medical

Tax Year	Discount Factors (%)
2008	92.3526
2009	92.2970
2010	92.6408
2011	92.9897
2012	93.7281
2013	93.5170
2014	91.9508
2015	92.8642
2016	96.2378
2017	98.0298

Commercial Auto/Truck Liability/Medical

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Composite

Tax Year	Discount Factors (%)
2008	92.3690
2009	92.1172
2010	91.9402
2011	91.7659
2012	91.1438
2013	90.2174
2014	91.0647
2015	92.4105
2016	94.4361
2017	96.2605

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018 and later years	98.0298

Composite

Taxpayers that use the composite method of Notice 88–100 should use 96.8444 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Fidelity/Surety

Tax Year	Discount Factors (%)
2008	93.6954
2009	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2010 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2010 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Financial Guaranty/Mortgage Guaranty

Tax Year	Discount Factors (%)
2008	94.7421
2009	96.1174

Financial Guaranty/Mortgage Guaranty

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2010 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2010 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

International (Composite)

Tax Year	Discount Factors (%)
2008	92.3690
2009	92.1172
2010	91.9402
2011	91.7659
2012	91.1438
2013	90.2174
2014	91.0647
2015	92.4105
2016	94.4361
2017	96.2605

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018 and later years	98.0298

International (Composite)

Taxpayers that use the composite method of Notice 88–100 should use 96.8444 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Medical Malpractice — Claims-Made

Tax Year	Discount Factors (%)
2008	92.6642
2009	93.7424
2010	92.1505
2011	92.7778
2012	92.0831
2013	87.6889
2014	84.3189
2015	90.2868
2016	96.4445
2017	98.0298

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Medical Malpractice — Occurrence

Tax Year	Discount Factors (%)
2008	85.5177
2009	89.9300
2010	92.2898
2011	84.2693
2012	94.7905
2013	91.4234
2014	93.0145
2015	95.8751
2016	97.0989
2017	98.0298

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Miscellaneous Casualty

Tax Year	Discount Factors (%)
2008	96.5837
2009	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

Miscellaneous Casualty

2010 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2010 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Multiple Peril Lines (Homeowners/Farmowners, Commercial Multiple Peril, and Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery))

Tax Year	Discount Factors (%)
2008	93.0068
2009	92.3990
2010	92.3201
2011	92.2569
2012	91.4462
2013	89.8725
2014	91.0239
2015	93.4483
2016	94.8485
2017	96.6142

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Other (Including Credit)

Tax Year	Discount Factors (%)
2008	95.6448
2009	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2010 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2010 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Other Liability — Claims-Made

Tax Year	Discount Factors (%)
2008	88.4208
2009	89.5374
2010	87.6521
2011	90.8781
2012	92.3590
2013	94.2379
2014	93.1673
2015	91.7716
2016	97.3613
2017	98.0298

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

Other Liability — Claims-Made

2018 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0675 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Other Liability — Occurrence

Tax Year	Discount Factors (%)
2008	87.1236
2009	88.1600
2010	90.4878
2011	91.2470
2012	90.6851
2013	90.8000
2014	90.2668
2015	93.0020
2016	95.7619
2017	97.5722

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Private Passenger Auto Liability/Medical

Tax Year	Discount Factors (%)
2008	94.5329
2009	94.5579
2010	94.3102
2011	93.4459
2012	92.8620
2013	92.0891
2014	92.9858
2015	94.5440
2016	94.6149
2017	96.4088

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Products Liability — Claims-Made

Tax Year	Discount Factors (%)
2008	88.9426
2009	51.3741
2010	53.7803
2011	90.7115
2012	80.1341
2013	91.4320
2014	59.5121
2015	90.5055
2016	91.6367
2017	92.7680

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018	94.5598
2019	96.3623
2020 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 95.2929 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Products Liability — Occurrence

Tax Year	Discount Factors (%)
2008	87.6369
2009	89.7198
2010	91.6030
2011	92.4224
2012	92.8704
2013	90.4185
2014	91.0511
2015	94.0066
2016	94.2757
2017	96.1335

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 95.9730 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Reinsurance — Nonproportional Assumed Property

Tax Year	Discount Factors (%)
2008	91.0976
2009	92.7443
2010	95.6984
2011	80.1417
2012	89.8643
2013	81.5378
2014	51.4095
2015	92.8399
2016	73.3181
2017	88.1043

Reinsurance — Nonproportional Assumed Property

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018	89.8547
2019	91.6751
2020	93.5877
2021	95.6459
2022 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 90.7540 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Reinsurance — Nonproportional Assumed Liability

Tax Year	Discount Factors (%)
2008	86.7636
2009	90.0422
2010	91.4998
2011	88.6312
2012	90.7036
2013	91.5709
2014	91.4636
2015	93.2257
2016	95.1632
2017	96.9140

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

Reinsurance — Nonproportional Assumed Liability

2018 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 94.8390 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Reinsurance — Nonproportional Assumed Financial Lines

Tax Year	Discount Factors (%)
2008	87.1652
2009	85.9016
2010	89.9069
2011	78.5011
2012	90.2511
2013	80.2802
2014	90.4154
2015	90.8197
2016	97.5152
2017	98.0298

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)

Tax Year	Discount Factors (%)
2008	94.8844
2009	96.1174

Taxpayers that do not use the composite method of Notice 88–100 should use the following factor to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2010 and later years	98.0298

Taxpayers that use the composite method of Notice 88–100 should use 98.0298 percent to discount salvage recoverable as of the end of the 2010 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

Workers' Compensation

Tax Year	Discount Factors (%)
2008	88.3785
2009	90.4189
2010	91.2195
2011	91.1364
2012	89.6372
2013	88.2223
2014	88.8169
2015	88.5309
2016	90.7105
2017	92.4766

Taxpayers that do not use the composite method of Notice 88–100 should use the following factors to discount salvage recoverable as of the end of the tax year shown with respect to losses incurred in this line of business in the 2008 accident year.

2018	94.2879
2019	96.1430
2020 and later years	98.0298

Workers' Compensation

Taxpayers that use the composite method of Notice 88–100 should use 95.7028 percent to discount salvage recoverable as of the end of the 2018 taxable year with respect to losses incurred in this line of business in 2008 and prior years.

DRAFTING INFORMATION

The principal author of this revenue procedure is Katherine A. Hossofsky of the Office of the Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact Ms. Hossofsky at (202) 622–8435 (not a toll-free call).

Part IV. Items of General Interest

Alcohol Fuel and Biodiesel; Renewable Diesel; Alternative Fuel; Diesel-Water Fuel Emulsion; Taxable Fuel Definitions; Excise Tax Returns; Hearing

Announcement 2008–117

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of public hearing on proposed rulemaking.

SUMMARY: This document provides notice of public hearing on proposed regulations (REG–155087–05, 2008–38 I.R.B. 726) relating to credits and payments for alcohol mixtures, biodiesel mixtures, renewable diesel mixtures, alternative fuel mixtures, and alternative fuel sold for use or used as a fuel, as well as proposed regulations relating to the definition of gasoline and diesel fuel.

DATES: The public hearing is being held on Monday, February 9, 2009, at 10:00 a.m. The IRS must receive outlines of the topics to be discussed at the public hearing by Friday, January 9, 2009.

ADDRESSES: The public hearing is being held in the IRS Auditorium, Internal Revenue Service Building, 1111 Constitution Avenue, NW, Washington, DC 20224.

Send Submissions to CC:PA:LPD:PR (REG–155087–05), room 5205, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday to CC:PA:LPD:PR (REG–155087–05), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC, or sent electronically via the Federal eRulemaking Portal at *www.regulations.gov* (IRS–REG–155087–05).

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Taylor Cortright (202) 622–3130; concerning submissions of comments, the hearing and/or to be placed on the building access list to attend the hearing Funmi Taylor at (202) 622–7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

The subject of the public hearing is the notice of proposed rulemaking (REG–155087–05) that was published in the **Federal Register** on Tuesday, July 29, 2008 (73 FR 43890).

The rules of 26 CFR 601.601(a)(3) apply to the hearing. Persons who wish to present oral comments at the hearing that submitted written comments by October 27, 2008, must submit an outline of the topics to be addressed and the amount of time to be denoted to each topic (signed original and eight (8) copies)

A period of 10 minutes is allotted to each person for presenting oral comments. After the deadline for receiving outlines has passed, the IRS will prepare an agenda containing the schedule of speakers. Copies of the agenda will be made available, free of charge, at the hearing or in the Freedom of Information Reading Room (FOIA RR) (Room 1621) which is located at the 11th and Pennsylvania Avenue, NW, entrance, 1111 Constitution Avenue, NW, Washington, DC.

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

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

(Filed by the Office of the Federal Register on November 19, 2008, 8:45 a.m., and published in the issue of the Federal Register for November 20, 2008, 73 F.R. 70288)

Announcement of Disciplinary Sanctions From the Office of Professional Responsibility

Announcement 2008-118

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions involving attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers. These individuals are subject to the regulations governing practice before the Internal Revenue Service (IRS), which are set out in Title 31, Code of Federal Regulations, Part 10, and which are published in pamphlet form as Treasury Department Circular No. 230. The regulations prescribe the duties and restrictions relating to such practice and prescribe the disciplinary sanctions for violating the regulations.

The disciplinary sanctions to be imposed for violation of the regulations are:

Disbarred from practice before the IRS—An individual who is disbarred is not eligible to represent taxpayers before the IRS.

Suspended from practice before the IRS—An individual who is suspended is not eligible to represent taxpayers before the IRS during the term of the suspension.

Censured in practice before the IRS—Censure is a public reprimand. Unlike disbarment or suspension, censure does not affect an individual's eligibility to represent taxpayers before the IRS, but OPR may subject the individual's future representations to conditions designed to promote high standards of conduct.

Monetary penalty—A monetary penalty may be imposed on an individual who engages in conduct subject to sanction or on an employer, firm, or entity if the individual was acting on its behalf and if it knew, or reasonably should have known, of the individual's conduct.

Disqualification of appraiser—An appraiser who is disqualified is barred from presenting evidence or testimony in any administrative proceeding before the Department of the Treasury or the IRS.

Under the regulations, attorneys, certified public accountants, enrolled agents, enrolled actuaries, and enrolled retirement plan agents may not assist, or accept assistance from, individuals who are suspended or disbarred with respect to matters constituting practice (*i.e.*, representation) before the IRS, and they may not aid or abet suspended or disbarred individuals to practice before the IRS.

Disciplinary sanctions are described in these terms:

Disbarred by decision after hearing, Suspended by decision after hearing, Censured by decision after hearing, Monetary penalty imposed after hearing, and Disqualified after hearing—An administrative law judge (ALJ) conducted an evidentiary hearing upon OPR's complaint alleging violation of the regulations and issued a decision imposing one of these sanctions. After 30 days from the issuance of the decision, in the absence of an appeal, the ALJ's decision became the final agency decision.

Disbarred by default decision, Suspended by default decision, Censured by default decision, Monetary penalty imposed by default decision, and Disqualified by default decision—An ALJ, after finding that no answer to OPR's complaint had been filed, granted OPR's motion for a default judgment and issued a decision imposing one of these sanctions.

Disbarment by decision on appeal, Suspended by decision on appeal, Censured by decision on appeal, Monetary penalty imposed by decision on appeal, and Disqualified by decision on appeal—The decision of the ALJ was appealed to the agency appeal authority, acting as the delegate of the Secretary of the Treasury, and the appeal authority issued a decision imposing one of these sanctions.

Disbarred by consent, Suspended by consent, Censured by consent, Monetary penalty imposed by consent, and Disqualified by consent—In lieu of a disciplinary proceeding being instituted or continued, an individual offered a consent to one of these sanctions and OPR accepted the offer. Typically, an offer of consent will provide for: suspension for an indefinite term; conditions that the individual must observe during the suspension; and the individual's opportunity, after a stated number of months, to file with OPR a petition for reinstatement affirming compliance with the terms of the consent and affirming current eligibility to practice (*i.e.*, an active professional license or active enrollment status). An enrolled agent or an enrolled retirement plan agent may also offer to resign in order to avoid a disciplinary proceeding.

Suspended by decision in expedited proceeding, Suspended by default decision in expedited proceeding, Suspended by consent in expedited proceeding—OPR instituted an expedited proceeding for suspension (based on certain limited grounds, including loss of a professional license and criminal convictions).

OPR has authority to disclose the grounds for disciplinary sanctions in these situations: (1) an ALJ or the Secretary's delegate on appeal has issued a decision on or after September 26, 2007, which was the effective date of amendments to the regulations that permit making such decisions publicly available; (2) the individual has settled a disciplinary case by signing OPR's "consent to sanction" form, which requires consenting individuals to admit to one or more violations of the regulations and to consent to the disclosure of the individual's own return information related to the admitted violations (for example, failure to file Federal income tax returns); or (3) OPR has issued a decision in an expedited proceeding for suspension.

Announcements of disciplinary sanctions appear in the Internal Revenue Bulletin at the earliest practicable date. The sanctions announced below are alphabetized first by the names of states and second by the last names of individuals. Unless otherwise indicated, section numbers (*e.g.*, § 10.51) refer to the regulations.

City & State	Name	Professional Designation	Disciplinary Sanction	Effective Date(s)
California				
San Francisco	Portugal Leon, Jorge E.	Attorney	Suspended by default decision in expedited proceeding under § 10.82 (suspension of attorney license)	Indefinite from August 8, 2008
District of Columbia				
Washington, DC	Roberson, Jr., James O.	Attorney	Suspended by decision in expedited proceeding under § 10.82 (suspension of attorney license in New Jersey)	Indefinite from October 22, 2008

City & State	Name	Professional Designation	Disciplinary Sanction	Effective Date(s)
Illinois				
Dekalb	Erwin, Scott R.	Attorney	Suspended by decision in expedited proceeding under § 10.82 (suspension of attorney license)	Indefinite from October 28, 2008
Maryland				
Silver Spring	Alexander, Jr., David	Attorney	Suspended by default decision in expedited proceeding under § 10.82 (attorney disbarment)	Indefinite from October 22, 2008
Port Tobacco	Thomas, Robert L.	Enrolled Agent	Suspended by decision in expedited proceeding under § 10.82 (conviction under state law, conspiracy to commit bribery)	Indefinite from October 22, 2008
Pikesville	Weinrauch, Aaron D.	Attorney	Suspended by default decision in expedited proceeding under § 10.82 (attorney disbarment)	Indefinite from November 4, 2008
Accoceek	Wilbon, Bernadette M.	Attorney	Suspended by default decision in expedited proceeding under § 10.82 (suspension of attorney license)	Indefinite from November 4, 2008
Massachusetts				
Springfield	Pellegrino, Matthew A.	Attorney	Suspended by decision in expedited proceeding under § 10.82 (suspension of attorney license)	Indefinite from October 22, 2008
Missouri				
Florissant	Alderfer, Jr., William K.	Attorney	Suspended by default decision in expedited proceeding under § 10.82 (suspension of attorney license)	Indefinite from November 4, 2008
Ballwin	Dickhaus, Karl W.	Attorney	Suspended by default decision in expedited proceeding under § 10.82 (suspension of attorney license)	Indefinite from November 4, 2008

City & State	Name	Professional Designation	Disciplinary Sanction	Effective Date(s)
Nebraska				
Omaha	Switzer, Jr., William L.	Attorney	Suspended by default decision in expedited proceeding under § 10.82 (suspension of attorney license)	Indefinite from November 4, 2008
New Jersey				
	Roberson, Jr., James O., See District of Columbia			
New York				
Buffalo	Brewer, Byron V.	CPA	Suspended by default decision in expedited proceeding under § 10.82 (conviction under 26 U.S.C. § 7203, willful failure to file tax return)	Indefinite from October 22, 2008
North Carolina				
Oakboro	Harward, Pete A.	CPA	Suspended by default decision in expedited proceeding under § 10.82 (revocation of CPA license)	Indefinite from November 4, 2008
Mooreseville	Moffett, Donna M.	CPA	Suspended by decision in expedited proceeding under § 10.82 (revocation of CPA license)	Indefinite from November 4, 2008
Ohio				
Columbus	Beerman, Jeffrey A.	CPA	Suspended by default decision in expedited proceeding under § 10.82 (revocation of CPA license)	Indefinite from October 28, 2008
Lancaster	Boyer, Ronald L.	CPA	Suspended by default decision in expedited proceeding under § 10.82 (revocation of CPA license)	Indefinite from October 28, 2008
Cincinnati	Buettner, F. Allen	CPA	Suspended by default decision in expedited proceeding under § 10.82 (revocation of CPA license)	Indefinite from October 28, 2008

City & State	Name	Professional Designation	Disciplinary Sanction	Effective Date(s)
Ohio (Continued)				
Lessburg	Hoskins, Jeffrey J.	Attorney	Suspended by default decision in expedited proceeding under § 10.82 (attorney disbarment)	Indefinite from October 28, 2008
Mansfield	Schrack, II, James	CPA	Suspended by default decision in expedited proceeding under § 10.82 (revocation of CPA license)	Indefinite from October 28, 2008
Norton	Stamp, James A.	CPA	Suspended by default decision in expedited proceeding under § 10.82 (revocation of CPA license)	Indefinite from October 28, 2008
Pennsylvania				
Swoyersville	Capwell, Anthony C.	CPA	Suspended by default decision in expedited proceeding under § 10.82 (suspension of CPA license)	Indefinite from October 28, 2008
Tennessee				
Brentwood	Leckrone, James D.	Attorney	Suspended by default decision in expedited proceeding under § 10.82 (conviction under 26 U.S.C. § 7201, filing a false income tax return)	Indefinite from October 28, 2008
Wyoming				
Douglas	Gottlob, John C.	CPA	Suspended by default decision in expedited proceeding under § 10.82 (revocation of CPA license)	Indefinite from October 28, 2008

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

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

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

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

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

Abbreviations

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

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D. —Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z —Corporation.

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[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2008–1 through 2008–26 is in Internal Revenue Bulletin 2008–26, dated June 30, 2008.

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[1] A cumulative list of current actions on previously published items in Internal Revenue Bulletins 2008–1 through 2008–26 is in Internal Revenue Bulletin 2008–26, dated June 30, 2008.

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